

Market outlook - Chile

cermaq



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3 March 2010

Sympathy for the Chilean people

- *Chile has been hit by a giant earthquake, causing death to many people and leaving thousands homeless*
- *We will support our employees and the Chilean society in which we work in this very demanding situation.*
- *We will invite our employees outside Chile to participate in supporting their Chilean colleagues, and we hope that also other companies within the seafood sector will give their support to the Chilean people.*



Chile Earthquake – Current status for Cermaq

- Significant impact on infrastructure in Chile, however
 - A country with long experience from earth quakes
 - Well prepared – immediate start of reconstruction
 - Strong regulations for construction of buildings

- Main impact in Concepción area
 - So far, no reports of casualties for EWOS personnel
 - Limited damages to the feed plant
 - Technically the plant can be restarted in a reasonable time
 - Unstable supply situation and social unrest may delay the production
 - Have access to finished goods and possibilities to service customers through sub suppliers

- Limited impact for farming operations
 - Mainstream located in region X and XI
 - No employee casualties
 - No sea sites affected, limited fresh water impact
 - Harvest assumed to restart in a few days

EWOS based in Coronel,
close to Concepcion

Mainstream operates
in region X and XI



Chile recovery

- Biological situation is improving
- Low biomass in the sea at present
- New aquaculture law pending
- Financial situation still challenging
 - However new money is available
 - Renting of sites has increased
- Short term expansion limited by
 - Shortage of good quality egg
 - Smolt supply
- Supply situation
 - 2010 volumes low
 - Steady increase from 2011
 - Biomass end 2010 higher than end 2009



Scenarios Atlantic volumes

- Less than 100kt in 2010
- Key issues for positive development
 - Smolt transfer
 - Survival
 - Growth
- Yield per smolt
 - Below 2kg during ISA crisis
 - Historically 3.5kg +
- Latest estimate of 78 mill smolt in 2010
- Possible estimate 2011 ->
 - With 40 – 60 mill smolt input in 2010
 - Volumes may increase by 80k tonnes per year from 2010 levels if fish health is stable
- Several years to recover Atlantic volume after the ISA crisis





Possible export in 2010?

RFE Tonnes Thous.

	2008		2009E		2010E	
EU	67	18 %	40	14 %	14	15 %
USA	174	46 %	107	39 %	42	45 %
Japan	15	4 %	7	3 %	2	2 %
Other	110	29 %	114	41 %	31	33 %
Domestic	12	3 %	8	3 %	6	6 %
Total	378	100 %	276	100 %	93	100 %

Source: Kontali Analyse

- Total supply gap from Chile in 2010 vs. 2009 of 183kt
 - EU 26kt
 - USA 65kt
 - Other (Brazil mostly) 83kt
- Norway estimate 74 kt increased production in 2010 vs. 2009
 - Large opportunities to allocate this
- Canada, Scotland and Faroe Islands will also benefit

Chile remains optimal for salmon production

- Ideal coast line
- Optimal water temperatures
- Low labor cost
- Close to main fish oil and -meal producers in Peru
- Product innovation
 - Distance from main markets drives growth of value added and frozen products
- High processing capacities
- Reduced operational risk through
 - Expected tight regulations
 - Improved husbandry

