

Aquaculture Sector Report – Salmon farming

Preview 4Q12 Sector Report
10 January 2013

Share data (NOK m)	09-Jan-13
Sector	Aquaculture
Risk rating	Medium
Market cap (NOK m)	47 316
NIBD (NOK m)	18 474
EV (NOK m)	65 790
Volumes (t)	982 950
EV non-farming NOKm	19 911
EV upstream	45 879
EV/kg	47

Dividend forecasts

	2012E		2013E	
	DPS	Yield	DPS	Yield
MHG*	0.15	3%	0.40	8%
CEQ	2.78	3%	4.36	5%
LSG	3.54	3%	5.87	4%
SALM	0.00	0%	1.55	3%
GSF	0.00	0%	0.63	5%
BAKKA	2.95	5%	2.98	5%
NRS	0.00	0%	0.00	0%
VILLA	0.00	0%	0.00	0%
MORPOL	0.00	0%	0.00	0%

Source: Fondsefinans Estimates

*MHG: NOK 0,15 div payment in 2H13

Tight global salmon markets next few years

Global demand has developed very positively both in traditional and new markets, with distribution of incremental demand being more even across markets. We expect underlying demand to continue to strengthen, also induced by continued improvements in distribution and the trend towards more fresh and value added, convenient products. Furthermore, retail/end consumer prices in major global markets should remain stable for a couple of quarters, continuing to stimulate demand.

The Norwegian salmon industry has during 2H 2012 been at full capacity utilization. In combination with advanced 2H2012 harvesting and subsequent following of sea water capacity in 2013, we conclude that Norwegian supply for the first time in history will turn negative. Markets will turn even tighter than what had otherwise been the case. Simultaneously the Chilean growth for 2013 is most likely coming sharply down from very high 2012 levels. With all other major regions stable or contracting, we expect global supply to fall by around 3% in 2013 before stabilizing in 2014. This significant shift from global supply growth of 22% in 2012 should, in combination with strong demand, lay the foundations for a long positive cycle.

We increase our 2013 and 2014 salmon price expectations to NOK 33 (32.50) and NOK 33.3 (33) per kilo. We forecast prices to climb 19% for 2013. With expectations of a long positive cycle generating strong cash flow and dividend capacity, we maintain our positive view of the sector and calculate significant upside in several of the shares. We continue to prefer geared players with high upstream exposure. Our sector top picks are Cermaq ASA and Marine Harvest ASA, while some of the small/medium sized players could be potential takeover targets well above current share prices. The table below, and the company specific analyses later in this report, provide more details.

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Aquaculture Peer Group	MHG	CEQ	LSG	SALM	GSF	BAKKA	NRS	SSC	Villa*	Morpol	Peers
Current share price (NOK)	5.10	87.8	139	45.2	12.40	59.5	15.7	2.40	1.25	11.45	
Outstanding shares (mill)	3 748	92.5	54.3	113.0	112	48.9	43.6	167	142.3	168	
MCap (NOK m)	19 098	8 117	7 514	5 108	1 385	2 910	684	400	178	1 924	47 316
NIBD (NOK m). 31.12.2013E	6 200	2 616	2 388	2 332	1 198	725	580	330	203	970	17 542
EV (NOKm)	25 298	10 733	9 902	7 440	2 583	3 635	1 264	730	381	2 894	64 858
EV non-farming (incl dividend)	6 700	5 219	2 009	2 068	180	949	202	70	35	1 500	18 932
2013 sales volume (t gw)**	379 100	144 000	152 000	102 600	69 800	44 400	29 000	21 000	12 200	27 900	982 000
Impl. EV farming (NOK m)	18 598	5 514	7 893	5 372	2 403	2 686	1 062	660	346	1 394	45 926
Impl. current EV/kg farming (NOK)	49	38	52	52	34	60	37	31	28	50	44
Trading discount to MHG (EV/kg)		-22%	6%	7%	-30%	23%	-25%	-36%	-42%		
Share price target (NOK)	6.0	111	150	50	21	59	23	2.50	11.50		
Upside: Target vs. current share price	18%	26%	8%	11%	69%	-1%	46%		100%	0%	
Non-farming, % of EV	26%	49%	20%	28%	7%	26%	16%	10%	9%	52%	
Current EV/kg target (NOK)	60	52	53	60	48	61	50	43			47
NIBD per kilo fish (NOK)**	16	18	16	16	17	16	20	16	17		17
NIBD per share (NOK)**	1.7	28	44	14	11	15	13	2.0	1.4		5.8

Source: Fondsefinans Equity Research estimates and calculations. **SALM adj. For BAKKA shares at market value (NOK 733m)

* CEQ = Harvesting volume in Chile

Source: Fondsefinans Research

Tight global salmon markets next few years

Estimating negative global supply growth in 2013 – Norway at full capacity

Global supply

The table below sums up our latest supply forecast for all the main production regions.

Global Salmon Supply Y/Y - 1.000 WFE tonnes

Atlantic Salmon	2005	2006	2007	2008	2009	2010	2011	2012E	2013E	2014E	2007	2008	2009	2010	2011	2012	2013E	2014E
Norway	572	596	721	741	856	944	1 006	1 192	1 136	1 174	21 %	3 %	16 %	10 %	7 %	18 %	-5 %	3 %
UK	120	128	137	136	143	142	155	154	129	130	7 %	0 %	5 %	-1 %	9 %	-1 %	-17 %	1 %
Faroe Islands	19	13	19	35	47	42	56	64	59	58	52 %	83 %	34 %	-11 %	33 %	15 %	-8 %	-1 %
Ireland	10	11	15	12	16	18	16	16	15	15	31 %	-22 %	35 %	14 %	-10 %	0 %	-5 %	0 %
Iceland	7	4	2	1	0	0	0	1	3	4	-50 %	-50 %	-100 %	0 %	0 %	400 %	200 %	33 %
European supply	727	752	893	924	1 061	1 145	1 233	1 427	1 342	1 380	19 %	3 %	15 %	8 %	8 %	16 %	-6 %	3 %
Chile	385	369	356	404	239	130	221	372	410	387	-3 %	13 %	-41 %	-46 %	70 %	68 %	10 %	-6 %
Canada	108	115	110	119	115	118	110	119	108	109	-5 %	9 %	-3 %	2 %	-7 %	8 %	-9 %	1 %
US	10	10	12	17	16	18	19	20	20	20	18 %	44 %	-6 %	13 %	6 %	5 %	0 %	0 %
Oceania	16	17	24	26	32	33	36	38	41	41	41 %	8 %	23 %	3 %	9 %	6 %	8 %	0 %
Americas supply	518	511	502	566	403	299	386	548	579	557	-2 %	13 %	-29 %	-26 %	29 %	42 %	6 %	-4 %
Global supply	1 245	1 262	1 395	1 490	1 464	1 444	1 619	1 975	1 920	1 937	10 %	7 %	-2 %	-1 %	12 %	22 %	-3 %	1 %
Supply Y/Y		1 %	10 %	7 %	-2 %	-1 %	12,1%	22,0%	-2,8%	0,9%								

Source: Fondspfinans estimates

Norway at full capacity

Significantly lower Chile growth than last year

Other regions stable or down

Expecting long positive cycle

We estimate global supply to decline by around 3% (-1%) in 2013, down from a very strong supply growth of around 22% in 2012, where Chile and Norway contributed the most (18% and 68% respectively).

