

Pan Fish Press Release



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Pan Fish acquires Marine Harvest to form the world's largest fish farming company

Stavanger: Pan Fish ASA has acquired all the outstanding shares in Marine Harvest for EUR 1,325 million (enterprise value). The combined Pan Fish-Marine Harvest company will become the world's undisputed leader in the fish farming business, with an annual salmon production of 346,000 tonnes (wfe) in 2006. In addition, Pan Fish has bought 25.7 per cent of the shares in Fjord Seafood from Geveren Trading, a company controlled by John Fredriksen.

The combined Pan Fish–Marine Harvest company will account for approximately 20 per cent of the world's salmon production, not including Fjord Seafood.

“This is an important day for the Norwegian and global fish farming industry and for Norwegian industry in general,” says Atle Eide, CEO of Pan Fish. “The combined company creates the strongest unit in the industry and will become a driving force in the continuous development of fish farming, one of the world's most exciting and fastest-growing food industries.” The company will have a robust balance sheet and financial structure.

Marine Harvest merged with Stolt Sea Farm in April 2005 and formed the largest fish farming company at the time, owned 75 per cent by Nutreco Holding N.V. and 25 per cent by Stolt Sea Farming Investment B.V.

Excluding Pan Fish's production, Marine Harvest accounts for around 16 per cent of the world's annual production of farmed salmonids (Atlantic salmon, trout and coho). In addition, the company produces other species such as barramundi, yellowtail, halibut and cod.

Marine Harvest's operations in Chile and Norway account for about 70 per cent of its combined production of salmon. Marine Harvest is also present with production in Canada, Ireland and Scotland. The company had pro forma sales revenues of EUR 1,042.9 million in 2005 and posted an operating profit of EUR 63.7 million.

Pan Fish produced 67,000 tonnes of salmon in 2005, and plans to produce more than 100,000 tonnes this year. The Pan Fish group had revenues of NOK 1,969 million in 2005 and an operating profit of NOK 130.2 million. Pan Fish has operations in Norway, Canada, the Faroes and Scotland, in addition to a significant salmon value-adding business in France and a sales company in Japan.

While the global fish farming industry has been very fragmented, the customer side has been consolidated and is today dominated by a few large companies. After its successful financial and operational restructuring in 2005, and the entry of Mr Fredriksen as the main shareholder, Pan Fish has actively been seeking opportunities to consolidate the fish farming supply side. Joining forces with Marine Harvest represents another significant milestone in establishing a new global leader in the fish farming industry.



PAN FISH

“We share the view that a further consolidation of this industry was needed,” says Hans den Bieman, CEO of Marine Harvest. “Norwegian knowledge is and has always been an important part of Marine Harvest, in addition to our overall global approach. We are excited to join forces with Pan Fish to form an even stronger fish farming company.”

In connection with this transaction Pan Fish will raise approximately EUR 680 million in an equity issue and EUR 700 million in increased debt. The DnBNor Markets, Carnegie and Pareto investment banks will act as advisors to Pan Fish and as managers of the equity issue.

In addition to the acquisition of Marine Harvest, Pan Fish has concluded an agreement with Gevevan Trading, a company controlled by Mr Fredriksen, the main Pan Fish shareholder, to acquire Gevevan's 25.7 per cent of the shares in the Norwegian listed fish-farming company Fjord Seafood. Details is sent in separate message.

Although Pan Fish–Marine Harvest will still be a small player in the overall seafood industry, a market share of approximately 20 per cent in salmon provides the combined company with a robustness that will enable it to continue to grow the fish farming markets and introduce farmed fish into new regions.

Pan Fish's overall goal of becoming the lowest-cost producer of quality salmon is shared by Marine Harvest and will be supported through the synergies created by this acquisition. The lowest-cost position will be a strategic building block for the combined company, in addition to sustainable fish farming, good animal husbandry, seafood quality and high-level partnership with customers. To achieve these objectives, the key focus areas will be openness, continuous development of knowledge and a lean organisation.

“The salmon market is currently very strong and we remain optimistic with regards to the future development,” says Mr Eide. “The demand for high-quality food products is growing globally, and our determined focus on quality, sustainability and biology puts us in the best possible position to take advantage of the expected growth.”

Pan Fish will formally acquire Marine Harvest from Gevevan Trading, which has acquired the company from Nutreco and Stolt Sea Farming, and sell it to Pan Fish ASA on the same terms. This is expected to take place on 28 March or as soon as all legal processes have been finalised.

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