

Challenges and opportunities in global salmon farming

Steven Rafferty – CEO Cermaq

NASF Bergen

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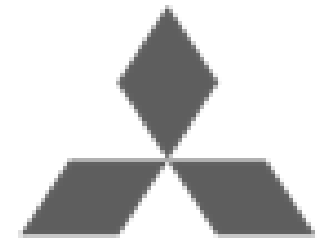
Cermaq snapshot

223 400
tons WFE sold

1258 mill
Revenue in USD

2.8 mill
Daily salmon meals

Key figures
(calendar year 2021)



100% owned by
Mitsubishi Corporation

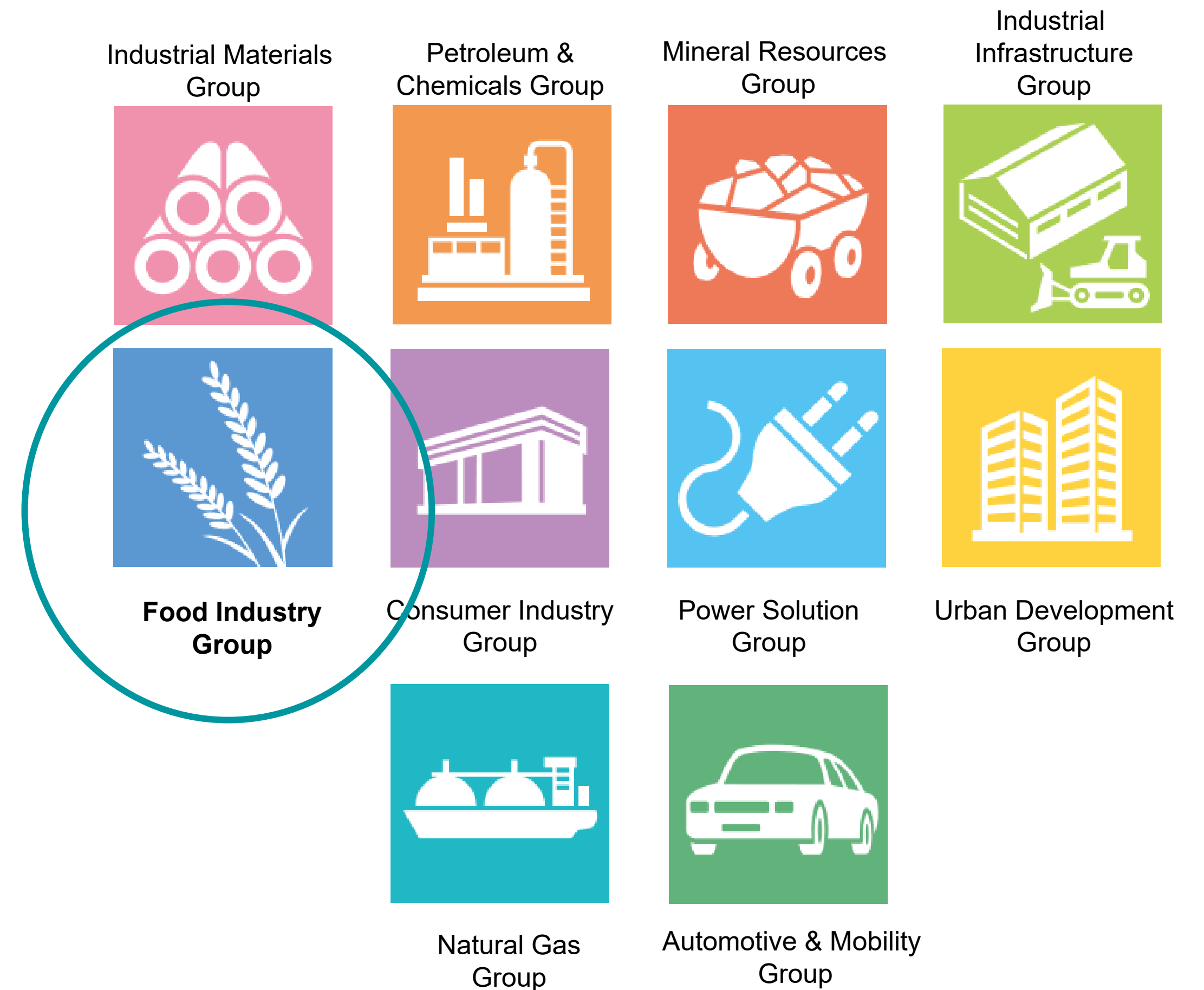
2800
Employees



#2 global salmon farmer

Cermaq is a subsidiary of Mitsubishi Corporation

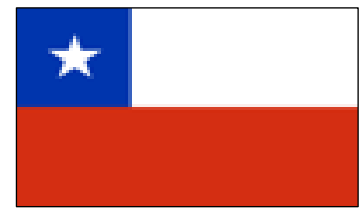
- Established in 1954
- Head office and Listed in Tokyo
- 80,000 employees
- > 1700 consolidated subsidiaries and affiliates
- 10 business Groups
- Cermaq is part of Food Industry Group



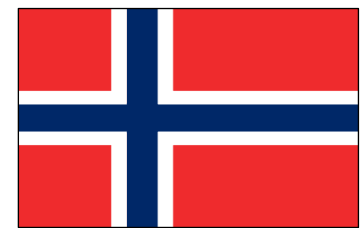
One of the largest producers in three countries



3 in Canada
SALES: 22 900 tons (WFE)