Updated Fondspfinans supply estimates

Norway is already at full capacity utilization, and with i.a. biological issues and a presumed normalization of growing conditions (compared to the unusually mild winter last year), we expect Norwegian harvesting, for the first time in history, to come down this year.

We expect Chilean supply volumes to grow also in 2013, but the rate comes significantly down from very high levels. Chilean feeding is already down Y/Y from 3Q/4Q12.

Other major regions, such as the UK, Canada and the Faroe Islands should all have lower production this year.

Estimating negative Norwegian harvesting for the first time in history

Norwegian industry is by far the largest in the world

The Norwegian industry is currently running at full capacity utilization. 2012 volumes reached almost 1.2M t WFE (whole fish equivalents). In total, we forecast Norwegian 2013 production down around 5% vs. 2012 (primarily because of extra harvesting of Pancreas Disease (PD) affected fish in 2012 – for more details, see separate discussion later in this report). 2014 volumes will probably be slightly up again, but not more than capacity equal to 1.2M t WFE.

Up to 45 new Norwegian «green» licenses

During 4Q12, the Norwegian Government proposed up to 45 new «green» salmon farming licenses to be awarded in 2013. The Government has not specified what “green” implies, but there will be criteria in relation to sea lice and fish escapes. 20 of the licenses will be reserved for Finnmark and Troms in northern Norway, while 15 are to be auctioned with no geographical criteria. A further 10 are to be sold at a fixed price of NOK 10m apiece with stricter environmental rules.

Limited impact on market balance

Over time, new licenses should increase Norwegian production capacity by up to around 45 000 t HOG annually. This represents about 4% Norwegian capacity growth, or 2.5% on a global scale. In our supply estimates, we have assumed some extra volumes during the winter 2013/2014 and some further increase through 2014 and 2015. We conclude that the proposed new licenses will have limited impact on the market balance, representing cautious long-term growth which is positive for the Norwegian industry, especially confirming the potential in northern Norway.

Cautious long-term growth

Confirming potential in northern Norway

Bottom line, Norwegian production in 2014 will climb by +3%.

UK also at capacity – Europe turning down in

Further, we estimate European supply to fall in 2013, also driven by significantly lower volumes from the UK industry, which is at capacity and is experiencing

2013E

biological issues. European harvesting should increasing slightly again in 2014E.

Feeding data supporting outlook of tighter supply

One key factor in determining future supply volumes, is to track feeding numbers for the industry as a leading indicator.

There are three major salmonid feed producers in globally, Skretting (Nutreco), Biomar and EWOS. Through 2012, global EWOS salmonid feed volume growth came down from 40% in 1Q, to 6% in 2Q and 4% in 3Q. Equivalently, global Biomar 3Q feed sales were down by 2% in 3Q12, whereas Skretting sales grew by 6% Y/Y in 3Q. In total, this implies 4-5% global feed growth in 3Q12 Y/Y.

Further, In its written 3Q report, Biomar states that it expects **“stable 4Q feed volumes in Chile Y/Y” for the market as a whole**, which is a further sign that supply growth is coming clearly down also in this region. Further, EWOS indicates negative Chilean feed sales from 3Q12 onwards.

Feeding in Norway (by far the largest region):

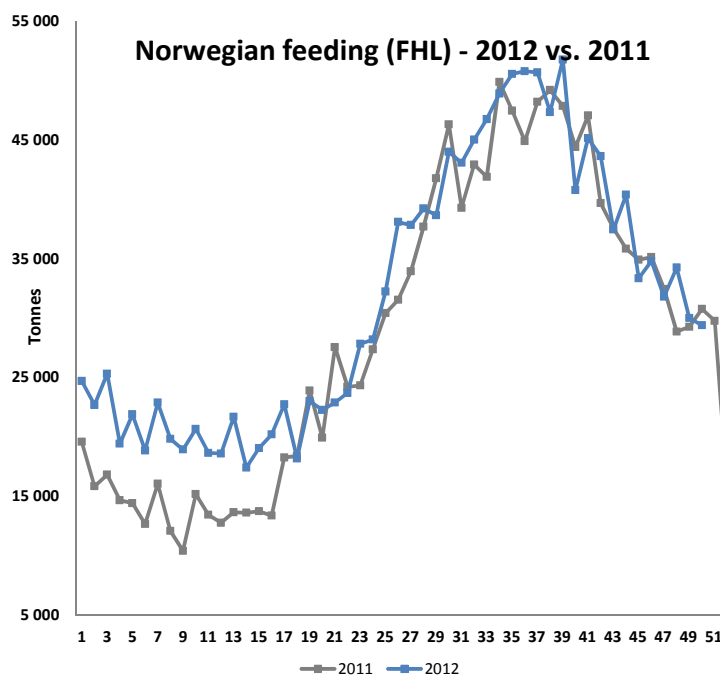
The graph below shows weekly Norwegian feeding volumes for 2011 and 2012. For the full year, Norwegian feeding grew by around 10% in 2012. This highly limited feeding growth compares to around 18% harvesting volume growth in Norway in 2012 Y/Y. Hence, net biomass growth Y/Y is down by 8% last 12 month.

The 2012 feed growth was mainly due to higher feeding intensity during the previous winter and spring, due to better growing conditions (warmer winter and sea water temperatures Y/Y) and the need to compensate for low average weights (following the very cold winter 2011). According to FHL (The Norwegian Industry Association), Norwegian feeding was up around 4% Y/Y in 3Q, and for the latest 12 week rolling period, the volumes are up by around 2%.

Smolt stocking in Norway has been more or less stable during the last 18 months.

Biomar: Expecting flat 4Q feed volumes in Chile Y/Y for the market as a whole

Norwegian feeding profile during the year – more or less stable Y/Y spread from May 2012 onwards indicating that the Norwegian industry runs at full capacity from 2H2012.



Chilean volume growth coming significantly down

Chilean Atlantic Salmon supply will continue to grow during 2013E, but at a significantly lower rate than what has been the case over the last couple of years. Further Chilean growth will be hampered by reduced yield and growth. Biological issues have become more prevalent, many small and mid-sized farming companies are financially challenged, and high utilization of licenses in Region X and XI naturally limits further growth.

The table below shows our total Chilean volumes of salmonids Y/Y (Atlantic salmon Coho and trout). The growth rates for 2011 and 2012 were 29% and 30% respectively. In total, our estimated 2013 supply is little changed relative 2012, as Coho and trout volumes are expected to decline.

