**Cermaq Capital Markets Day – Agenda**

- **An overview of Cermaq**
  - Short history
  - Our Business Units
  - Our vision, core values and key activities
  - Our main strategy

- **Special topics**
  - Farming operations in Chile
  - Sourcing and use of raw materials in our feed operations
  - The importance of research based feed and farming activity

- **Tour of the R&D facilities**

- **Meet with management**
Agenda

Introduction

Mainstream overview and farming fundamentals

Mainstream Chile recovery & prospects

EWOS overview and boosting EWOS

Optimizing raw material sourcing

Industrial R&D in aquaculture

Financial topics
The history of Cermaq starts where the Norwegian state monopoly on grain ended

What started out as an agricultural company has developed into a global leader in aquaculture

- 2010 Enters feed production in Vietnam
  Divests farming operations in Scotland
- 2008 EWOS Innovation opens a research centre in Colaco, Chile
- 2005 Farming operations in Norway acquired
  IPO and listing on Oslo Stock Exchange
- 2001 Statkorn Holding ASA changes name to Cermaq ASA
- 2000 The company enters into fish farming through acquisitions in Chile, Canada and Scotland
  EWOS group is acquired from Danisco
- 1999 The Norwegian state sells 20% of its shares in the company
- 1996-1999 The company grows in fish feed in Norway through mergers and acquisitions
- 1995 Statkorn Holding founded from the previous state monopoly on grain, flour and feed. Market share in fish feed in Norway of 3%
Who are we today

- Two strong business units
  - Salmon feed: EWOS
  - Salmon farming: Mainstream

- Leading on R&D through EWOS Innovation

- Total EBIT 2010: NOK 1 439 mill

- Approx. 3 500 employees

- Listed at Oslo Stock Exchange (ticker: CEQ)
Mainstream

Mainstream Canada
- Atlantic Salmon
- Locations: Campbell River, Tofino and Broughton

Mainstream Norway
- Atlantic Salmon
- Locations: Nordland and Finnmark

Mainstream Chile
- Atlantic Salmon, Trout, Coho
- Locations: Region X, XI and XII

Canada - sales '000 tonnes
- 2008: 20
- 2009: 22
- 2010: 21
- 2011e: 21

Norway - sales '000 tonnes
- 2008: 31
- 2009: 31
- 2010: 37
- 2011e: 39

Chile - sales '000 tonnes
- 2008: 43
- 2009: 49
- 2010: 37
- 2011e: 45
EWOS

- Operations in Norway, Canada, Chile, Scotland, and Vietnam
  - 7 factories globally; 875 employees
  - 20 feed production lines

- 876 000 tonnes with a 35 % global market share in 2010

- Increased attention on functional feeds
  - Ensure healthy fish and improved growth
  - Well received by customers
EWOS Innovation

Research and Focus Areas
- Fish nutrition
- Raw materials
- Process technology
- Fish performance, health and animal welfare
  - Sea Lice “Anti-Attachment”
  - Functional and clinical feed
- Methodology

Organization
- 3 locations in Norway and Chile
- 82 people
- NOK 80 mill per year in R&D
Creating value

- Our mission is Sustainable Aquaculture
- Our vision is to be a global leader in the aquaculture industry
- We are committed to creating value through sustainable aquaculture
Sustainable aquaculture means

- Cultivating the oceans to produce food for people in such a way that we maintain the future productivity of the same oceans

- Create value to our shareholders in such a way that we can attract capital and secure growth and prosperity

- Operate in society in such a way that we can maintain the future support of our
  - Customers
  - Consumers
  - Employees
  - Suppliers
  - Local communities
  - Other stakeholders
What it means to be leading

- **Best on long term value creation**
  - Risk adjusted cost efficiency
  - Consistent quality
  - Controlled environment
  - Customer oriented
  - Profitable growth
  - Financial robustness

- **This can be measured by:**
  - Share price and dividends
  - Volume growth
  - Long term profit development
  - Return on capital employed
  - Standing in society
Why feed and farm?

- **Knowledge**
  - Feed represents around half of the cost in an operating farming company
  - Knowledge in nutrition, feeding regimes and health is applicable to both segments

- **Optimization**
  - A key performance indicator for the value chain is the value of fish produced per cost of feed raw materials – an integrated company can better work to optimize this

- **Financial synergies**
  - Feed and farming will give a less volatile financial performance than farming alone, reducing the financial risk and the capital requirement
Strategic priorities

- **Grow farming volume in Norway and Chile**
  - Organic growth through rebuilding Chile and using existing licenses in Norway
  - M&A, if acceptable prices

- **Focus on continuous improvement of cost efficiency in both business units**
  - Risk-adjusted cost efficiency in farming
  - Efficient use of raw materials to improve performance
  - Research based feed product development

