

# Presentation of Pan Fish ASA 4th Quarter Accounts 2003

Oslo, 27. February 2004

# Pan Fish vision



***“Supply the world  
with quality  
salmon at low  
cost”***



# Pan Fish objectives



## Committed culture

Keep and attract highly qualified and motivated people working close to the fish where real value is created

Re-establish a “Pan Fish culture” committed to fish health, quality, reliability and cost efficiency in all we do

## Lowest cost supplier

Best practice and benchmarking on fish health, FCR and growth to achieve best industry biological performance

Integrated cost efficient value chain to take out best industry margins

## Preferred partner

Keep and attract professional customers with top expectations on quality, reliability and traceability

Build long term partnerships and optimal logistics to yield a higher return over time

## Leading global producer

Leading global aquaculture group within salmon species and related processed products

Be present through own operations or partners in all important production and market areas

**“The Pan Fish way of doing it!”**



***“Pan Fish will be driven by enthusiastic people committed to delivering the quality and reliability we promise to the right customers at the lowest cost”***



# Agenda



Business Highlights

Group Financials

Refinancing

Market Outlook

Closing Remarks and Q&A

# Business Highlights



- Strong operational improvements despite continued weak market through the quarter
- Significantly leaner organisation and tight operational control going into 2004
- Canada and Faeroe Islands under control – targeted and stepwise build-up of biomass going forward
- Significant cost reductions implemented – targeted full-year effect of NOK 325 mill in 2005
- The equity / debt situation still remain the “number 1” challenge for Pan Fish

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# 4th quarter accounts



<i>(NOKm)</i>	Q4-03	Q4-02
Operating income	906,9	879,0
<b>EBITDA</b>	<b>25,7</b>	<b>-214,2</b>
Operating profit before special items	-47,5	-271,9
Special items	-149,3	-719,5
<b>EBIT</b>	<b>-196,8</b>	<b>-991,4</b>
Net financial items	-107,5	-653,6
Profit before taxes	-304,3	-1 645,1
<b>Net profit</b>	<b>-402,3</b>	<b>-1 527,2</b>
Booked Equity	-163,4	-810,0
Inventory	836,2	1 325,7

# 2003 annual accounts



<i>(NOKm)</i>	2003	2002
Operating income	3 556,5	4 595,3
<b>EBITDA</b>	<b>66,6</b>	<b>-411,5</b>
Operating profit before special items	-190,5	-683,3
Special items	-1 270,4	-793,6
<b>EBIT</b>	<b>-1 460,9</b>	<b>-1 476,9</b>
Net financial items	-682,3	-1 203,1
Profit before taxes	-2 143,2	-2 680,0
<b>Net profit</b>	<b>-2 258,3</b>	<b>-2 296,0</b>
Booked Equity	-163,4	-810,0
Inventory	836,2	1 325,7

# Summary debt and equity



(NOKm)

