



Marine Harvest

“Is there any hope for Chile in the next two years”?

Havbrukskonferansen

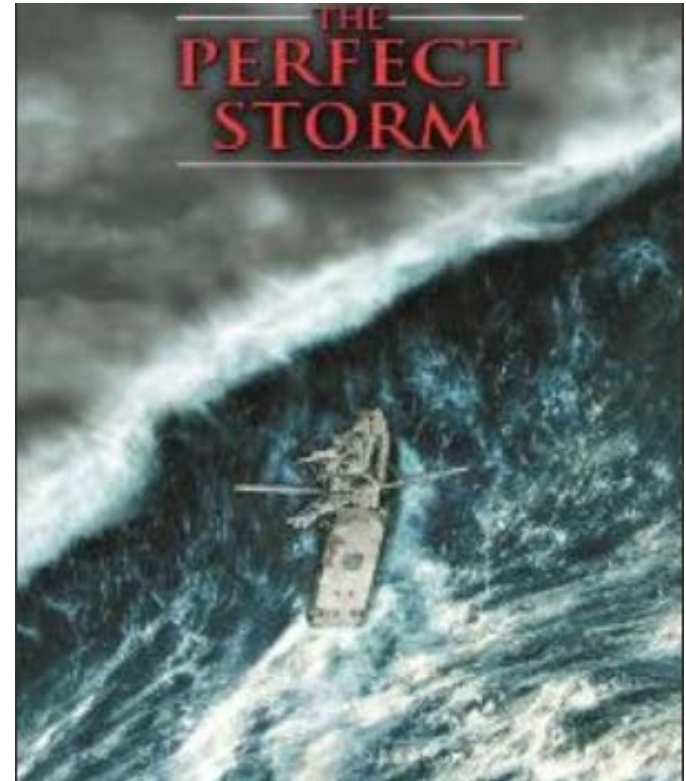
24 November 2015

Perfect storm in Chile