Coho, trout and Salmon in Chile

Potentially 2014 growth could be negative as Coho and trout volumes probably will decline further.

In addition to less Chilean trout, Norwegian trout volumes are also likely to decline both in 2013 and 2014, which is promising for tighter global trout market ahead (both fresh and frozen trout products).

Chile, All salmonids																	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013E	2014E
Att. Salmon	96 200	103 200	166 800	244 800	271 600	266 600	346 200	385 000	368 700	356 300	403 500	239 100	130 200	221 100	371 900	410 200	387 000
Coho	77 050	76 310	93 500	86 050	126 800	88 000	138 800	106 700	110 300	114 500	113 200	103 000	129 000	153 600	161 600	147 300	136 235
Trout	n/a	n/a	77 100	107 700	103 500	105 000	125 500	122 600	137 900	168 000	179 300	149 600	189 000	203 500	217 000	181 000	162 900
Total	173 250	179 510	337 400	438 550	501 900	459 600	610 500	614 300	616 900	638 800	696 000	491 700	448 200	578 200	750 500	738 500	686 135
Growth Y/Y				30 %	14 %	-8 %	33 %	1 %	0 %	4 %	9 %	-29 %	-9 %	29 %	30 %	-2 %	-7 %

Source: Fondsfinsans

For Atlantic salmon, we forecast the following harvesting profile.

Chile, Atlantic salmon																		
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013E	2014E	
Januar	7 300	8 800	9 900	16 600	25 600	23 900	26 200	29 000	32 200	32 900	34 900	39 200	13 400	12 100	22 400	39 200	35 000	
Februar	7 100	8 300	11 100	17 800	17 200	20 500	27 800	30 500	26 300	28 400	26 500	31 300	11 400	10 700	24 100	38 000	35 000	
Mars	8 500	8 600	11 000	25 600	24 900	23 600	27 700	34 400	30 200	32 400	27 900	32 000	8 700	14 200	27 900	35 000	34 000	
April	8 300	6 600	11 300	20 100	24 300	21 400	27 500	32 300	26 500	28 800	29 300	22 000	10 600	12 900	26 800	34 000	32 000	
Mai	8 500	7 300	13 500	21 100	24 200	21 600	25 300	31 600	33 700	26 500	31 500	15 200	12 700	15 300	29 800	34 000	32 000	
Juni	8 000	7 100	13 700	20 900	24 400	19 500	26 200	29 900	29 900	27 000	30 400	15 300	10 300	16 400	29 000	33 000	32 000	
Juli	7 700	7 000	15 100	17 400	19 800	23 200	26 600	30 500	31 000	29 100	35 300	14 600	8 900	21 400	31 800	31 000	32 000	
August	8 900	9 400	17 300	23 200	24 200	20 800	30 100	34 700	35 700	32 200	34 200	15 000	9 400	22 000	32 000	32 000	31 000	
September	9 400	10 200	15 600	15 500	21 600	22 000	30 600	33 000	27 200	24 200	35 700	13 300	9 200	24 500	33 500	32 000	31 000	
Oktober	1 200	10 000	16 700	24 000	25 200	24 500	31 600	32 300	31 500	34 400	32 900	13 500	11 700	24 400	37 600	32 000	31 000	
November	11 000	10 400	17 400	23 200	20 500	21 100	33 700	35 200	33 300	30 000	40 800	13 900	11 900	24 200	38 000	35 000	31 000	
Desember	10 300	9 500	14 200	19 400	19 700	24 500	32 900	31 600	31 200	30 400	44 100	13 800	12 000	23 000	39 000	35 000	31 000	
Total	96 200	103 200	166 800	244 800	271 600	266 600	346 200	385 000	368 700	356 300	403 500	239 100	130 200	221 100	371 900	410 200	387 000	
Growth Y/Y				62 %	47 %	11 %	-2 %	30 %	11 %	-4 %	-3 %	13 %	-41 %	-46 %	70 %	68 %	10 %	-6 %

Source: Fondsfinsans

Monthly harvesting profile of Atlantics in Chile

Potentially peaking in January 2013E

2013 volume growth is stipulated to around 10% (down from 68% in 2012 and 70% in 2011). The number of sea water licenses in Region X and XI (around 1000) is, for the time being, capped at current levels. The historical capacity, based on these licenses, is around 400 000 t WFE (700 000 t WFE for all species combined). Our 2013E and 2014E production levels are around historical capacity.

As in Norway, the utilisation of cages in Chile is controlled by strict density rules. The maximum allowed density today is lower than during the pre ISA-regime (2008). Hence, the Chilean production should not be significantly higher than 400 000 t WFE (we calculate 410 000 t and 387 000 t WFE for 2013E and 2014E).

The new farming region in Chile - Region XII

Region XII is the new region in the far south of Chile. However, this new region limited infrastructure in place or sea water cages in production. Even though this will be put into place over time, Region XII production will be negligible during the next 2-3 years. Full capacity in Region XII is, however, only around 50 000 t WFE (potentially from 2016).

GLOBAL SUPPLY DEVELOPMENTS

We expect tighter markets long term – In all regions

In total, we expect global supply to come down in 2013, driven by capacity constraints in Norway and Chile, as well as production in other regions leveling off or decreasing. The table below sums up our global supply forecast distributed month by month (all major regions).

Monthly supply profile (all major regions)