- **An optimal capital structure**
  - Provide a stable and high dividend level
  - Secure a strong balance sheet to handle industry cyclicality as well as organic and non-organic growth
Differing degree of consolidation throughout the value system
Feed companies have realized synergies through industry consolidations
Increased consolidation also expected within farming and VAP
Agenda

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Financial topics
Mainstream Group

Mainstream Canada
- Atlantic Salmon
- Selective breeding
- Hatcheries
- Freshwater facilities
- Sea water farms
- 2 processing plants
- 28 farming licenses
- 251 employees

Mainstream Norway
- Atlantic Salmon
- Hatcheries
- Freshwater facilities
- Sea water farms
- 3 processing plants
- 44 farming licenses
- 335 employees

Mainstream Chile
- Atlantic Salmon, Trout, Coho
- Selective breeding
- Hatcheries
- Freshwater facilities
- Sea water farms
- 2 processing plants
- Freezing capacity
- 63 farming licenses
- 2 200 employees

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- 2008: 20
- 2009: 22
- 2010: 21
- 2011e: 21

Norway - sales '000 tonnes
- 2008: 31
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- 2010: 37
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Chile - sales '000 tonnes
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- 2011e: 45
Highest possible operating efficiency

- Biological performance
  - Preventive fish health
  - Smolt quality
  - Optimal nutrition

- Optimization based on internal and external conditions
Focus on optimization

Cost improvements should focus on the right elements and not encouraging sub-optimization on feed/growth, i.e., the cost hunt must not reduce the product:

EBIT margin x volume

Optimization to be based on internal and external conditions, and different regulatory regimes

Key features of regulatory regimes

Norway
- MAB regime with limitations on actual stock per license
- Each location also with specific MAB limitation

Canada
- MAB regime with limitations on actual stock per site
- In addition discharge level regulations

Chile
- Maximum total production regime give possible production per calendar year
- Within each “neighborhood”, all sites are stocked, harvested and fallowed within a specific time
- The recent history in Chile encourages shorter cycles, which emphasizes the importance of growth
The challenges of optimization

Focus on Specific Growth Rate & size*

Focus on price on different sizes vs 4-5 kg fish**

Focus on smolt cost per kg fish harvested

Focus on Feed Conversion Rate (FCR)

* Specific Growth Rate (SGR) - % weight increase per day
** Average over the last 5 years (NOK/kg)
Using OPAL 110

Price 35 NOK, Harvest 4.5 – 7.5 kg, optimal stocking

<table>
<thead>
<tr>
<th>Harvested quantity</th>
<th>Yearly stocking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harvested</td>
<td>25,320 tons</td>
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<table>
<thead>
<tr>
<th>Finance (1000kr)</th>
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<td>Revenues</td>
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<tr>
<td>- Feed</td>
<td>253,320 10.00</td>
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<td>63,300 2.50</td>
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<td>12,690 0.50</td>
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<tr>
<td>= Contribution margin 1</td>
<td>556,339 21.97</td>
</tr>
</tbody>
</table>

- Contribution margin 2 (max) | 556,339 21.97

Optimum yearly stocking:

- M3121: 964,331
- M3122: 895,420
- M3123: 933,063
- M3124: 379,656
- M3125: 411,459
- M3126: 569,856
- M3127: 854,955
- M3128: 1,366,779

Total: 6,376,319

MAB capacity
Using OPAL 120

Price 35 NOK, Harvest 4.5 – 7.5 kg, optimal stocking

Finance (1000kr)

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<th>Harvested quantity</th>
<th>Yearly stocking</th>
<th>Optimum yearly stocking</th>
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<tbody>
<tr>
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Revenues

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<tr>
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<th>NOK</th>
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<tr>
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<td>Other variable costs</td>
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= Contribution margin 1: 591,354 21.57

- External harvest costs
- MAB exceedance

= Contribution margin 2 (max): 591,354 21.57

Price 35 NOK, Harvest 4.5 – 7.5 kg, optimal stocking

**Assumptions**

<table>
<thead>
<tr>
<th>Feed</th>
<th>Harvest size kg</th>
<th>Sales price 4 - 5 kg size</th>
<th>Smolt available</th>
<th>Harvested volume (MT)</th>
<th>Average size kg gutted</th>
<th>Revenue pr. kg NOK</th>
<th>Var. Cost pr. kg NOK</th>
<th>Contribution pr. kg NOK</th>
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<tbody>
<tr>
<td>EWOS Opal 110</td>
<td>4,5 – 7,5</td>
<td>35,00</td>
<td>Apr - Nov</td>
<td>25 320</td>
<td>1236</td>
<td>4,18</td>
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<tr>
<td>DIFF.</td>
<td></td>
<td></td>
<td></td>
<td><strong>2 093</strong></td>
<td><strong>102</strong></td>
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<td><strong>0,36</strong></td>
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Using OPAL 120