Net interest bearing debt 31.12.2003

Net interest bearing debt 30.09.2003 / 31.12.2002

**Net change**

Q4-03

2003

2 838,5

2 838,5

3 831,7

5 404,9

-993,2

-2 566,4

**Booked Equity per 31.12.2002**

Net profit after minority interests

Conversion of debt / Share issues

Agio differences

**Booked Equity per 31.12.2003**

-810,0

-2 265,3

2 921,7

-9,7

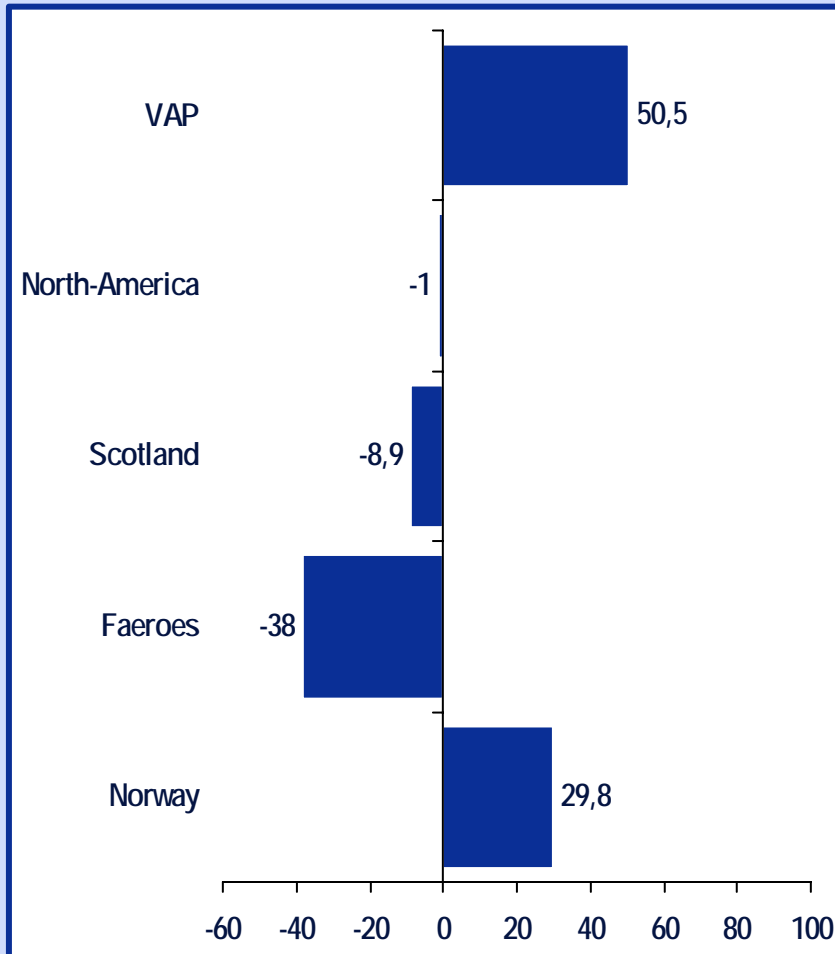
-163,4

- Valuation of assets and licences pr 31.12.2003 is based on a final refinancing of Pan Fish
- Positive discussions with the banks and main shareholders have started

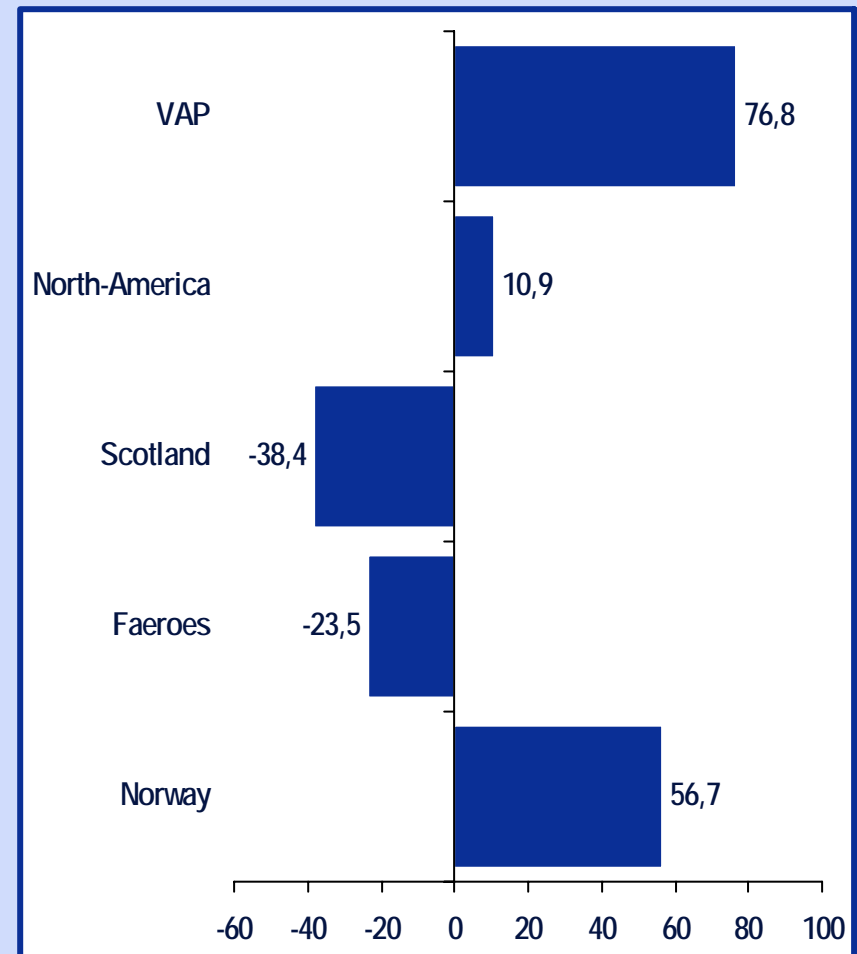
# EBITDA (per business area)



Farming Norway and VAP showing strong performance!