Supply growth trending to zero /slightly negative

Global supply of red farmed fish, All major regions (ex. Coho and trout), WFE tonnes													Y/Y growth					
	2005	2006	2007	2008	2009	2010	2011	2012	2013E	2014E	07/06	08/07	09/08	10/09	11/10	12/11	13/12	14/13
January	89 000	93 600	100 900	111 500	121 900	104 900	103 100	131 000	148 940	142 740	8 %	11 %	9 %	-14 %	-2 %	27 %	14 %	-4 %
February	90 300	89 100	97 200	108 300	109 600	103 100	98 800	135 200	146 740	143 826	9 %	11 %	1 %	-6 %	-4 %	37 %	9 %	-2 %
March	102 600	104 900	117 000	110 200	123 500	117 400	116 900	163 800	147 440	156 326	12 %	-6 %	12 %	-5 %	0 %	40 %	-10 %	6 %
April	97 600	90 600	100 500	110 000	114 900	99 800	108 100	139 200	145 440	148 326	11 %	9 %	4 %	-13 %	8 %	29 %	4 %	2 %
May	91 600	99 500	108 700	121 200	105 600	106 200	117 000	154 400	150 940	151 026	9 %	11 %	-13 %	1 %	10 %	32 %	-2 %	0 %
June	91 100	98 900	113 300	115 600	106 200	114 800	124 800	163 000	147 240	148 281	15 %	2 %	-8 %	8 %	9 %	31 %	-10 %	1 %
July	90 550	89 400	106 420	115 200	106 700	110 800	128 800	154 700	145 240	148 281	19 %	8 %	-7 %	4 %	16 %	20 %	-6 %	2 %
August	96 580	102 100	111 850	113 500	106 900	106 300	129 300	165 800	159 512	160 555	10 %	1 %	-6 %	-1 %	22 %	28 %	-4 %	1 %
September	109 380	102 800	109 850	123 400	121 000	123 700	150 500	165 400	159 900	160 476	7 %	12 %	-2 %	2 %	22 %	10 %	-3 %	0 %
October	109 240	112 700	128 000	131 100	131 400	132 500	154 700	178 400	160 900	161 946	14 %	2 %	0 %	1 %	17 %	15 %	-10 %	1 %
November	119 160	125 000	135 100	139 040	130 400	136 800	164 900	179 900	169 800	172 946	8 %	3 %	-6 %	5 %	21 %	9 %	-6 %	2 %
December	125 900	122 800	128 100	146 800	137 800	136 800	166 600	185 300	174 390	177 340	4 %	15 %	-6 %	-1 %	22 %	11 %	-6 %	2 %
Year	1 213 010	1 231 400	1 356 420	1 445 840	1 415 900	1 393 100	1 563 500	1 916 100	1 856 482	1 872 072	10 %	7 %	-2 %	-2 %	12 %	23 %	-3 %	1 %
1Q supply	281 900	287 600	315 100	330 000	355 000	325 400	318 800	430 000	443 120	442 893	10 %	5 %	8 %	-8 %	-2 %	35 %	3 %	0 %
2Q supply	280 300	289 000	322 500	346 800	326 700	320 800	349 900	456 600	443 620	447 634	12 %	8 %	-6 %	-2 %	9 %	30 %	-3 %	1 %
3Q supply	296 510	294 300	328 120	352 100	334 600	340 800	408 600	485 900	464 652	469 313	11 %	7 %	-5 %	2 %	20 %	19 %	-4 %	1 %
4Q supply	354 300	360 600	391 200	416 940	399 600	406 100	486 200	543 600	505 090	512 232	9 %	7 %	-4 %	2 %	20 %	12 %	-7 %	1 %

Source: Fondsefinans estimates

The table below sums up Y/Y changes in global supply volume per month.

Global supply growth turning negative

2013 salmon prices forecasted up 19% Y/Y mainly as supply growth goes from +23% to -3%.

2014 prices also at very high levels as global supply only up 1%.

Change in global supply Y/Y (ex. trout and coho). All major regions. Distributed month by month									
	2006	2007	2008	2009	2010	2011	2012	2013E	2014E
January	4 600	7 300	10 600	10 400	-17 000	-1 800	27 900	17 940	-6 200
February	-1 200	8 100	11 100	1 300	-6 500	-4 300	36 400	11 540	-2 914
March	2 300	12 100	-6 800	13 300	-6 100	-500	46 900	-16 360	8 886
April	-7 000	9 900	9 500	4 900	-15 100	8 300	31 100	6 240	2 886
May	7 900	9 200	12 500	-15 600	600	10 800	37 400	-3 460	86
June	7 800	14 400	2 300	-9 400	8 600	10 000	38 200	-15 760	1 041
July	-1 150	17 020	8 780	-8 500	4 100	18 000	25 900	-9 460	3 041
August	5 520	9 750	1 650	-6 600	-600	23 000	36 500	-6 288	1 043
September	-6 580	7 050	13 550	-2 400	2 700	26 800	14 900	-5 500	576
October	3 460	15 300	3 100	300	1 100	22 200	23 700	-17 500	1 046
November	5 840	10 100	3 940	-8 640	6 400	28 100	15 000	-10 100	3 146
December	-3 100	5 300	18 700	-9 000	-1 000	29 800	18 700	-10 910	2 950
Volume increase Y/Y	18 390	125 520	88 920	-29 940	-22 800	170 400	352 600	-59 618	15 590
Volumes (t)	1 231 400	1 356 920	1 445 840	1 415 900	1 393 100	1 563 500	1 916 100	1 856 482	1 872 072
Supply growth Y/Y	2%	10%	7%	-2%	-2%	12%	23%	-3%	1%
SSB salmon price	32.4	26.7	27.0	31.0	37.4	33.0	27.7	33.0	33.3
Price change Y/Y (NOK/kg)	6.2	-5.7	0.4	3.9	6.4	-4.4	-5.3	5.3	0.3
Salmon price Y/Y, %	24%	-18%	1%	14%	21%	-12%	-16%	19%	1%

Source: Fondsefinans data and estimates

Global demand responds: Lower retail prices and improved distribution

Strong, global demand growth

Demand has developed very strongly both in traditional and new markets during the last couple of years. Distribution of incremental demand has been more even across markets. New markets have continued to show the largest percentage growth, while established markets contribute most when it comes to absolute consumption volume growth.

Establishing new markets during the over-supply period

The industry has built and continues to develop new markets globally, including Eastern Europe, South America (Brazil and Argentina) and Asia. International supermarket chains such as Carrefour and Wal-Mart have continued to establish new stores in new markets and improving logistics, creating new markets also outside the largest cities.

Product development in Europe and the US

Furthermore, the trends towards more fresh, rather than frozen fish, and product development, with more value added processed products, have continued to contribute to increased demand through the value chain.

The table sums up our development in demand in the main global markets.

Distribution of consumption

US consumption up by around 50 000 t – good sign

Demand distribution	2005	2006	2007	2008	2009	2010	2011	2012	2007	2008	2009	2010	2011	2012E
EU-27	634	650	709	744	766	739	794	932	9 %	5 %	3 %	-4 %	7 %	17 %
US	302	293	306	295	277	258	285	350	4 %	-3 %	-6 %	-7 %	11 %	23 %
Japan	57	42	45	47	39	33	45	65	6 %	5 %	-17 %	-16 %	37 %	43 %
Russia	64	51	73	75	78	100	132	161	44 %	3 %	5 %	27 %	33 %	22 %
New/other markets	186	227	264	314	329	318	365	466	16 %	19 %	5 %	-3 %	15 %	28 %
Total consumption	1 242	1 263	1 396	1 476	1 489	1 448	1 622	1 975	11 %	6 %	1 %	-3 %	12 %	22 %
Consumption Y/Y	0 %	2 %	11 %	6 %	1 %	-3 %	12 %	22 %						
European demand	698	701	782	819	844	839	926	1 094	12 %	5 %	3 %	-1 %	10 %	18 %
America/ASIA	544	562	614	657	645	609	696	881	9 %	7 %	-2 %	-6 %	14 %	27 %
European d/s ratio	0,97	0,94	0,88	0,89	0,80	0,73	0,75	0,77						
New markets % world	15 %	18 %	19 %	21 %	22 %	22 %	23 %	24 %						

Source: Fondspfinans estimates. Actual consumption

Potentially long positive cycle this time (3 year perspective)