Price 25 NOK, Harvest 4.5 – 7.5 kg, optimal stocking

<table>
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<th>Harvested quantity</th>
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<td>Revenue:</td>
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<tr>
<td>- Smolt</td>
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<table>
<thead>
<tr>
<th>Feed</th>
<th>Harvest size kg</th>
<th>Sales price pr. license</th>
<th>Smolt available</th>
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</thead>
<tbody>
<tr>
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<td>Harvested volume (MT)</td>
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<td>Live w.</td>
<td>pr. license</td>
<td>Gutted w.</td>
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<tr>
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<td>25,320</td>
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<tr>
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<td>-0,40</td>
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Price 35 NOK, Harvest 4.5 – 7.5 kg, optimal stocking

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<td>678</td>
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<td>Harvested volume (MT)</td>
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<tr>
<td></td>
<td>Live w.</td>
<td>pr. license</td>
<td>Gutted w.</td>
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<tr>
<td></td>
<td>24,736</td>
<td>1208</td>
<td>4,30</td>
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<td>25,414</td>
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<td>4,44</td>
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<td></td>
<td>678</td>
<td>33</td>
<td>0,14</td>
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<td></td>
<td>0,13</td>
<td>0,38</td>
<td>3</td>
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<tr>
<td></td>
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## Using OPAL 120

### Price 35 NOK, Harvest 4.5 – 7.5 kg, suboptimal stocking

<table>
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<th>Yearly stocking</th>
<th>Optimum yearly stocking</th>
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<tbody>
<tr>
<td>Harvested</td>
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**Finance (100kr)**

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<tr>
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<th>NOK</th>
<th>NOK/kg</th>
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<tr>
<td>Total</td>
<td>452,287</td>
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- Contribution margin 1: 452,287 NOK
- External harvest costs
- MAB exceedance

**Results**

- Harvested volume (MT) Contribution
- Harvested volume (MT)
- Average
- Revenue
- Var. Cost
- Contribution

### Price 35 NOK, Harvest 4.5 – 7.5 kg, optimal stocking

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#### Results

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<td>591</td>
<td>21,57</td>
</tr>
<tr>
<td>EWOS Opal 120</td>
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<td>May &amp; Sept</td>
<td>22 923</td>
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<td>13,31</td>
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<td>-0,05</td>
<td>-95</td>
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Agenda

Introduction

Mainstream overview and farming fundamentals

Mainstream Chile recovery & prospects

EWOS overview and boosting EWOS

Optimizing raw material sourcing

Industrial R&D in aquaculture

Financial topics
Mainstream Chile – Key highlights

- Mainstream Chile acquired by Cermaq group in 2000
- Operations are located from the IX to the XII region
- Producing three species
- 3rd largest Salmonid exporter during 2010
- Largest exporter in Q1 2011

- Main markets
  - USA
  - Japan
  - Brazil
- Main products
  - Whole fish
  - Fillets
  - Portions
Mainstream Chile production process

- Freshwater
  - 6 hatcheries
  - 3 Lakes sites
  - Placed in Region IX & X

- Seawater
  - 63 seawater licenses
  - Placed in Region X, XI & XII

- Harvesting & Processing
  - 2 processing plants
    - Quemchi
    - Calbuco

- Logistics & sales
Current stocking plan for 2011
- Atlantics: 10 million smolts (all from land based facilities)
- Coho: 10 Millions
- Trout: 3.5 Millions

Harvesting plan for 2011
- Atlantics: 16.000 tonnes
- Coho: 19.000 tonnes
- Trout: 10.000 tonnes
Mainstream Chile fish health management
A Continuous preventive fish health focus

How we work with this in Chile:

• Screening and elimination of positive brood fish
• Possible to transfer ISA-virus free smolt to sea
• Avoid using Lakes for smolt production of atlantic salmon and trout
• Focus on fish health will reduce the risk of ILA-virus transmitting in sea
• Single year class – all in all out
• Synchronized fish lice control
• Correct mortality handling
• Focus on reducing stress levels
• Monitor ISA virus level -> prevalence, foresee out-breaks, eliminate, choose locality
• Extensive use of Functional Feed
Fish health policy and plan

Preventive fish health improvements

- Bio security department established in 2008, in addition to existing fish health department
- RT-PCR laboratory was created in 2008 in partnership with EWOS Innovation Chile
- Restructuring of the fish health department March 2009 adding expertise inside and outside of Chile

New fish health management plan

- Monitoring redefined in 2009
- Systematic laboratory analysis using the most advance technology in addition to veterinarian tests
- Testing is done for
  - SRS
  - IPN
  - Flavobacteriosis
  - BKD
  - ISA
  - PD (Non-present in Chile)
Right from the beginning

- All brood stock screened for existing and non-existing diseases in Chile
- Several tests are done during the full live cycle of each fish group
  - Fresh water stage
  - Prior sea transfer
Sampling program – check points