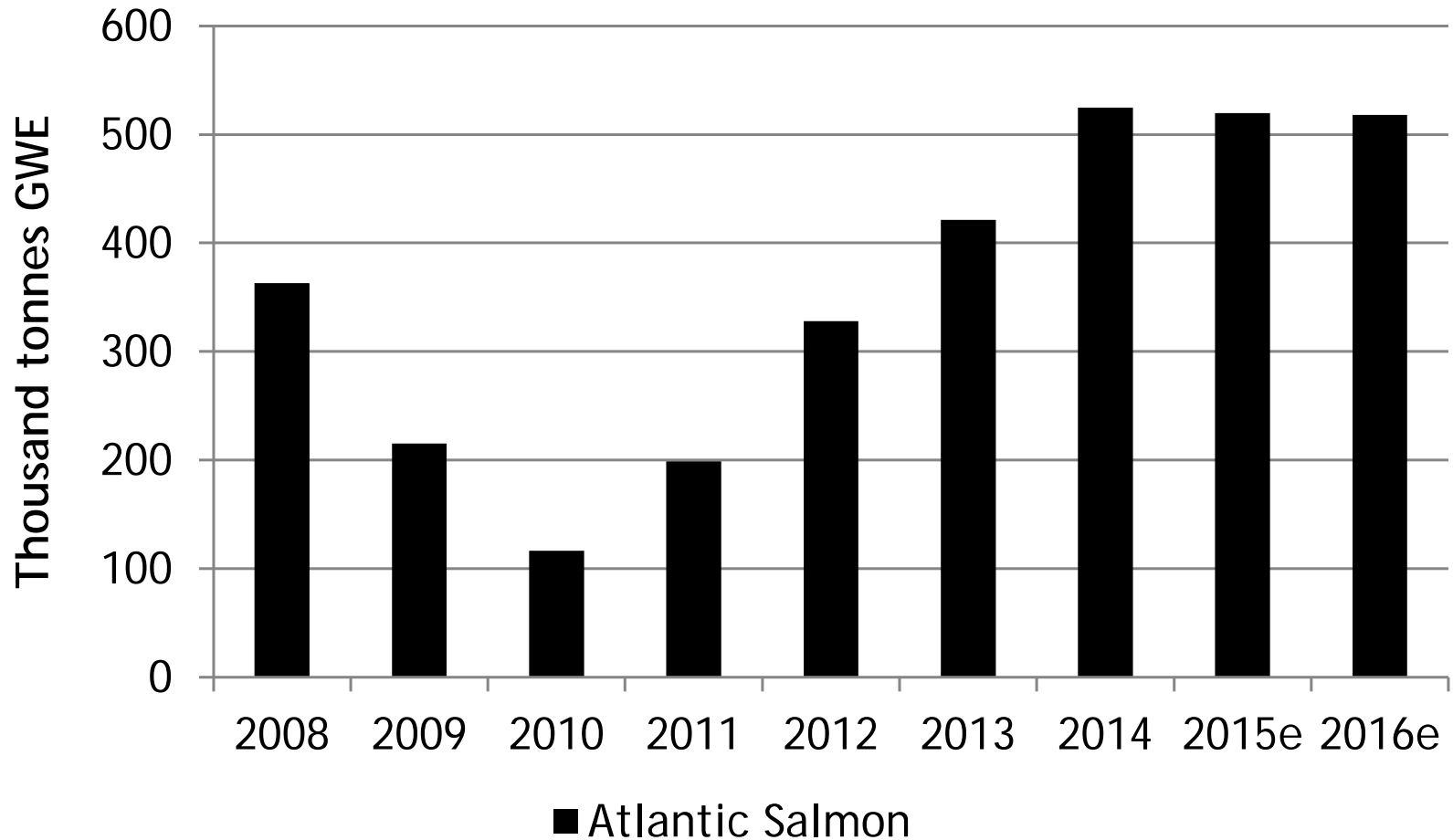
- Rapid growth
- Biological issues
- Antibiotics & reputation
- Lack of smart regulations
- Slow consolidation
- Financing
- Currency