4Q EBITDA of NOK 25,7 vs. NOK -214,2 on Group level in 4Q 2002



2003 EBITDA of NOK 66,6 vs. NOK -411,5 on Group level in 2002

# Farming Norway



Norway

Faeroe Islands

Scotland

North America

## Key Figures

<i>(NOKm)</i>	Q4-03	2003
Turnover	303,2	1 149,4
<b>EBITDA</b>	<b>29,8</b>	<b>56,7</b>
<b>EBIT before special items</b>	<b>-10,9</b>	<b>-46,9</b>
<b>EBIT</b>	<b>-10,9</b>	<b>-679,4</b>
Harvesting	9 780	35 402
Production	8 418	33 248
Fixed Assets		998,5
Inventory		326,1
<b>Total balance sheet</b>		<b>1 552,3</b>



# Farming Faeroe Islands



Norway

**Faeroe Islands**

Scotland

North America

## Key Figures

<i>(NOKm)</i>	Q4-03	2003
Turnover	153,2	407,0
<b>EBITDA</b>	<b>-38,0</b>	<b>-23,5</b>
<b>EBIT before special items</b>	<b>-43,7</b>	<b>-44,3</b>
<b>EBIT</b>	<b>-43,7</b>	<b>-207,3</b>
Harvesting	4 521	14 701
Production	213	9 148
Fixed Assets		217,0
Inventory		51,3
<b>Total balance sheet</b>		<b>334,4</b>



# Update Faeroe Islands



- Final agreement on restructuring of the operation up for board and governmental approval
- About NOK 100 millions in debt written off – Pan Fish will own 70% + of the “new” company
- Temporary shut down in 2004 – gradual build-up from 2005
- Long term growth depend on new capital injections
- Strong performance in Vestsalmon in 2003 (EBITDA NOK 34 mill)

# Farming Scotland



Norway

Faeroe Islands

**Scotland**

North America

## Key Figures

<i>(NOKm)</i>	Q4-03	2003
Turnover	91,3	440,4
<b>EBITDA</b>	<b>-8,9</b>	<b>-38,4</b>
<b>EBIT before special items</b>	<b>-16,9</b>	<b>-56,5</b>
<b>EBIT</b>	<b>-16,9</b>	<b>-77,0</b>
Harvesting	4 212	22 202
Production	4 507	16 910
Fixed Assets		142,3
Inventory		207,9
<b>Total balance sheet</b>		<b>395,2</b>



# Farming North America



Norway

Faeroe Islands

Scotland

**North America**

## Key Figures

<i>(NOKm)</i>	Q4-03	2003
Turnover	139,8	840,9
<b>EBITDA</b>	<b>-1,0</b>	<b>10,9</b>
<b>EBIT before special items</b>	<b>-17,7</b>	<b>-50,0</b>
<b>EBIT</b>	<b>-30,7</b>	<b>-133,2</b>
Harvesting	2 879	21 284
Production	4 268	14 218
Fixed Assets		687,7
Inventory		208,4
<b>Total balance sheet</b>		<b>1 008,7</b>



# Update Canada



- New and very experienced management team in place
- Smolt output in 2003 of 1, 5 mill down from 5 mill in 2002
- New IHN vaccine implemented on '03 smolt output
- Kudoa considered to be under control
- Gradual and targeted build-up of biomass going forward
- Port Hardy and Ocean Falls up and running

# Value Added Products (VAP)



France

Denmark

Norway

## Key Figures

<i>(NOKm)</i>	Q4-03	2003
Turnover	369,3	1 021,9
EBITDA	50,5	76,8
EBIT before special items	41,0	44,6
EBIT	34,7	-5,5

- VAP France 4Q-03 / 2003:
  - Turnover NOKm 134,4 / 291,6
- VAP Denmark 4Q-03 / 2003:
  - Turnover NOKm 111,1 / 332,6
- VAP Norway 4Q-03 / 2003:
  - Turnover NOKm 123,7 / 399,4

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# This is who we were...



## Pan Fish ASA

(Ålesund, Norway)

*Other*

*Farming*

*Value Added*

*Sales*

Pan Pelagic ASA

Pan Fish Norway

Norsk Sjømat

Pan Fish Sales AS

Pan Marine ASA

Pan Fish Fareoe Isl.