<table>
<thead>
<tr>
<th>Samples taken (number)</th>
<th>2009</th>
<th>2010</th>
<th>2011 YTD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal (EI)</td>
<td>11.096</td>
<td>25.312</td>
<td>11.695</td>
<td>48.103</td>
</tr>
<tr>
<td>Official</td>
<td>10.928</td>
<td>23.301</td>
<td>7.990</td>
<td>42.219</td>
</tr>
<tr>
<td>Total</td>
<td>22.024</td>
<td>48.613</td>
<td>19.685</td>
<td>90.322</td>
</tr>
</tbody>
</table>
Vaccination policy

All groups of fish currently vaccinated against the relevant disease for each species before the challenge at the sea stage

**Atlantics**
- ISA
- IPN
- SRS
- Vibrio

**Cohos**
- IPN
- SRS

**Trout**
- IPN
- SRS
Significant reduction in mortality in MS Chile

Clear improvement trend associated to the vaccine usage
... and significant reduction in use of antibiotics

Amongst the lowest user of antibiotic in the Chilean industry

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic Salmon</td>
<td>478</td>
<td>72</td>
<td>68</td>
</tr>
<tr>
<td>Coho</td>
<td>275</td>
<td>36</td>
<td>0</td>
</tr>
<tr>
<td>Trout</td>
<td>560</td>
<td>81</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>452</td>
<td>54</td>
<td>13</td>
</tr>
</tbody>
</table>
A comprehensive sea lice monitoring program established in MS Chile

- Weekly monitoring
- Coordinated treatments with others
- Continuous training programs for sea sites employees
Current Bio Security Program
Fresh water sites

1. Full disinfection between production cycles
2. Water disinfection (in & out)
3. Mortality treatment
4. Control of transport, visitors, equipment, etc.
Current Bio Security Program
Sea water sites

1. Coordination with neighbors on common standards
2. Mortality treatment
3. Control of transport, visitors, equipment, etc.
Fish health in Mainstream Chile

Going forward

- Continue exchange of knowledge between the Mainstream companies
- Vaccines challenges in international facilities with the relevant expertise
- Continue transfer of knowledge from sciences to operations
- Projects between MCH, University of Bergen & Chilean Universities: SRS identification, vaccines development
Sanitary & regulatory situation in the Chilean Industry
Significant mortality reduction in industry from 2009

- Lowest mortality ever for all three species
- High productivity numbers
- High harvest average weight

Source: Aquabench
..and a positive development also in 2011

Lower mortality rates in Atlantics YTD 2011 than in 2010

Source: Aquabench
Generally reduced antibiotics use despite increased biomass

• Reduction in antibiotics usage is not explained by low biomass in the sea

• No changes in 2011 compared to Q4 2010

<table>
<thead>
<tr>
<th>Specie</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic</td>
<td>-</td>
<td>-20 %</td>
<td>-42 %</td>
<td>-51 %</td>
</tr>
<tr>
<td>Coho</td>
<td>-</td>
<td>14 %</td>
<td>34 %</td>
<td>-30 %</td>
</tr>
<tr>
<td>Trout</td>
<td>-</td>
<td>22 %</td>
<td>0 %</td>
<td>-49 %</td>
</tr>
<tr>
<td>Average</td>
<td>-</td>
<td>-10 %</td>
<td>-28 %</td>
<td>-54 %</td>
</tr>
</tbody>
</table>

Source: Aquabench
Sea lice monthly monitoring 2009-2011

- Sealice infestation still 1/3 of historical levels
Changes in Chilean aquaculture legislation

Licences
- New licences granted for 25 years with the option to be renew.
- Licences pledge is allowed
- Re-allocation allowed within the same region.
- Licences application suspended in Region X for 5 years, Region XI for 2 years and Region XII until the areas for aquaculture are defined within a timeline of 1 year.

Human Resources
- Licences cancellation if there are anti-union issues.

Production
- Limitation on densities of farming.
- Concept of neighbourhood (group of concessions)
- Clear & strong disinfection protocols.

Environment
- New consideration of the concept of animal welfare.
- Access to environmental reports from companies will be public information.
- Penalties for escapes.
- Cancellation of lake licences if the owner gets 3 consecutives seabed samples with anaerobic conditions.

The final aquaculture law # 20.434 published in the official newspaper 8. April 2010
The new regulations supports strong cooperation between farmers

New regime supports coordinated
- Fallow periods
- Treatments
- Logistic & suppliers
Sanitary & environmental regulations
Main focus areas

RESA*
Finalized and soon to be announced

Key elements
- Risk analysis
- Density limitations
- Brood stocks production under limited conditions
- Satellite positioned
- Eggs importation
- Lake & Estuary usage

* Aquaculture part of new Fish Industry Law
Key Mainstream projects going forward
Growth opportunities in MS Chile Region XII project

Key project highlights
- Stocking plan: 2.2 Millions Atlantics smolt / year
- Harvest volume:
  - 7.500 t in 2013
  - 10.000 t from 2014 in average
- Employment: Around 120 people (direct & indirect)
- Total investment
  - USD 25M
  - Net investment reduced with 36% tax benefit
- Current status: Fry growing according with plans