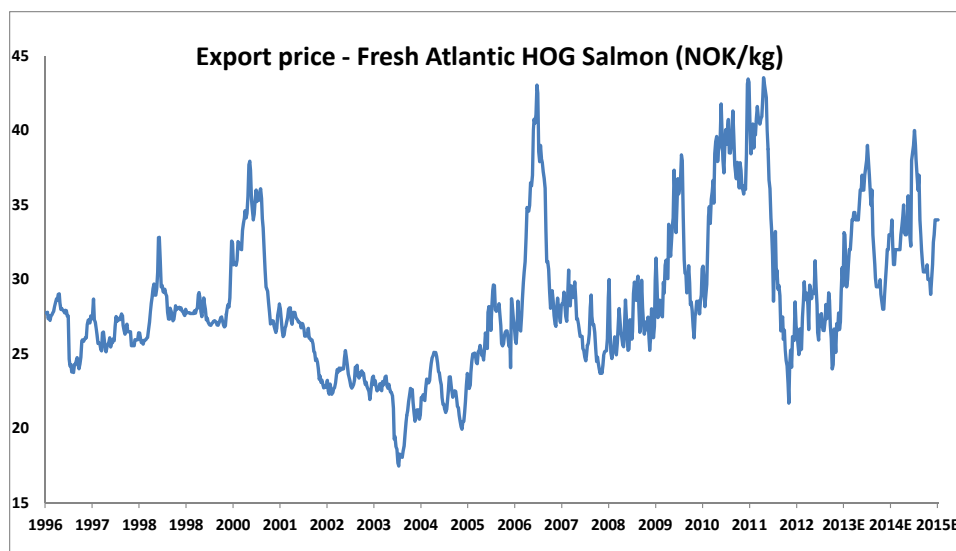
Based on our analysis that supply will be limited by capacity constraints (full capacity utilisation in Norway, and the need for investments in order to realize material growth in Chile), and the long production time for salmon, we expect a long positive cycle, with a tight market balance (high cycle).

European and US salmon price assumptions for the next years (until 2015)

The figure below illustrates historical salmon prices and our salmon price forecast for 2013-2015. Average 2012 salmon price equalled around NOK 27.6/kg. We increase price expectations for 2013 and 2014 to NOK 33/kg (32.5/kg) and NOK 33.3/kg (33/kg), respectively. We continue to estimate temporarily somewhat lower US farm gate prices due to still increasing volumes from Chile, but the gap should gradually close, and we expect to gradually see tight markets globally.

Cycle continuing further up

2013 and 2014 prices should be much more attractive for producers than in 2012



Our scenario of average prices of NOK 33 (32.5)/kg and NOK 33.3 (33)/kg in 2013E and 2014E implies significantly higher prices in some periods, given i.a. seasonality in both supply and demand.

With highly limited, if any, global supply growth the next 2-3 years, the prices could very well move higher than our base case estimates. However, we expect price sensitive consumers and availability of low priced alternative proteins to discourage permanently higher prices. Historically, prices above NOK 35/kg levels have not been sustainable over time, and have caused outright demand destruction. It is not our case that prices will move too high and damage demand.

Overview of US salmon prices (FOB Miami – D trim- fillets from Chile)

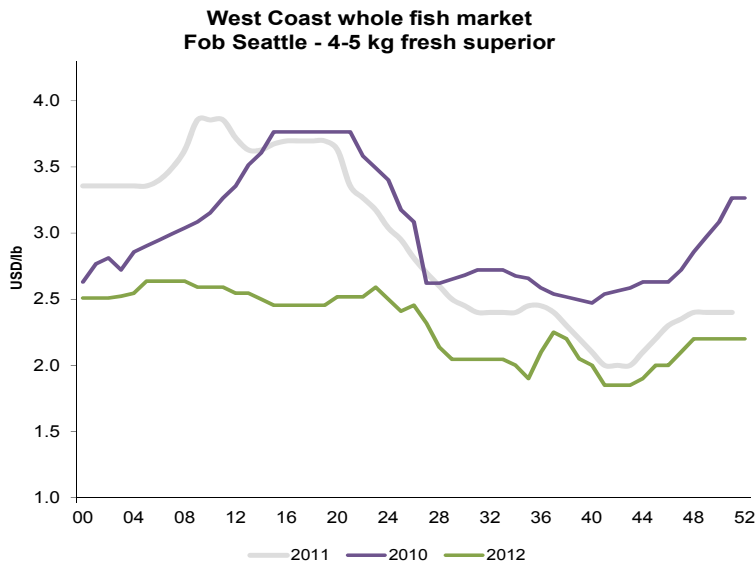
We estimate temporarily lower US prices vs. other regions, but expect the gap to close during 1H 2013, and forecast tight markets globally.

Urner Barry markets in the US

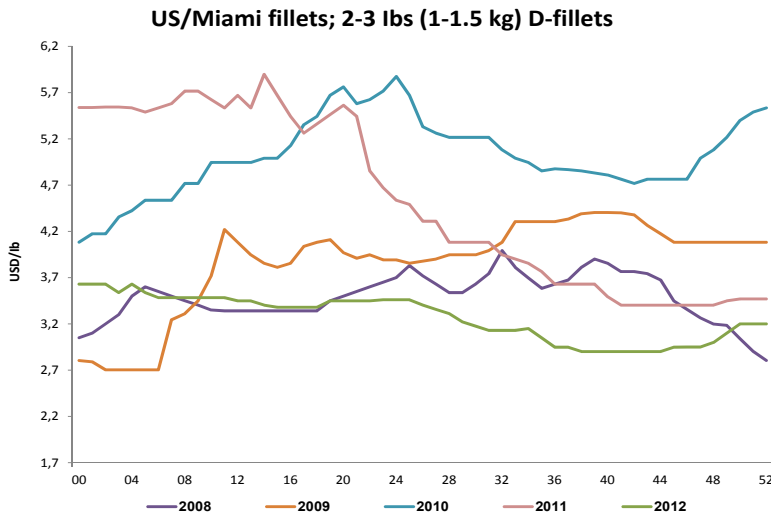
Canadian whole fish (region West Coast market)

US prices have already climbed somewhat from very low levels in 4Q12.