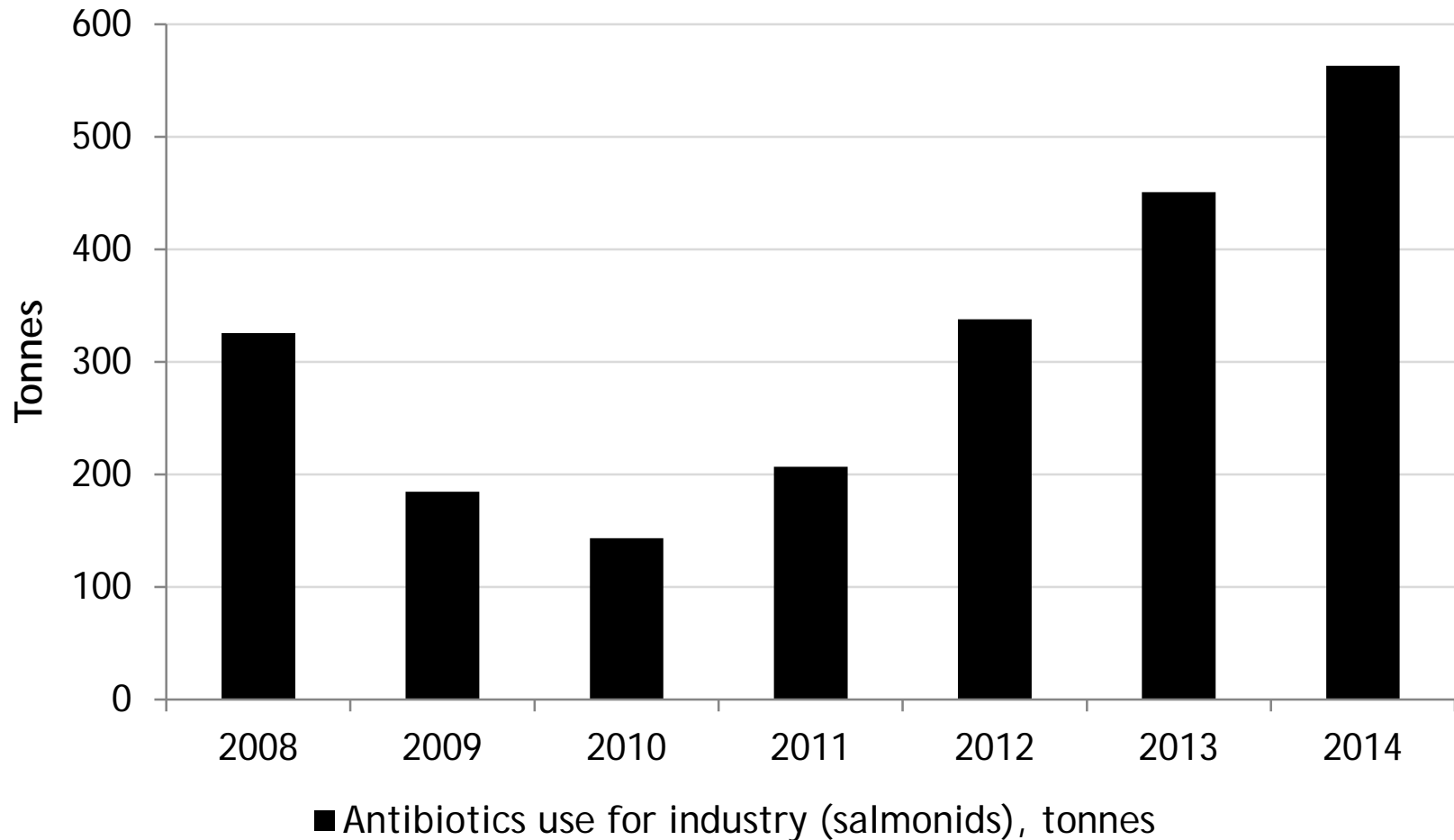


Seafood for a better life