Vestlax Hirtshals

Pan Fish Sales Inc.

Various minorities

Pan Fish Canada

PF Sudurlaks

Atlantic Trading Inc.

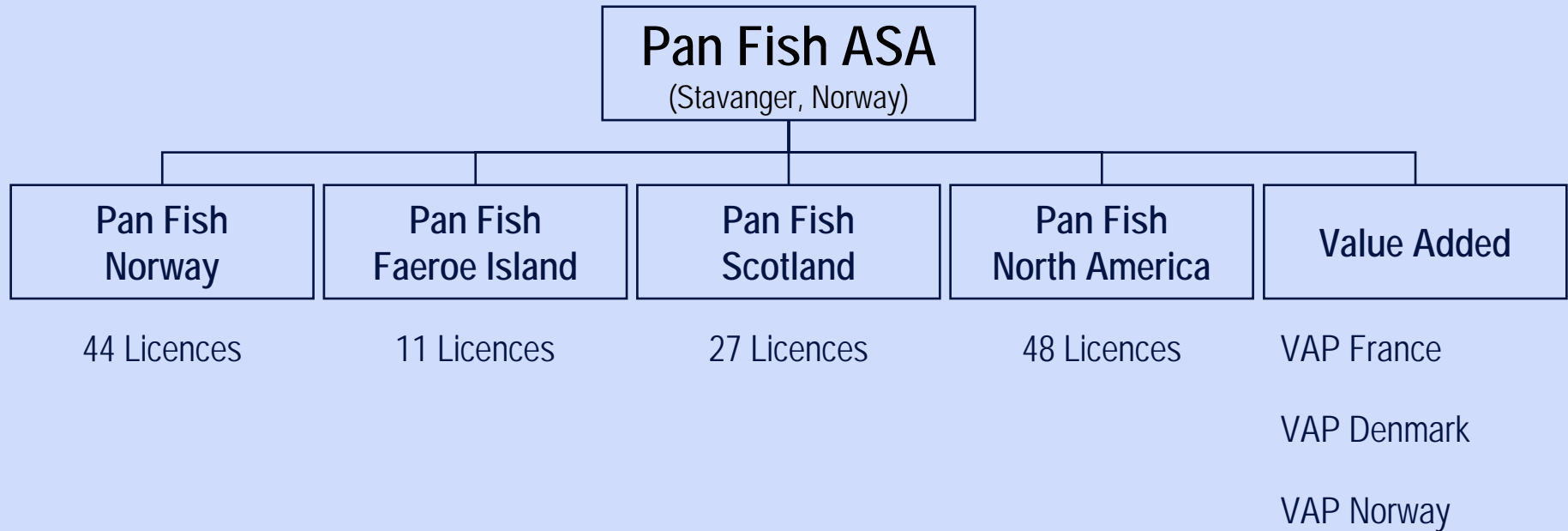
Pan Fish USA

Pan Fish France

Pan Fish Sales UK  
Ltd.