As supply development tightens, prices should reach high levels also in the US market



US fillet market prices Y/Y



Competition from substitutes – Competitiveness in the market

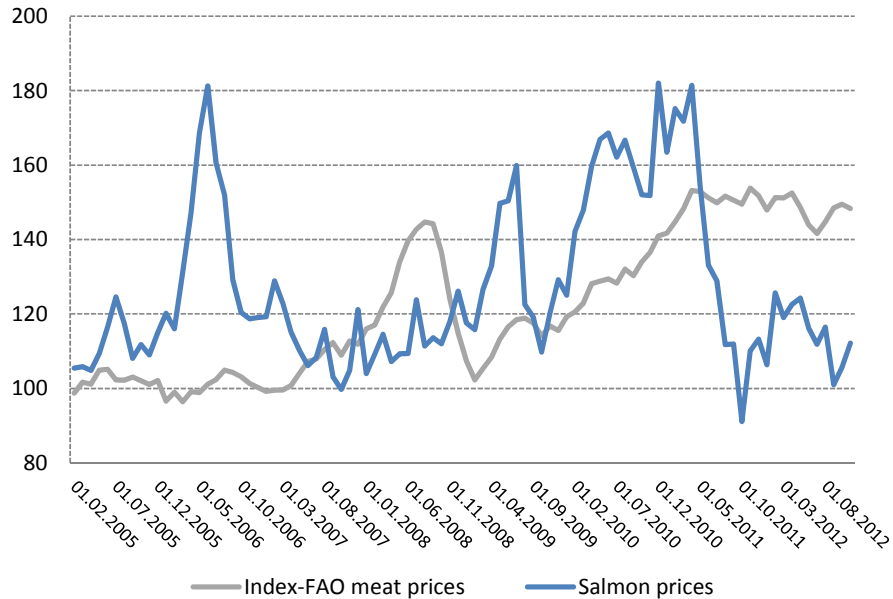
Salmon/meat index as alternative protein sources in favour of salmon

The figure below shows the relative development in salmon prices compared to FAO's index of meat prices, illustrating salmon's competitiveness. Based on salmon's favourable feed factor, we expect increased feed raw material prices to affect the production cost of meat significantly more than salmon, thus protecting salmon's competitive position in the market.

Competitiveness - Salmon vs. meat : In favour of salmon

Substantial price spread for the time being

The spread should over time close and potentially salmon above meat



Source: Bloomberg data

White fish and pelagic supplies

Extra marketing of cod in 2013 should stimulate demand

During 4Q, the Norwegian Ministry of Fisheries announced that total cod quotas in the Barents sea are set to 1 000' t for 2013, up from 751' t in 2012. In order to stimulate demand and maintain the market balance, the industry and the Ministry of Fisheries have decided to contribute an additional NOK 15m for marketing of cod in 2013. The experience from increased marketing of salmon in Europe in 2012 as a response to the significant supply growth, indicates that such campaigns can be highly effective in stimulating demand.

Even though white fish and salmon to a certain extent are substitutes, we do not expect increased supply of cod through the winter fishing season to materially affect demand and price achievement for salmon. Furthermore, pelagic volumes are still declining, with recommended NVG herring quotas down from 833' t in 2012 to 619' t in 2013, which should be positive for salmon demand, especially in eastern Europe.

Fish health conditions - Enhancing the positive price cycle

In general, fish disease outbreaks represent considerable costs to producers that are affected. Some fish diseases, like PD and IPN, and parasites like sea lice, represent running costs related to vaccination and other preventive measures, in addition to the risk of forced harvesting, reduced quality and price achievement in case of actual outbreaks.

On the other hand, the industry in general has at times benefited from high prices due to reduced supply in the aftermath of disease outbreaks. Thus, fish health issues could potentially act as to enhance a positive cycle for the industry as a whole. Our conclusion is that fish diseases will enhance the positive cycle.

Pancreas Disease (PD) has been well established in southern Norway for several years, while the virus has been less of an issue in middle and northern parts of the country. However, during the last year, the disease has become increasingly established in mid Norway.

PD (SAV2) established in Mid Norway

Following the PD (SAV2) outbreaks in Mid Norway during the spring of 2012, the Norwegian Food Safety Authority changed the regime for handling SAV2 in the region. In order to manage risk and reduce the losses from disease, a new control zone is established, similar to the regime in southern Norway, and the strict rules on forced harvesting of infected fish have been abolished (any

outbreaks of SAV3 will still lead to forced harvesting/culling biomass). We view this as an acceptance that PD will remain an issue for fish farmers in the region. This will increase running operational costs in the region, while the consequences of any outbreaks will be smaller for affected companies.

The table below sums up the development in Norwegian PD cases, as reported by the Norwegian Veterinary Institute.

Advanced harvesting and fallowing reducing available supply for 2013E

19% of Norwegian sea water sites in Norway affected last year

Fallowing of 50 additional sites represent about 60' t capacity

PD sites in Norway	2007	2008	2009	2010	2011	11YTD	12YTD	S.W. sites
Finnmark	2	3	0	0	0	0	1	63
Troms	0	0	1	0	0	0	1	53
Nordland	0	2	0	0	0	0	0	144
Nord-Trøndelag	0	0	0	0	1	1	2	50
Sør-Trøndelag	0	0	1	0	3	1	20	60
Møre og Romsdal	23	20	7	8	9	9	19	70
Sogn og Fjordane	20	12	8	13	16	16	21	56
Hordaland	42	53	44	46	46	43	50	151
Rogaland	11	20	5	21	14	12	18	56
Agder	0	0	0	0	0	0	0	9
Total	98	109	66	88	89	82	132	712
YY		11 %	-39 %	33 %	1 %		61 %	
% of sites affected	14 %	15 %	9 %	12 %	13 %	12 %	19 %	

Source: Norwegian Veterinary Institute, Fondsefinans calculations. YTD data as of end of November.

Much more PD incidents set to enhance the positive cycle

As the table above illustrates, The Norwegian Veterinary Institute reported on 132 cases of PD in Norway during the first 11 months of 2012, compared to 82 incidents in the same period of 2011 (up 61% Y/Y).

The higher number of PD incidents will lead to significantly more fallowing of farming sites during this winter, earlier harvesting and tighter supply later on. According to the Veterinary Institute, the increase from the levels seen in recent years is due to the SAV2 outbreaks in Mid Norway, with SAV2 “gaining a strong foothold in the area around Hitra/Frøya”, where “extensive screening” has now been implemented.

We note that there is a strong growth in incidents, and that while Hordaland, Rogaland and Sogn og Fjordane remain core areas, the negative development in Mid Norway is a clear indication that PD is well established in the region.

With increased PD and advanced harvesting in 2012 and subsequent fallowing of sea water sites further limiting Norwegian 2013 harvesting, we conclude that markets will turn even tighter than what had otherwise been the case.

PD in Norway

AGD in the UK

In total, we estimate European supply down by 6% in 2013 Y/Y. PD in Norway and AGD (Amoebic Gill Disease) in the UK contribute to reducing available biomass and harvesting volumes ahead.

Farming in Chile – SRS mortality and some sea lice challenges, but overall relatively safe conditions (no major biological long term issues)

After two years of very good farming conditions and limited mortality, helped by low capacity utilization, sea water conditions are now more back to normal in Chile.

Density coming up – Conditions deteriorating

The density in Chile is now high, and the sea water growth is coming down while the fish feed factor is deteriorating.

Somewhat extra SRS mortality in 2012

At its CMD in September 2012, Cermaq ASA reported on a more challenging biological situation in Chile (compared to 2010 and 2011), with increased mortality related to SRS (and consequently increased use of antibiotics).

In addition, the company reported on more sea lice (*Caligus*) and less efficient treatment, and thus the need for more frequent treatment, which is costly and affects growth and feed factor negatively. Sea lice levels are high in areas with high biomass density, with Region XI being the most severe, while also Region X is affected. Still, the use of antibiotics is at significantly lower levels than the historical norm in Chile, which is a positive development.