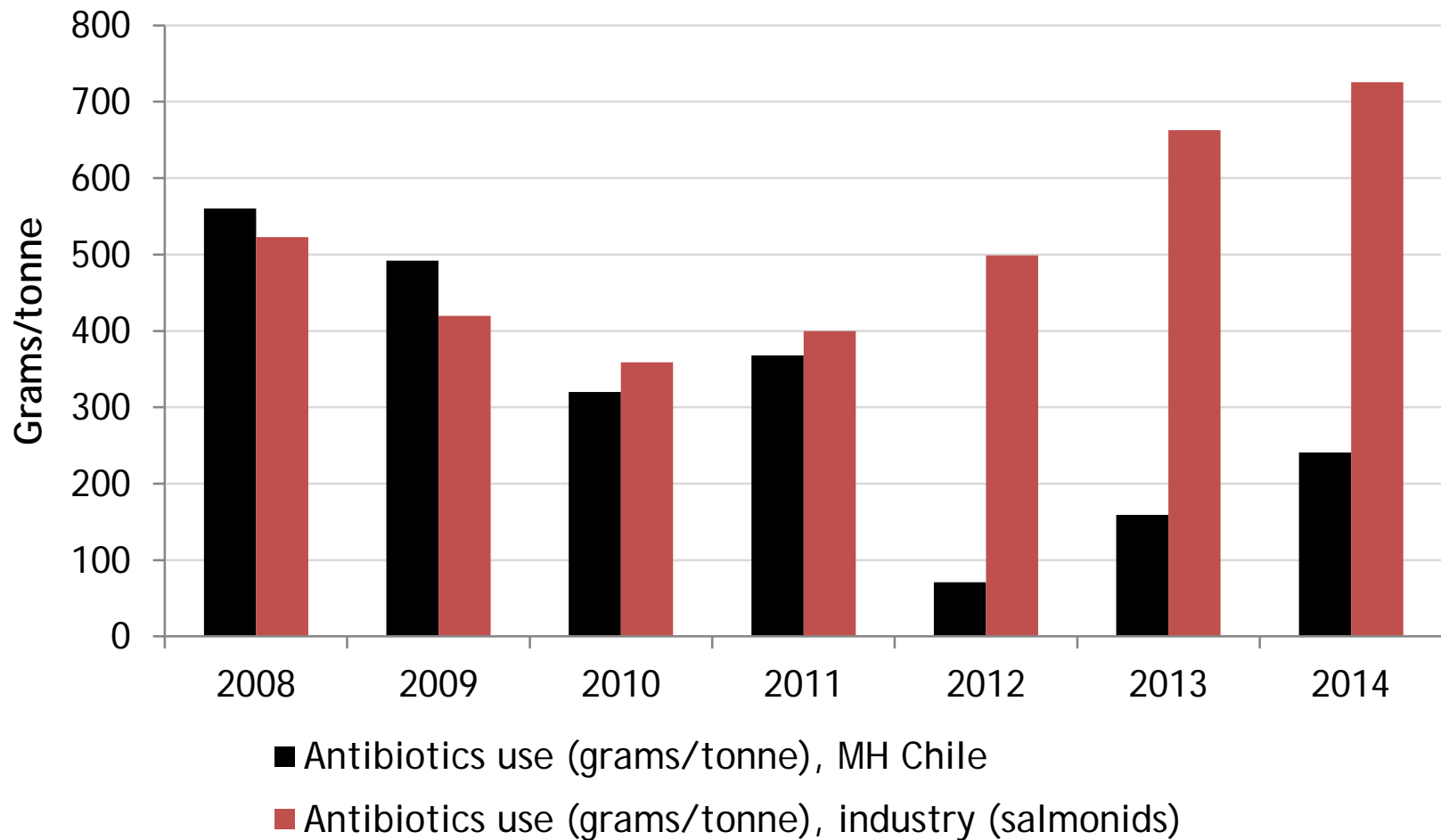


Rapid growth of Chilean harvest volumes...