Pan Fish Scotland

# ...and this is who we are today!

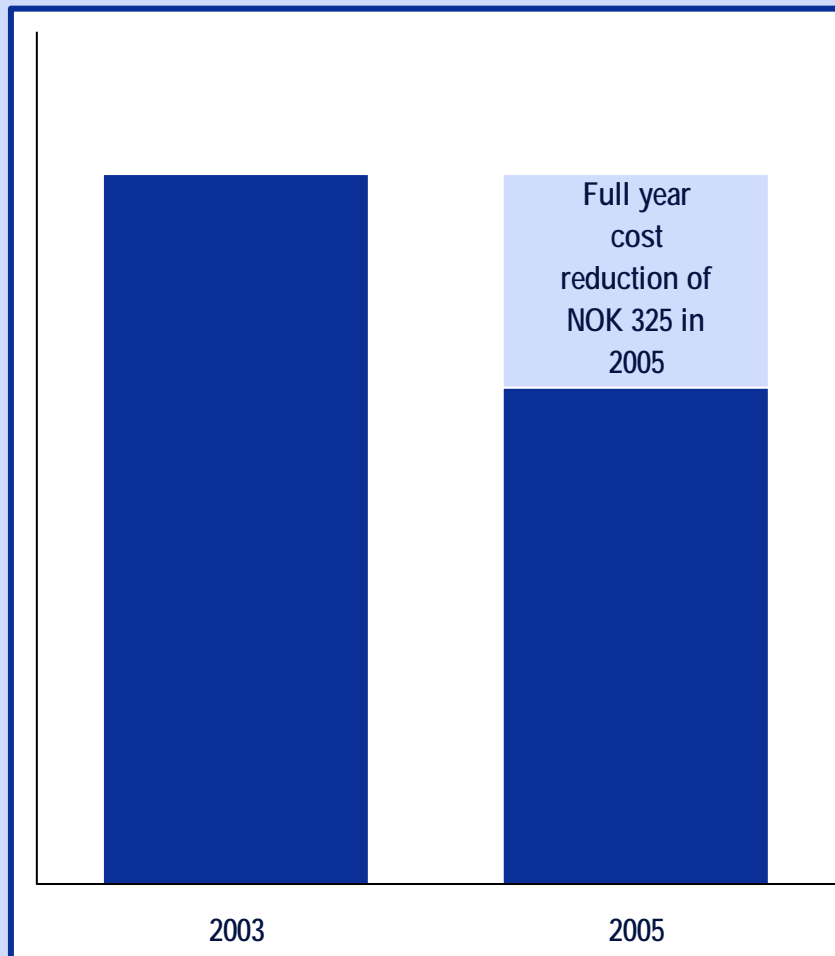


# The “new” Pan Fish



- Focused integrated salmon farming company
- Operational driven management
- Tight follow up and “no surprise culture”
- Profit centre driven
- Clear operational objectives
- Lowest cost producer

# Cost cutting actions



## ■ Actions

- Significant reduction in no of employees
- Simplification of company structure
- Fewer management levels
- Extreme focus on operational cost
- No bureaucracy

## ■ Biological improvements will be realized on top of this

# Refinancing



- **Despite the strong achievements - the debt situation remains the “number 1” challenge for Pan Fish**
  - Debt is too high and cash too limited to utilise capacity – even with much lower interest cost and depreciation levels
  - Pan Fish is under operational control and we are certain we can become lowest cost producer in all regions
- **Based on feedback from the banks and large shareholders a final refinancing is expected**

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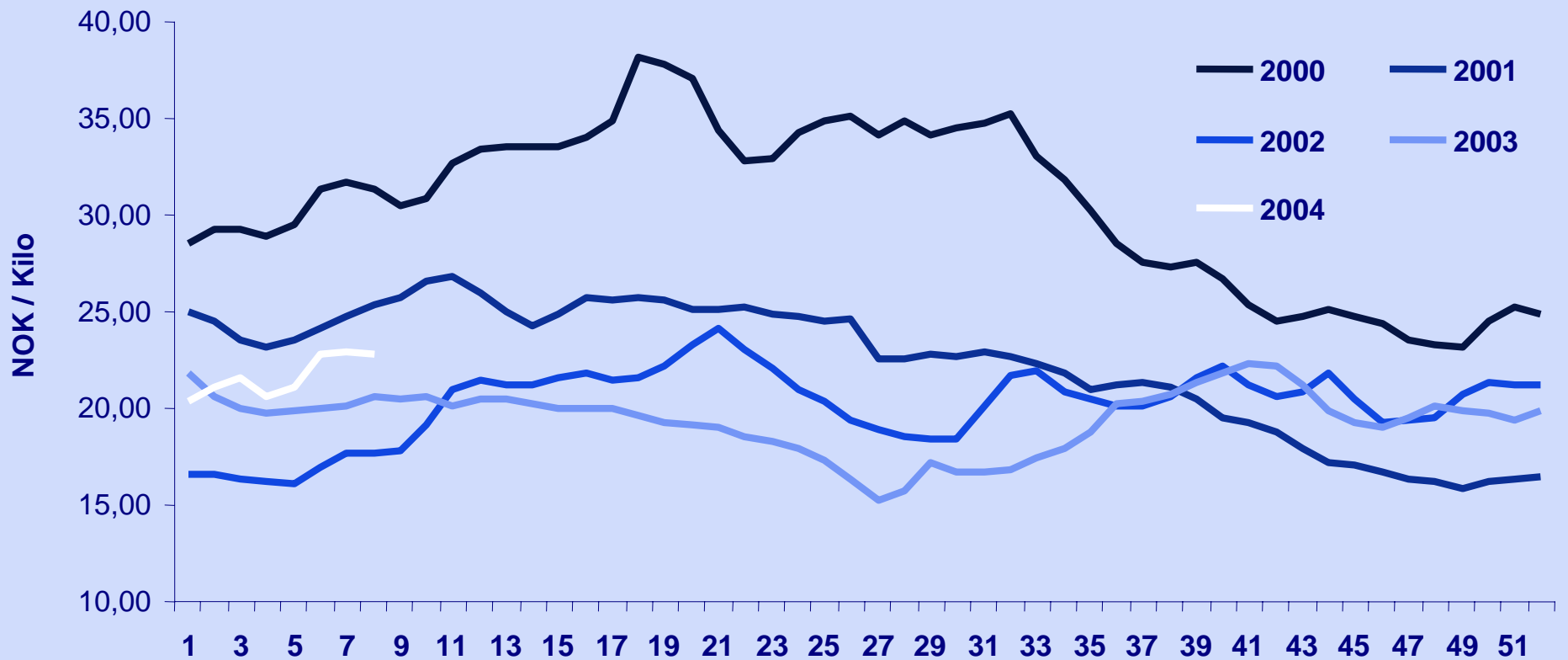
**Market Outlook**