Given the rapid rebuilding of the Chilean industry, the biological issues do not come as a surprise. We expect the conditions in Chile to remain challenging going forward, but believe that the new and stricter regulations will most likely be sufficient to keep the situation under control and expect the conditions to normalize over time.

Expect conditions to remain challenging

According to Sernapesca, the Chilean National Fisheries Service, roe imports to the Chilean industry decreased by 34% in 2012, to 78m eggs. Increased use of internally produced smolt, and improved standards should, over time, be a positive factor in terms of biological security and robustness. Reduced smolt release and lower growth will also contribute positively.

Reduced imports of eggs

Cost increases in Chile

Overall, we are not worried about the fish health situation in Chile, as the strict regime should keep things under control. However, cost per kilo fish harvested is increasing and will continue to increase also this year.

Higher fish feed prices from 1.1.2013 – Raw material prices up Y/Y (total cost up by NOK 1.0 per kilo Y/Y)

Raw material intensive industry

Fish feed is the single largest cost component in salmon farming, constituting around 45-50% of the operating production cost. The cost structure in feed production is raw material intensive, typically accounting for around 80% of production cost.

High raw material prices

Due to increased raw material prices following the US/Canadian drought last summer and around 30% reduction in pelagic quotas in Peru, fish feed prices were already increased during 3Q12 and once more from the start of 1Q13. We estimate average feed prices in 2013 to be about 1 NOK higher than in 2012.

But soybeans and corn down

Still, soybean prices have come down from the peak levels last autumn and are currently at the lowest levels since the summer 2012 on the back of outlooks for improved crops in South America, with favourable weather conditions.

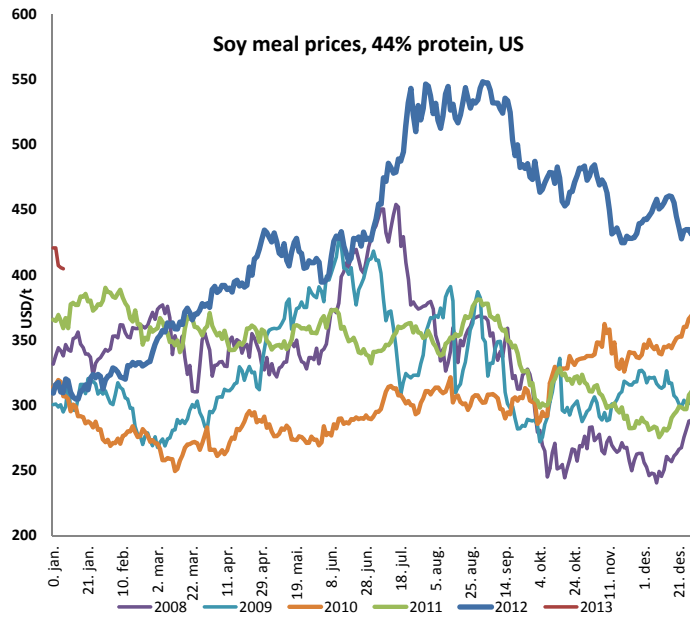
Average cost of NOK 25.5/kg for 2013

We conclude the average production cost for the industry to increase by around NOK 1 this year to around NOK 25.50/kg HOG levels. This is little changed from our previous report. For 2014 we expect cost per kilo to stabilize or go slightly down again as raw material prices over time should fall back from very high levels. Medium and long term demand growth for fish feed will dampen vs. 2012.

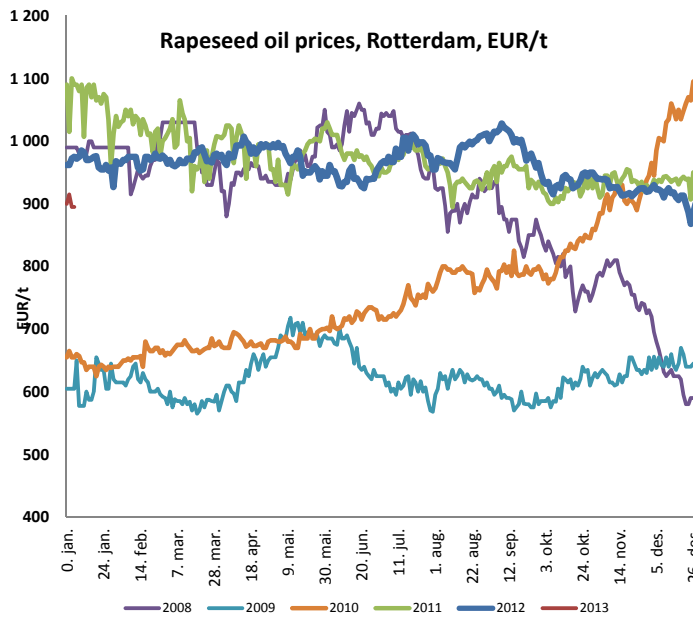
Further, we expect improved biology and reduced mortality, especially in Norway, this year. This should partially counteract the increased raw material prices. Farmers have probably been more selective when releasing smolt for the generations to be harvested in 2013, which should imply better underlying performance and reduced mortality.

The figures below show the price development for important input factors in salmon feed.

Soy meal price developments, Chicago

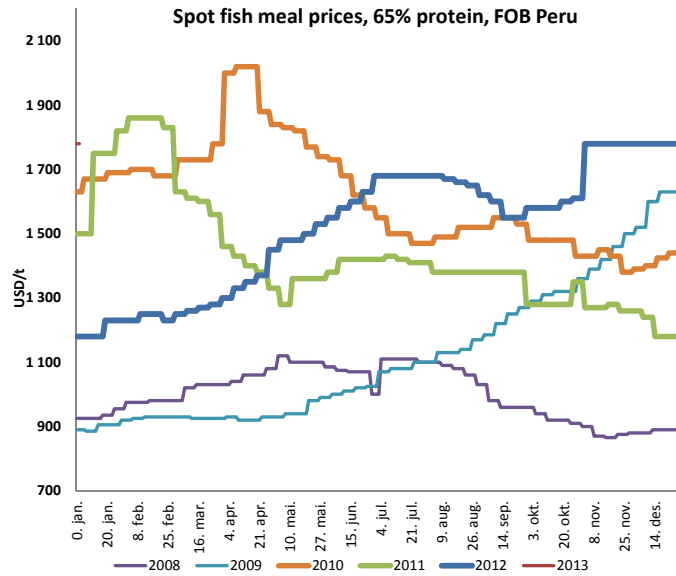


More or less stable rapeseed oil prices Y/Y – to some extent an alternative to fish oil (but no Omega 3 component)



Marine fish meal prices up Y/Y in the spot market

Peruvian quotas for pelagic catches are significantly down



Industry structure – Potential for further consolidation in 2013

During 4Q12, the industry has seen some structural activity, including MHG announcing the establishing of a feed division, as well as MHG’s takeover of 48.5% of Morpol, with the intention to acquire the entire company.