What will we achieve
- Access to unutilized organic growth opportunities at acceptable cost
- Ensure risk diversification
  - Work in an isolated area
  - Control of our operations and improved production results
  - Better sanitary condition
  - No sea lice issues and less diseases challenges
  - Decrease of mortality rate
Strategy on species

Margin development by species

- Why grow all three species
  - Disease resistance different between the three species, specially ISAV & sealice
  - Better usage of the licenses considering the new regulations
  - Ability to be present in different markets with different products (USA, Asia, Russia, etc)

- Strategy going forward
  - Stay with the three species strategy
Summary – Mainstream Chile

- The new regulation gives the farming industry a solid framework for future development and growth

- Resources and empowerment from the government has been given to the authorities (SERNAPESCA)

- Current biological performance is a results of
  - Measures initially taken by voluntary agreements amongst the companies
  - Recently stricter regulation from Sernapesca

- Consolidation among farmers will happen and is needed under the new regime in order to maintain competitiveness
Introduction
Mainstream overview and farming fundamentals
Mainstream Chile recovery & prospects
EWOS overview and boosting EWOS
Optimizing raw material sourcing
Industrial R&D in aquaculture
Financial topics
EWOS: Key highlights

- One of the world leaders in production of fish feed with 20 feed production lines
- Located in Norway, UK, Chile, Canada and Vietnam
- Market share of 35% on salmonid feed worldwide
- 875 employees – Group HQ in Bergen
- 876 000 tonnes sold in 2010
- 7 factories worldwide – 3 in Norway
Significant volume expansion potential

- **125 000 tonnes** capacity expansion potential within existing infrastructure
- Investments of **NOK 200 million** needed to realize capacity expansion
- Capacity up and running within **12 months** of investment decision
- Capacity not needed in 2011, **investment decision/start-up to be considered**
Boosting EWOS - Focus Areas

1. **Market repositioning**
   - Balancing least cost and added value product mix

2. **Cost management**
   - Implement common formulation procedures and regular formulation reviews
   - Implement category management in purchase, evaluate current working methods in the area and upgrade business support systems

3. **Organizational adjustment**
   - Fine tune and empower functional teams
   - Strengthen link between matrix and line organization
Repositioning EWOS 2009

EWOS has reshaped the feed industry by breaking the development into a commodity business and creating a focus on differentiation.

The strategic implication is increased focus on R&D and added value for the customer.

Salmon feed industry 2000 - 2009

Commodity Differentiated

Product characteristics

Added value

Strategy

Least cost
Market repositioning

Functional feed volume development, 2005-2010
1000 tonnes

Share of value added products (volume of total)
- 9% in 2006
- 17% in 2008
- 37% in 2010

EWOS prebiosal is a unique blend of prebiotics and synergistic ingredients that can be included in any EWOS diets.

EWOS booster feed is a natural dietary supplement that provides fish with additional building blocks for energy and cell production in the form of nucleotides.
Boosting EWOS gives results

Operating profitability, 2004-2010
Percentage of sales
Going forward

Boosting EWOS I
The strategic change in 2009 has strengthened EWOS market position and improved profitability

Boosting EWOS II
To keep the lead:
- Increase speed of innovation
- Further increase the cooperation with Farming companies
speed up innovations

- EWOS has developed into an industry leader in the area of
  - Functional feeds
  - Health promoting diets

- EWOS value added products have changed the feed industry
  - Advanced nutrition is key in securing biological performance

To stay ahead of competition also in the future innovations will be further accelerated

More of the same – but faster
Agenda

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Financial topics
Global salmon feed consumption

Feed sales consumption*
1000 tonnes

* Atlantic and pacific salmon, ocean farmed trout and smolt feed

Source: Kontali 2010
Marine raw materials usage in EWOS

EWOS Group: Marine Ingredients Index

Marine Ingredients in Feed (%)

- Fishmeal
- Fish Oil

Year
- 2002
- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010

Marine Ingredients in Feed (%)
Raw material prices are rising

Raw material prices
USD per tonne

- Higher prices on both marine and non-marine raw materials
- High volatility is challenging and demands knowledge and flexibility in sourcing

Source: Holtermann / IFFO
Fish meal prices increasing more than feed prices

Price development fish feed, 1985-2010
NOK per kg feed

Feed prices (nominal)
Feed prices (inflation adjusted)
Price fish meal

Source: Holtermann / IFFO
Feed ingredients; we used to look for:

- Energy
- Protein
- Amino acids
- Vitamins
- Fatty acids
- Digestibility
- Minerals
- PRICE
Feed ingredients; new terms:

- Greenhouse gases
- Contaminants
- Food safety
- Food miles
- CSR
- Sustainability
- Regulatory issues
- Health benefits
Feed ingredients; now we look for:

- Energy
- Protein
- Amino acids
- Vitamins
- Greenhouse gases
- Contaminants
- Fatty acids
- Food safety
- Food miles
- CSR
- Sustainablility
- Digestibility
- Minerals
- PRICE
- Health benefits
- Regulatory issues
Marine ingredients; fish meal

World fish meal production and use
1000 tonnes

Sources:
Production: FAO
Usage: IFFO, Talcon, Holtermann
Marine ingredients; fish oil

World fish oil production and use
1000 tonnes

Sources:
Production: FAO
Usage: Holtermann
Opportunities in marine proteins and oils

- Market intelligence
  - Supply; most about fishing in Peru
  - Demand most about China
- Hunting new sources
  - By-products
  - New fisheries (lantern fish)
- Fish Meal tool
  - EWOS Innovation developed classification tool
  - Upstream: Smart buying
  - Downstream: Right fishmeal to right product
Discharge – a resource challenge

- UN Food and Agricultural Organization (FAO) estimated in 2004 that 7.3 million tonnes fish goes over board (equal to 8 percent of world catch)

- Situation in EU is even worse:
  - North Sea: 1 million tonnes yearly
  - Towards 50 percent of all white fish caught in EU go over board
  - Towards 70 percent of all flat fish caught in EU go over board

Aquaculture is a minor player in the vegetable raw material market

Vegetable proteins mainly by-products

Vegetable oils compete with bio fuel

We need concentrated protein to replace fish meal
- Know the code of nutrients, but needs to be refined
- Peas, soy, sunflower, rape

Main challenge
Mobilize and encourage industry to establish refinement
Key focus in RM sourcing

- **Marine proteins**
  - Buying smart, based upon own market knowledge
  - Buying smart upon EI unique quality knowledge
  - Extend supply through encouraging by-product and discharge management

- **Marine oils**
  - Economize with omega-3 to the market
  - Use opportunities in by-products from fisheries and from capsule production

- **Vegetable proteins**
  - Develop processes for concentrates
  - Partners up with established agro industry

- **Animal by-product**
  - Prepare market
  - Document food safety
  - Position future supplier relations

**Summary**
- Using EWOS Innovations knowledge on nutrition will
  - Secure the optimal price/performance of raw materials
  - Support EWOS’ position as a leading feed supplier
Agenda

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Financial topics
Being the trendsetter
creating knowledge to
produce **healthy seafood**
in a **more efficient** and
**environmentally sustainable** way
What are we doing?

Nutrients not suited for human consumption

Nutrients attractive for human consumption

Upgrading
Our main resources giving knowledge

- Our principal
- Our people
- The equipment and infrastructure available
- The Open Innovation process

Distribution of R&D resources between areas

- Nutrition: 51%
- Functional feed: 34%
- Process technology: 9%
- Method development: 6%
## What is EWOS Innovation?

### Staff
- 22 researchers
- Total 64 in Norway and 18 in Chile
- 11 nationalities

### Budget
- Financed by EWOS
- Project support from Norwegian Research Council

### Facilities
- Fish trials (Dirdal, Lønningdal, Colaco)
  - 40 sea cages (sq15m-c90m)
  - 240 screening tanks (0.2-10g)
  - 130 tanks (50-500g)
  - 82 sea-on-land-tanks (0.1-4.5kg)
- Laboratories (Dirdal, Colaco)
- Technology Centre (Dirdal)
Dirdal - Technology Center

- Raw material processing
- Feed production
- Technology testing
- Processing trials
Dirdal and Colaco - Laboratories

- Test raw materials
- Rapid analytical methods on molecular level
- Diagnostics
- Differentiate between bacteria in the gut
- Sea lice *in vitro* screening
- Method development
Requirement into an R&D Plan

- **Radical research**
  (Disruptive – breakthrough)

- **Strategic research**

- **Applied research**
  (Incremental)

- **Operational research**

- **Long term/high risk**
  - New products/services (Strategic programs)

- **Routine work**

- **Common R&D plan**
  - Support/existing product face lift

- **OpCo R&D specific needs**
EWOS Innovation closely integrated with all EWOS activities
Method development

Before

Fish Trial

8 weeks

Differences in performance (growth)

Now

NIR and HF-NMR

30 min

Predict differences in performance (95% probability)

Data
Information
Knowledge

Raw Material

1

2
Open Innovation

Closed Innovation

Open Innovation
Open Innovation
Always open for input and cooperation

- Industrial partners
- Suppliers
- EWOS customers and customers customers
- Universities and academical R&D institutions
Product Development

Research and screening

Product development testing

Full scale documentation

Small fish/HF-NMR. Continuous

Tank trials 0.5 - 2 y

Sea trials 1-2 y

cermaq
Prebiosal development

- Prebiotic screening 2004-05
- Tank trials 2005-06
- Cage trial 2006-07

- World first prebiotic for salmonids
- Average of 9-10% improved growth
- Lab, tank and field data
- One of EWOS most fully documented products
- Good customer feedback
Functional feed volume development

Development, 2005-2010
1000 tonnes

Share of value added products (volume of total)
- 9% in 2006
- 17% in 2008
- 37% 2010

EWOS prebiosal is a unique blend of prebiotics and synergistic ingredients that can be included in any EWOS diets.