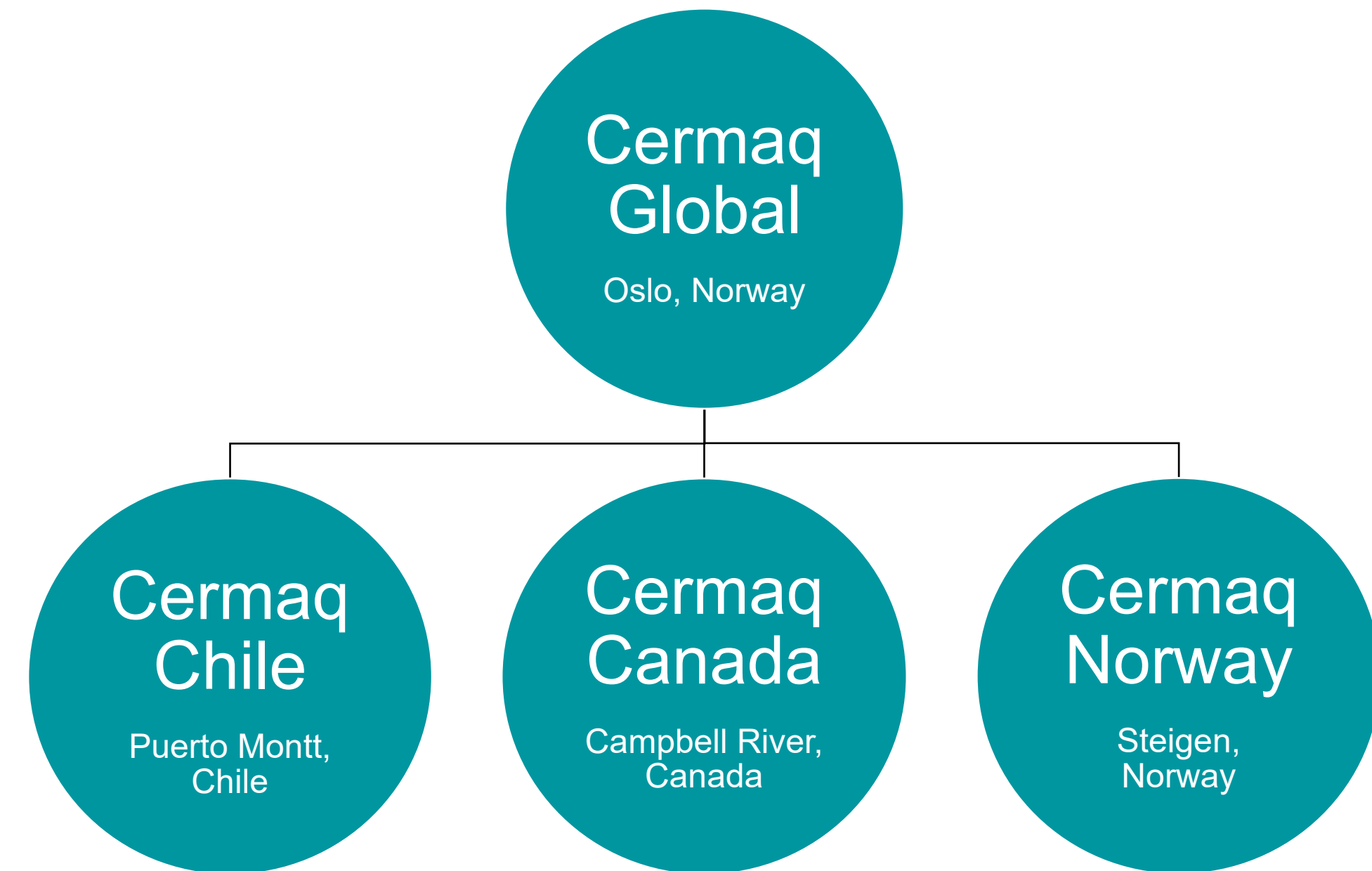
2 in Chile
SALES: 102 100 tons



4 in Norway
SALES: 98 400 tons



2 globally
SALES: 223 400 tons

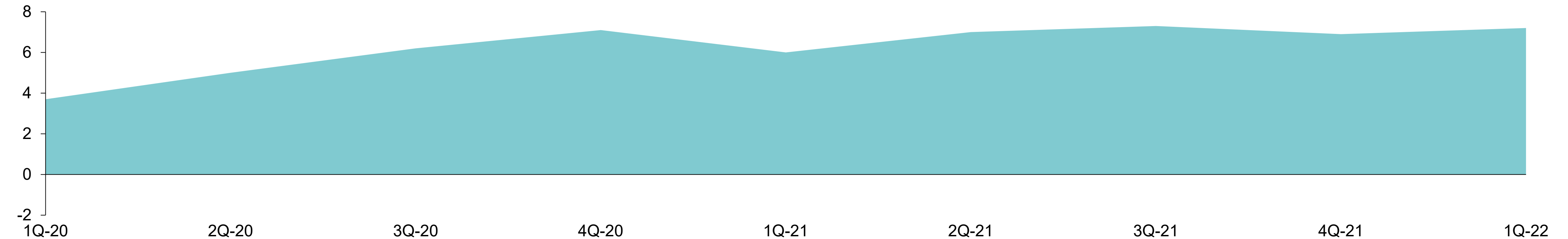


Cermaq is a top EBIT performer against peer group in the three countries we operate

In Norway and Canada consistently high, Chile recent turnaround of results after underperformance