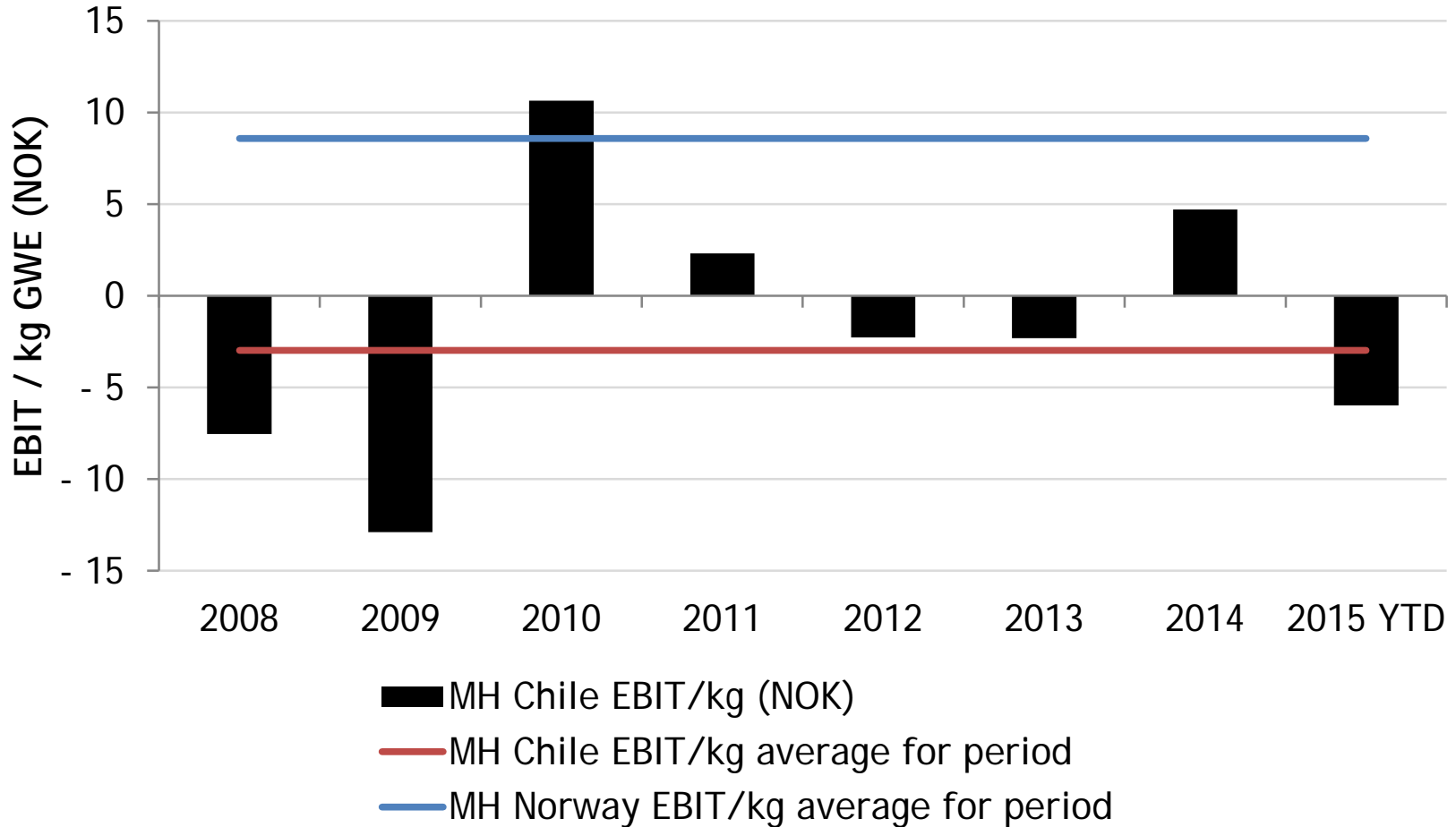




MH Chile not immune to biological challenges



Profitability in Chile impacted by both low prices and higher costs (in NOK)