Closing Remarks and Q&A

# Price development



## Price Development - Atlantic Salmon Norway

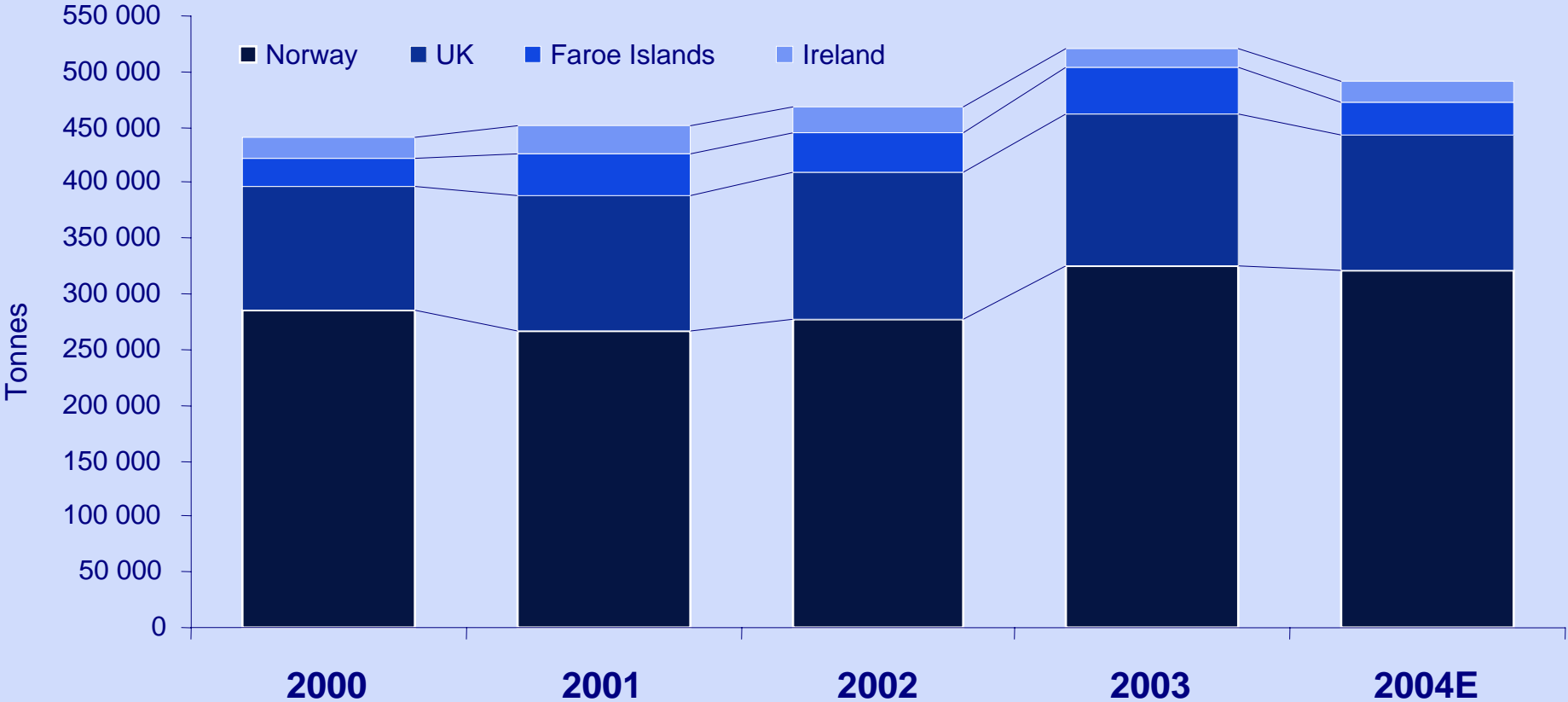


Source: Kontali

# Supply



EU - Market  
Supply of Atlantic Salmon from  
European producing nations

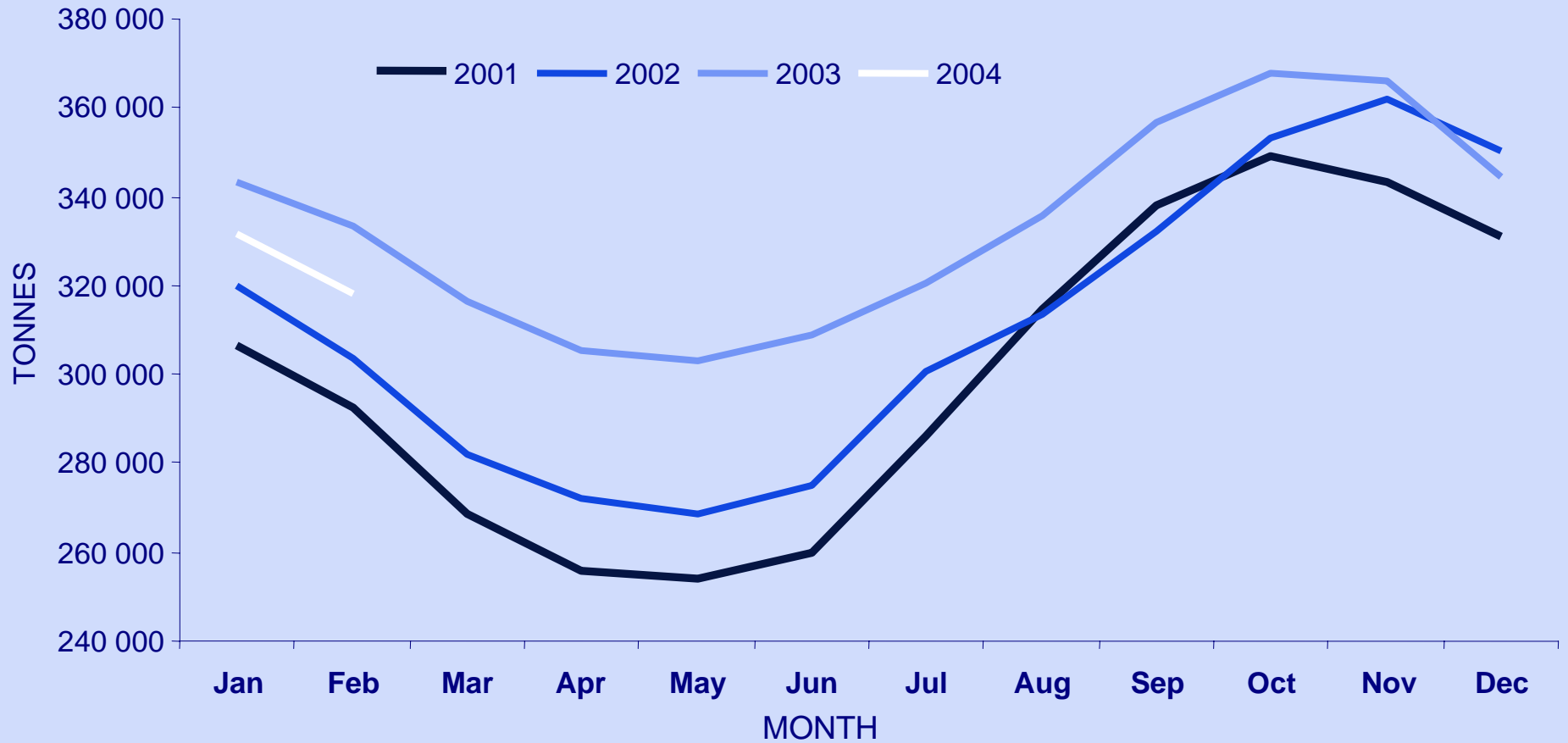


Source: Kontali

# Norway, biomass Atlantic salmon



DEVELOPMENT BIOMASS SALMON 2001- 2004



Source: Kontali

# Agenda



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# Closing Remarks



- Depending on a final refinancing of the Pan Fish Group we are certain we can...
  - Become “lowest cost producer” in all regions (2005)
  - Take a leading position in the salmon value chain
  - Utilise the fantastic opportunities in our organisation and market
  - Continuously improve our biological performance