EWOS booster feed is a natural dietary supplement that provides fish with additional building blocks for energy and cell production in the form of nucleotides.
Achievement – Nutrition

- **Models**
  - Summarize knowledge to conceptual models
  - Tools for feed formulation
  - Practical use by fish farmers to optimize production

- **OPAL grower feed concept**
  - Grower feed designed for different growth performance target
Challenge - raw material resources

Fish meal usage in EWOS feeds
Percent of diet

Best case scenario assuming purchasing the same amount of FM as 2006 and 8% annual increase in feed volume

On Target

Achieved

Available FM
Target FM use

Concept feed (FM)

Concept feed

0 5 10 15 20 25 30 35 40

36 34 33 32 33 29 26 21 20 18

20 10 10 15 20 15 10 10 10 10
Reducing to 10% fish meal is possible without loss of growth or quality.

Growth

<table>
<thead>
<tr>
<th>30% Fish Meal</th>
<th>10% Fish Meal</th>
</tr>
</thead>
<tbody>
<tr>
<td>EI 60366-A</td>
<td>EI 60366-B</td>
</tr>
</tbody>
</table>

Fillet quality

10% FM fish appear slightly lower in fat

10% FM fish are equally well pigmented
Plant extracts with masking effects reduce sea lice in salmon

Total lice in 30 sampled fish

Pre-feeding experimental diets for 3 weeks followed by challenge and feeding through until lice counts 2 weeks later
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Financial topics
Cermaq funding policy –
Key objectives

Overview group funding structure

- Secure ongoing Group liquidity
- Maintain funding flexibility
  - Purpose
    - Execute operational strategy
    - Dividend
  - Through
    - Long term committed funding
    - Funding of working capital requirements in peak season
- Diversified sources of funding
- Diversified maturity
- Balance funding currency with currency exposure
Committed credit facilities-
Main terms

**FINANCIAL COVENANTS**

<table>
<thead>
<tr>
<th>Equity Covenant</th>
<th>Consolidated Equity</th>
<th>Minimum 40%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Consolidated Assets</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interest Covenant</th>
<th>Adjusted EBITDA</th>
<th>Minimum 4X</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Interest Expense</td>
<td></td>
</tr>
</tbody>
</table>

If the equity ratio is higher than 45% the interest covenant does not apply.

**OTHER COVENANTS**

<table>
<thead>
<tr>
<th>Guarantees</th>
<th>Cermaq and each Material Subsidiary equally guarantees for any drawing on the facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative pledge</td>
<td>Carve out for secured debt in the Group - USD 25 mill</td>
</tr>
<tr>
<td>Total Indebtedness</td>
<td>Carve out for Group Financial indebtedness - USD 50 mill (excluding Cermaq ASA and the Chilean subsidiaries)</td>
</tr>
<tr>
<td></td>
<td>Carve out for Chilean subsidiaries indebtedness - USD 150 mill</td>
</tr>
</tbody>
</table>

**MARGIN RATCHET**

The margin is determined quarterly based on the Group’s 12 months rolling Leverage Ratio (NIBD/Adjusted EBITDA)

- Based on existing level of NIBD/EBITDA, average margin on current utilization is ~100 bps
- Focus on few relationship banks with good knowledge of CEQ and the aquaculture industry
- A new back-stop facility of NOK 1 billion just signed increasing CEQ’s financial capacity further
The overall objective with our FX policy is to minimize the risk of a breach of our financial covenants.

The hedging strategy focus on reducing the net currency exposure.

CEQ normally not to enter into any forward contracts/other derivatives:
- Due to the natural hedge between business units Feed and Farm.

CEQ may however lock in what is considered favorable FX rates through derivatives,
- Any such transactions should not increase the overall exposure for the group.
Foreign exchange policy – Translation risk

## BASE CASE
December 2010

<table>
<thead>
<tr>
<th>GBP (in NOK)</th>
<th>CAD (in NOK)</th>
<th>USD (in NOK)</th>
<th>NOK (in NOK)</th>
<th>GROUP (in NOK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tot Assets</td>
<td>195</td>
<td>1 456</td>
<td>3 530</td>
<td>4 431</td>
</tr>
<tr>
<td>Equity</td>
<td>143</td>
<td>1 145</td>
<td>1 488</td>
<td>2 976</td>
</tr>
<tr>
<td>Liabilities</td>
<td>70</td>
<td>311</td>
<td>2 045</td>
<td>1 434</td>
</tr>
</tbody>
</table>

| Percentage of Group Assets | 2 % | 15 % | 37 % | 46 % | 59,8 % |
| Percentage of Group Liabilities | 2 % | 8 % | 53 % | 37 % | 59,8 % |