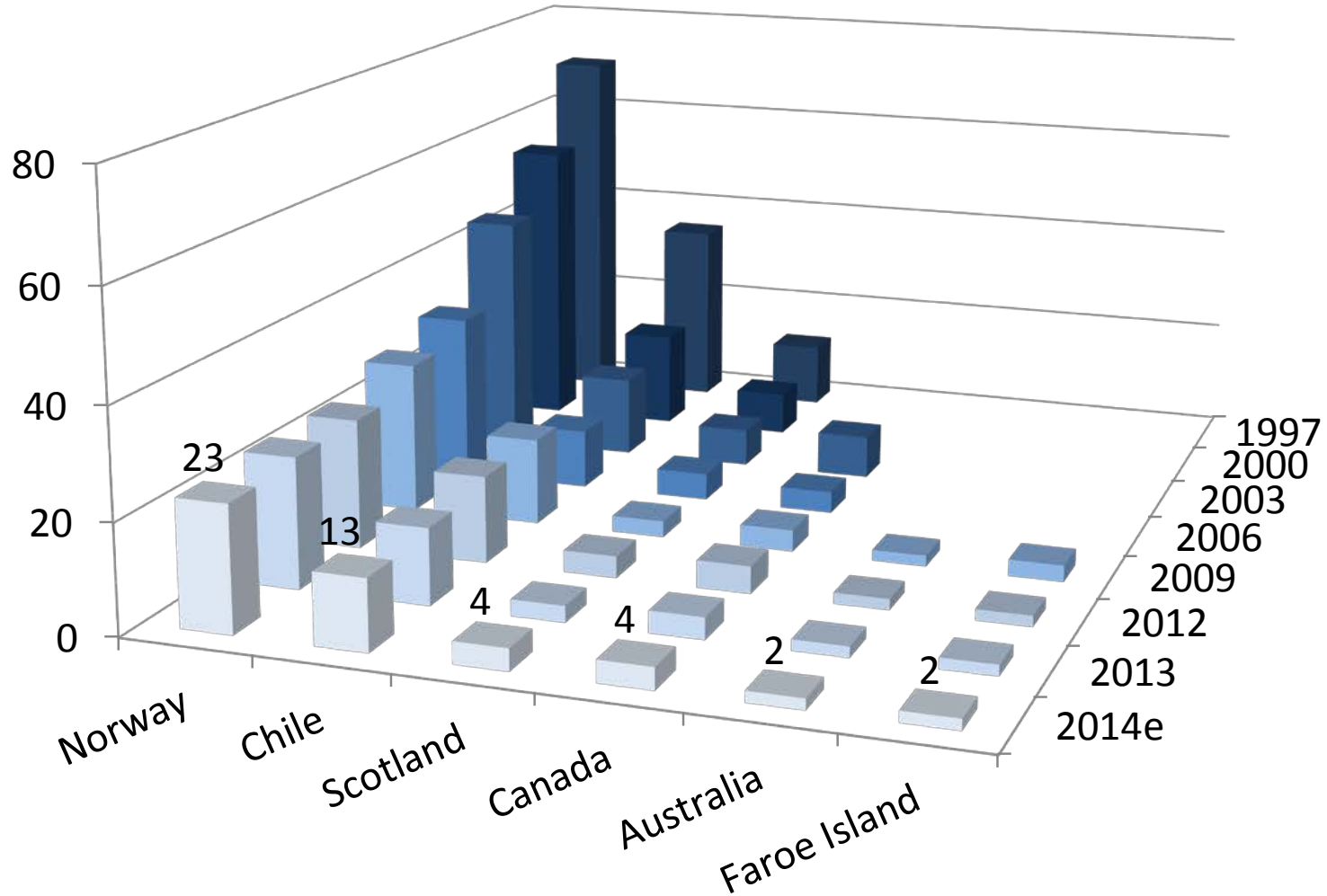


Today's regulations – no real impact

- Approximately 1,300 licenses issued vs ~ 600 licenses being used across production cycles. No limit on biomass
- Regulations on mortality has led to farmers moving to poorer sites for the next generation
- There are many other legal limits to what farmers can do and cannot do, but no real results