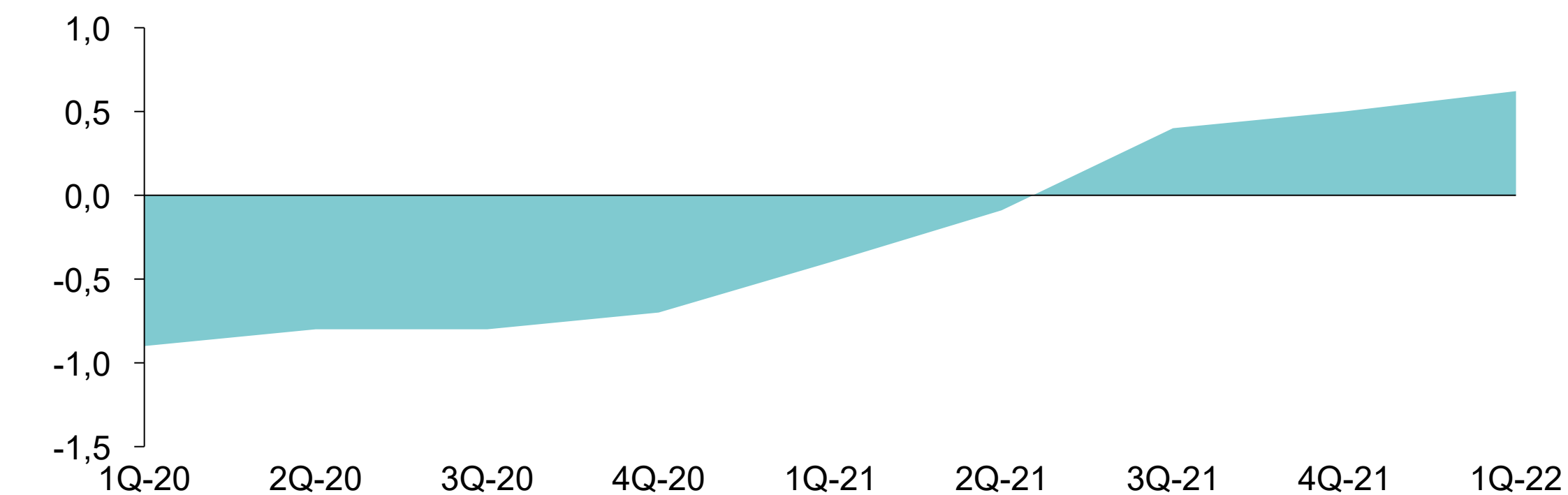
Norway | EBIT per kg versus average of peers (rolling 12 months)

NOK (EBIT per kg)



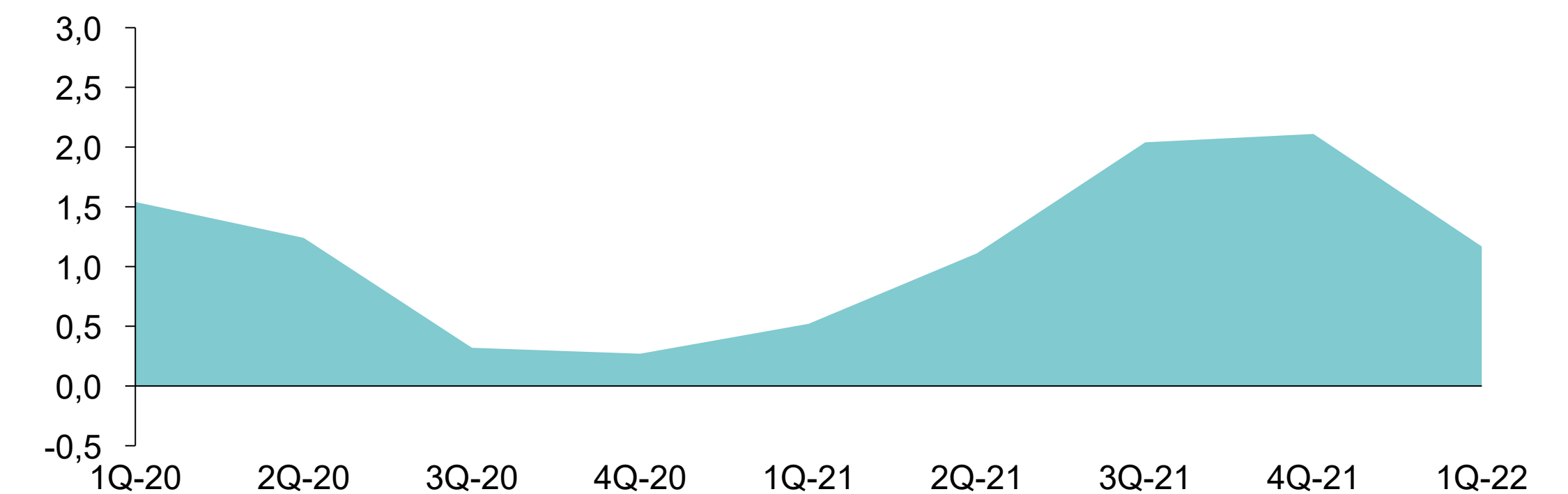
Chile | EBIT per kg versus average of peers (rolling 12 months)