### 20% increase in USDNOK

<table>
<thead>
<tr>
<th>GBP (in NOK)</th>
<th>CAD (in NOK)</th>
<th>USD (in NOK)</th>
<th>NOK (in NOK)</th>
<th>Group (in NOK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tot Assets</td>
<td>195</td>
<td>1 456</td>
<td>4 236</td>
<td>4 431</td>
</tr>
<tr>
<td>Equity</td>
<td>143</td>
<td>1 145</td>
<td>1 785</td>
<td>2 976</td>
</tr>
<tr>
<td>Liabilities</td>
<td>70</td>
<td>311</td>
<td>2 454</td>
<td>1 434</td>
</tr>
</tbody>
</table>

| Percentage of Group Assets | 2 % | 14 % | 41 % | 43 % |
| Percentage of Group Liabilities | 2 % | 7 % | 57 % | 34 % | 58,6 % |

- Translation risk primarily related to USD and CAD against NOK
- USD exposure remains effectively reduced through substantial borrowings in USD
- Impact of translation exposure monitored quarterly
Foreign exchange policy – Transaction risk

- Primarily related to raw material purchases in EWOS in USD and EUR and Mainstream sales of fish in USD, EUR and JPY

- The risk remain effectively diversified between EWOS and Mainstream’s opposite exposures

- At a subsidiary level hedging may be completed towards CEQ

- CEQ uses “Cash Flow at Risk” to quarterly quantify the highest exposure to be in breach of debt covenants
Two main types of contracts in Cermaq
1. Customer contracts; e.g., physical deliveries; spot and long-term
2. Financial contracts; e.g., Fish Pool

Physical contracts accounted for upon delivery: Not eligible for balance sheet classification from commencement until delivery

Financial contracts defined as derivatives (IAS 39)
- Value changes in response to the change in a commodity price
- Requires no or minimal initial net investment
- Settled at a future date

Fish Pool contracts are cash flow hedging instruments

A cash flow hedge qualifies for hedge accounting when, at inception, a formal designation and documentation:
- It is expected to be highly effective
- The forecast transaction that is the subject of the hedge is highly probable
- The effectiveness can be reliably measured
- On an ongoing basis determined to actually have been highly effective

No specific guidance in IFRS on presentation
- See example on next slide
Accounting for sales contracts – Farming (cont)

- Cermaq applies industry practice of non-effective hedging:
  - Classified as financial items
  - Detailed information provided

Example of accounting opportunities

- Sale of 10kt at Fish Pool at NOK 35
  - At the end of year 1, the salmon price is NOK 30
  - 3kt has been realized at this price, 7kt are unrealized

- Accounting options

### 6. Financial items

<table>
<thead>
<tr>
<th></th>
<th>Q4/10 Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NOK million)</td>
<td>Q4 10 Q4 09</td>
</tr>
<tr>
<td>Net interest expenses</td>
<td>(14.9) (14.1)</td>
</tr>
<tr>
<td>Foreign exchange gain/(loss)</td>
<td>(2.4) (1.2)</td>
</tr>
<tr>
<td>Impairment of financial assets</td>
<td>- (0.1)</td>
</tr>
<tr>
<td>Gain on sale of shares</td>
<td>- -</td>
</tr>
<tr>
<td>Fair value adjustments</td>
<td>21.5 -</td>
</tr>
<tr>
<td>Other financial items, net</td>
<td>(15.0) (3.4)</td>
</tr>
<tr>
<td><strong>Financial items, net</strong></td>
<td><strong>(10.9) (18.7)</strong></td>
</tr>
</tbody>
</table>

Out of the loss of NOK 15.0 million in Other financial items in the fourth quarter 2010, NOK 13.2 million is related to the salmon forward contracts entered into at the Fish Pool exchange by Mainstream Norway.

These contracts are not deemed as effective hedges in accordance with IFRS requirements. Subsequent fair value changes will therefore be charged to the Income Statement as part of Other financial items.

<table>
<thead>
<tr>
<th></th>
<th><strong>Option EBIT</strong></th>
<th><strong>Option Fin items</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Effective</td>
<td>Non-effective</td>
</tr>
<tr>
<td>EBIT</td>
<td>15 000</td>
<td>50 000</td>
</tr>
<tr>
<td>OCI</td>
<td>35 000</td>
<td></td>
</tr>
<tr>
<td>Receivable</td>
<td>35 000</td>
<td>35 000</td>
</tr>
<tr>
<td>Fin items</td>
<td>Effective</td>
<td>Non-effective</td>
</tr>
<tr>
<td></td>
<td>15 000</td>
<td>50 000</td>
</tr>
<tr>
<td>OCI</td>
<td>35 000</td>
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</tr>
<tr>
<td>Receivable</td>
<td>35 000</td>
<td>35 000</td>
</tr>
</tbody>
</table>
Thank you for your attention

Q&A session

Introduction to site visit