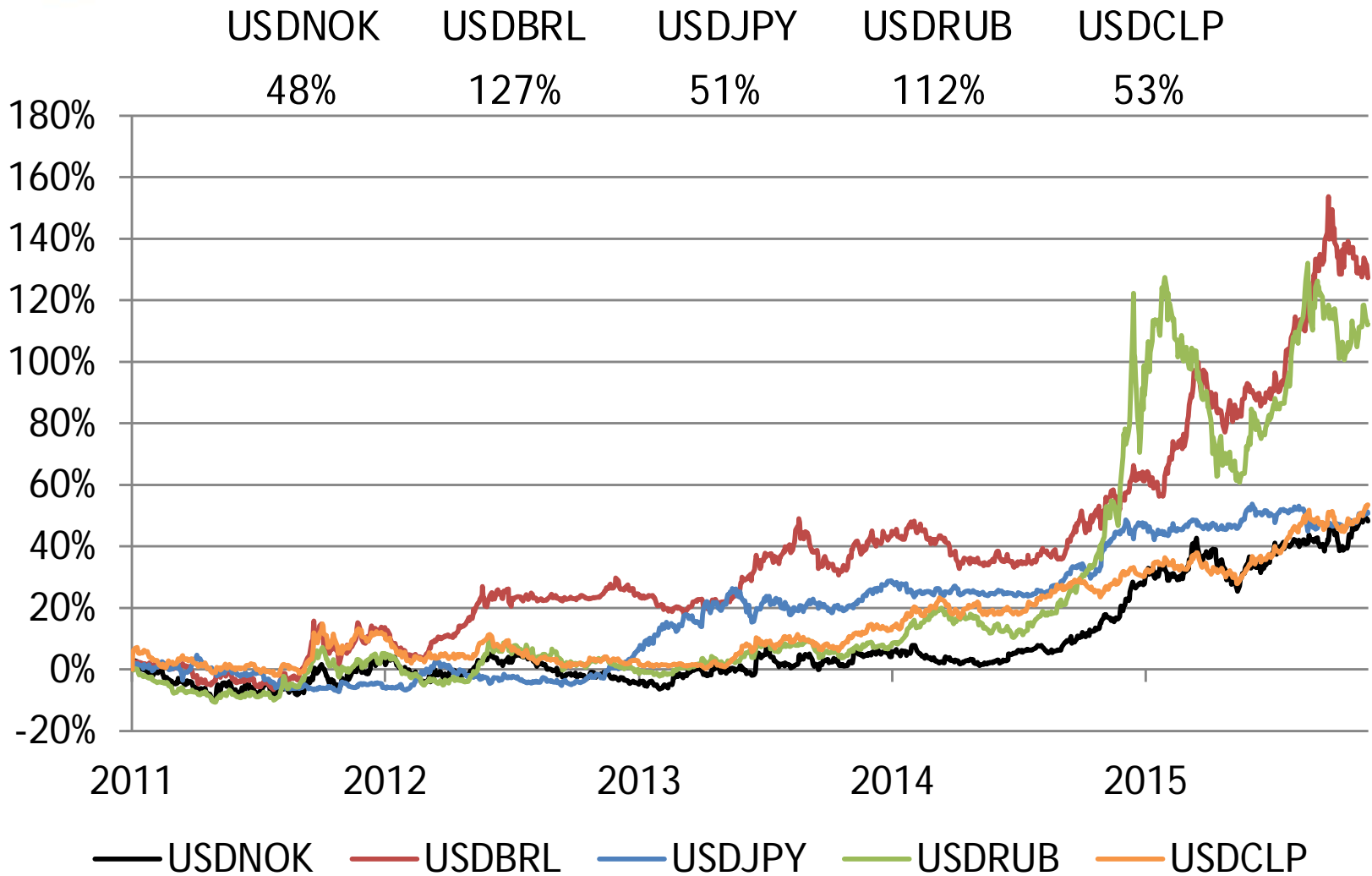
After ISA no real change in industry structure



Restricted financing – magic cash?



Significant USD appreciation last 5 years



Chile – any hope the next two years?

Positives

- Tight global salmon supply
- Flat supply from North America
- Industry try to come up with suggestions to regulations

Negatives

- Authorities resist to make real changes in regulations
- Industry acts to slow, and complicates solutions

Opportunities

- Consolidation
- Currency
- Development of value added products
- Reduction in use of antibiotics
- New medicine against SRS and caligus

What does it take to make salmon farming in Chile sustainable?

1. Split licences from locations
2. Assess total carrying capacity in each region (all species) – current level way to high
3. Divide carrying capacity on number of licences per region and let companies determine their best locations for farming salmon within each region. Apply x number of licences (MAB's) according to environmental carrying capacity per location
4. Monitor environmental impact per location
5. Set key biological indicators
 - Use of antibiotics
 - Number of sea lice treatments
6. Set a horizon, for example 10 years, and give the industry players incentive to comply, by rewarding growth
 - 5 percent per generation MAB increase on locations that comply with biological indicators
 - No growth or reduction of biomass if targets are not reached

Thank you for the attention