USD (EBIT per kg)



Canada | EBIT per kg versus average of peers (rolling 12 months)

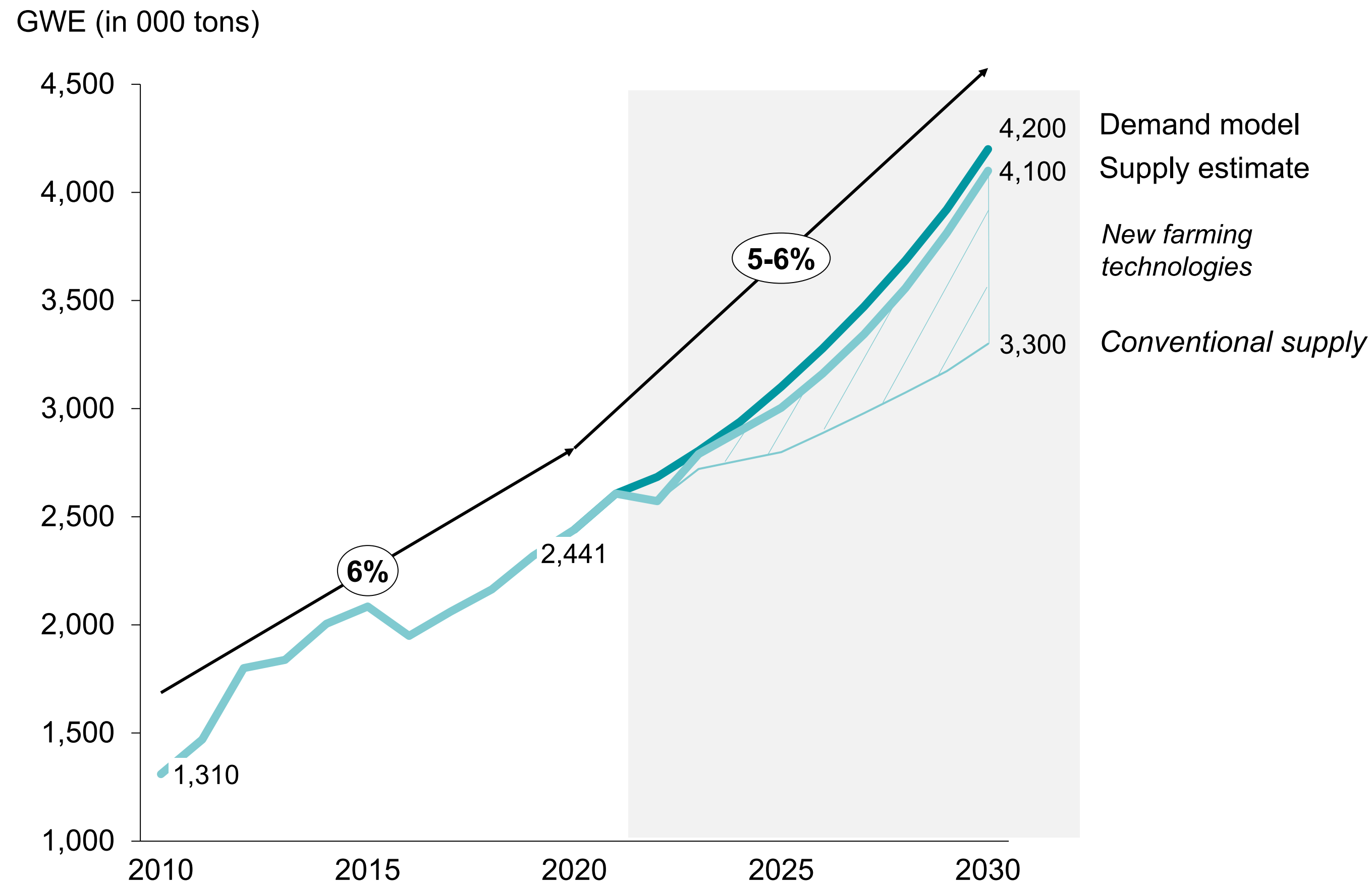
CAD (EBIT per kg)