**THANK YOU!**

# Enclosures



# Consolidated Profit and Loss



<i>(NOKm)</i>	Q4-03	Q4-02	2003	2002
Operating income	906,9	879,0	3 556,5	4 595,3
Operating expenses	-881,2	-1 093,2	-3 489,9	-5 006,8
<b>EBITDA</b>	<b>25,7</b>	<b>-214,2</b>	<b>66,6</b>	<b>-411,5</b>
Depreciation	-73,2	-57,7	-257,2	-271,8
Operating profit before special items	-47,5	-271,9	-190,5	-683,3
Write-offs and provisions	-149,3	-600,9	-1 270,4	-675,0
Loss sale of subsidiary	0,0	-118,6	0,0	-118,6
<b>EBIT</b>	<b>-196,8</b>	<b>-991,4</b>	<b>-1 460,9</b>	<b>-1 476,9</b>
Income from associates	-3,5	122,5	-24,4	-91,6
Write-offs associates	-8,0	-193,7	-90,2	-193,7
Net financial items before write off	-66,7	-582,4	-260,9	-917,7
Write off financial items	-29,3	0,0	-306,8	0,0
Net financial items	-107,5	-653,6	-682,3	-1 203,1
<b>Profit before taxes</b>	<b>-304,3</b>	<b>-1 645,1</b>	<b>-2 143,2</b>	<b>-2 680,0</b>
Taxes	-98,0	117,9	-115,1	384,0
<b>Net profit</b>	<b>-402,3</b>	<b>-1 527,2</b>	<b>-2 258,3</b>	<b>-2 296,0</b>

# Consolidated Balance Sheet



<i>(NOKm)</i>	31.12.2003	31.12.2002
Licenses	651,9	1241,4
Goodwill	0,0	168,1
Other fixed assets	1 376,9	2191,1
Inventory	836,2	1325,7
Receivables	419,8	593,8
Cash and equivalent	146,3	65,2
<b>Total Assets</b>	<b>3 431,1</b>	<b>5585,1</b>
Equity	-163,4	-810,0
Subordinated loan	18,4	
Convertible loan	78,2	0,0
Other long term liabilities	2 536,3	4151,9
Short term liabilities	961,7	2243,2
<b>Total Equity and liabilities</b>	<b>3 431,1</b>	<b>5585,1</b>

# Farming figures by regions



<i>(NOKm)</i>	Norway		Faeroes		Scotland		North-America		Total**	
	Q4 03	2003	Q4 03	2003	Q4 03	2003	Q4 03	2003	Q4 03	2003
Turnover	303,2	1 149,4	153,2	407,0	91,3	440,4	139,8	840,9	675,7	2 755,6
<b>EBITDA</b>	29,8	56,7	-38,0	-23,5	-8,9	-38,4	-1,0	10,9	-18,9	5,6
<b>EBIT - special items</b>	-10,9	-46,9	-43,7	-44,3	-16,9	-56,5	-17,7	-50,0	-89,2	-197,8
<b>EBIT</b>	-10,9	-679,4	-43,7	-207,3	-16,9	-77,0	-30,7	-133,2	-102,2	-1 097,0
Harvesting*	9 780	35 402	4 521	14 701	4 212	22 202	2 879	21 284	21 392	93 589
Production*	8 418	33 248	213	9 148	4 507	16 910	4 268	14 218	17 405	73 523
Fixed Assets		998,5		217,0		142,3		687,7		2042,1
Inventory		326,1		51,3		207,9		208,4		793,7
<b>Total balance sheet</b>		1 552,3		334,4		395,2		1 008,7		3215,3

*\*) tonnes round weight \*\*\*) total figures include eliminations*

# Licenses by region



	Licenses	Total booked value (NOKm)	Average booked value (NOKm)
Norway	44	402,4	9,1
Canada	32	119,3	3,7
USA	16	12,9	0,8
Faeroe Islands	11	98,8	9,0
Scotland	27	14,3	0,5
<b>Total</b>	<b>130</b>	<b>651,9</b>	<b>5,0</b>