Strong long-term fundamentals of the salmon market

Challenge : a) how to boost conventional production and b) supplement with new farming methods in order to meet expected demand

Global demand and supply outlook for Atlantic salmon



Main assumptions

Demand estimate:

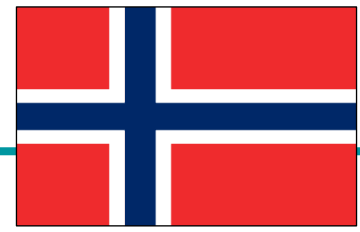
- Modelled growth of 5-6% p.a. based on assumed growth in underlying base demand combined with additional demand drivers such as population growth, protein consumption shifting toward more seafood, and expansion of middle class

Supply estimate:

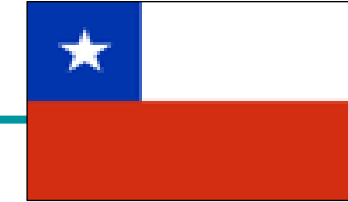
- Conventional farming (~3% p.a.): Close to capacity limits and supply growth is not expected to be sufficient to meet underlying demand towards 2025 and 2030.
- New farming technologies: Limited volumes in the next couple of years, but beyond 2025 and towards 2030 the pace is expected to pick up driven by land-based, offshore and closed cage farming

Major producing countries have different governance and focus

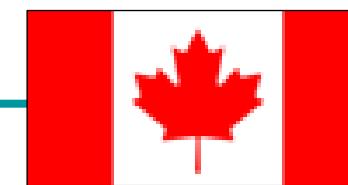
A more standard approach would be beneficial to sustainable growth and attract higher investment in the global industry



- Government positive to support growth but it must be sustainable
- Planning for 5x increase by 2050
- Utilizing a traffic light system for licenses
- Offshore being reviewed
- Norway legislation is the most transparent and structured of all producing countries



- New government reviewing future aquaculture sector, with some references on possible moratorium on growth
- However, employment and economic impacts would make this a highly contentious move
- Focus should be on higher investment in research and innovation to promote greater sustainability
- Growing activist community



- Region with high profile activists/NGOs. Close engagement required with First Nations
- Canadian Federal government previously communicated irrational decision that industry must stop conventional farming on West Coast after 2025
- Industry growth being supported on Eastern coast

Chile salmon industry is sometimes misunderstood from outside

- It is an excellent country to produce salmon, many natural advantages like optimal water temperatures
- Over the last decade, Chile has lost its cost leadership through combination of rising labour cost but also increasing complexity in regulations implemented with good intention, but not always aligned with sustainability
- Legislation by the authorities / government is far from optimal. This has led to higher costs for the producers, certain regulations need to change to support the industry, while protecting the environment
- The license to operate in Chile is challenged by an increasing social discontent in the country in general
- It is hoped the new Chilean Government will invite for learnings from other countries, such as Norway on how to create a new set of regulations that are aligned with a sustainable growth.



Global Salmon Initiative ("GSI") can support change across the entire industry

- **Global salmon farming CEOs** committed to helping feed the world in a healthier, more sustainable way through advancements in responsible salmon farming.
- **Propelling sustainability advancements** through greater collaboration, transparency and innovation.
- **Norway industry not sufficiently represented** participation can lead to opportunities to gain knowledge of other geographies and support expansion opportunities
- **A global body with a common aim** can really support the industry to achieve the aim of making salmon more accessible to consumers in a sustainable way

21 companies

8 regions

40% industry

Supply chain
engagement



The background of the image consists of a close-up view of water with numerous small, concentric ripples. The lighting is soft, creating a range of colors from deep blues and teals to lighter, golden-brown tones, suggesting a reflection of light on the water's surface.

CERMAQ