Softer ownership limitations in Norway

On December 12 2012, the Norwegian Government proposed to change the ownership limitations in aquaculture, which is currently capped at 25%. MHG owns around 24% of the licenses in Norway, and the company has previously expressed an ambition to move to 40% over time. The proposal, which will be made into law later this year, opens up for this.

The proposed new rules are yet to be fully specified, but the Government has outlined a solution where higher ownership in a given coastal region will presuppose a higher share of local processing and apprenticeships as well as Norwegian R&D spending. The proposed rules related to local processing will apply over a five year period, implying that companies will have sufficient time to adapt following acquisitions, which is fair.

We conclude that the proposed rules are strict, but should not obstruct structural development of the Norwegian industry, and we expect to see gradually more pre-rigor filleting in Norway for export to Europe for further processing.

The proposed new rules, in combination with strong outlooks, open up for more consolidation. Given good outlooks for the industry, limited organic growth potential for most companies and statements from industry players regarding ambitions to grow, we expect to see further consolidation of the industry in 2013.

The illustration below generically sums up the main potential synergies to take into account, both in terms of costs and market issues, related to a merger/acquisition.

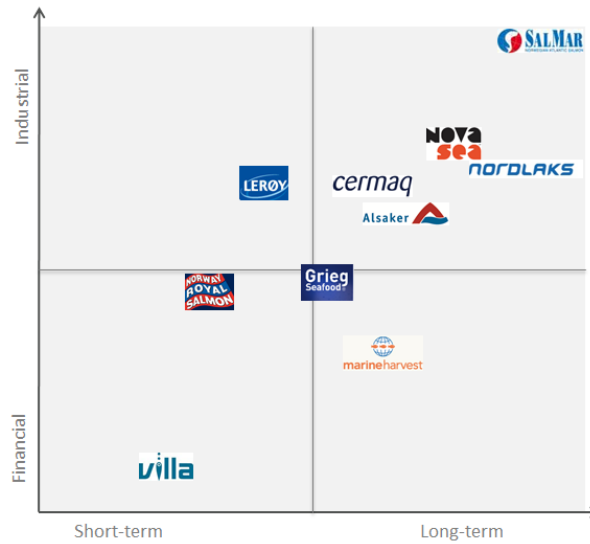
Synergies – Factors to take into account

Costs	Market
<ul style="list-style-type: none"> ■ Critical mass per region <ul style="list-style-type: none"> - Sourcing (feed, smolt) - Genetics and in-house smolt - Best practice operations and skilled workforce - In-house well boats and harvesting ■ HQ/overhead per cluster ■ Risk diversification and optimisation ■ Financials and taxes 	<ul style="list-style-type: none"> ■ Presence through the value chain <ul style="list-style-type: none"> - Genetics and smolt - Feed - Farming - Processing - Sales ■ Geographical diversification ■ Product differentiation/adaptability to seasons ■ Customer synergies (input factors/feed, market channels etc.)

The illustration below sums up our assessment of the main Norwegian industry players in terms of ownership focus.

Ownership perspectives – Fondsefinans assessments

Fondsefinans assessments of the different Norwegian players in ownership perspective



Marine Harvest ASA

BUY (BUY)

 Preview 4Q12 10 January 2013
 Results date 6 February 2013

 Share Price: NOK 5.10 (10.01.2013)
 Target: NOK 6.0 (5.65)

Share data 10.01.2013

Sector	Aquaculture
Reuters/Bloomberg	MHG
Risk rating	Medium
Outstanding shares	3 748
Market cap	19 117
Net interest bearing debt	5 304
Enterprise value	24 421
Free float	77 %
Average volume	24 454
High/low 52w	5.2 / 2.6
Weight OSEBX	1,7644
Rel. Perf 3/6/12	01/ 12/ 52
Abs. Perf. 3/6/12	03/ 25/ 70

Estimate changes

Estimate changes MNOk/tons	Curr 2012E	Curr 2013E	Prev 2013E	Curr 2014E	Prev 2014E	Chg 2013E	Chg 2014E	Growth 14/13
Revenues	15 807	16 839	15 717	19 116	18 396	7 %	4 %	14 %
EBITDA	1 403	3 199	3 199	3 860	3 727	0 %	4 %	21 %
EBIT (before IFRS)	772	2 528	2 527	3 189	3 056	0 %	4 %	25 %
PTP	558	2 460	2 395	3 129	2 924	3 %	7 %	27 %
Farming Norway (t)	256 245	235 000	230 000	255 000	252 000	2 %	1 %	9 %
Farming Chile (t)	41 217	35 217	35 217	45 000	45 000	0 %	0 %	28 %
Group farming (t)	395 394	355 516	350 516	387 799	384 799	1 %	1 %	9 %
EPS adj.	0.241	0.532	0.502	0.659	0.607	6 %	8 %	24 %
Margin per kilo (HOG)	2012E	2013E	2013E	2014E	2014E	2013E	2014E	YY
Farming Norway	3.06	7.13	6.99	7.88	7.48	2 %	5 %	11 %
Farming Faroe Islands	0.65	6.58	6.95	7.33	7.49	-5 %	-2 %	11 %
Farming UK	3.37	6.26	7.08	7.89	7.58	-11 %	4 %	28 %
Farming Canada	-2.98	4.97	4.88	7.88	7.48	2 %	5 %	59 %
Farming Chile/US	-0.44	5.92	5.58	7.89	7.52	6 %	5 %	33 %
Farming Ireland	2.08	5.20	6.08	6.96	7.00	-14 %	-1 %	34 %
Average farming margin	2.08	6.56	6.53	7.72	7.35	0 %	5 %	18 %
VAP-margin (p.w/kg)	0.33	2.25	2.26	2.25	2.02	0 %	11 %	0 %
Farming volumes	2012E	2013E	2013E	2014E	2014E	2013E	2014E	YY
Farming Norway	256 245	235 000	230 000	255 000	252 000	2 %	1 %	9 %
Farming Faroe Islands	6 750	6 000	6 000	7 000	7 000	0 %	0 %	17 %
Farming UK	44 543	41 299	41 299	41 299	41 299	0 %	0 %	0 %
Farming Canada	37 968	32 000	32 000	32 000	32 000	0 %	0 %	0 %
Farming Chile/US	41 217	35 217	35 217	45 000	45 000	0 %	0 %	28 %
Farming Ireland	8 671	6 000	6 000	7 500	7 500	0 %	0 %	25 %
Total farming	395 394	355 516	350 516	387 799	384 799	1 %	1 %	9 %
Peters VAP-volumes	62 224	68 867	62 079	68 867	69 205	11 %	0 %	0 %

Source: Fondsefinans

MHG volume guidance

Harvesting volumes	2010	2011	2012E	2013E	2012	2013	12/11 Y/Y	13/12 Y/Y
Marine Harvest ASA	202 456	217 510	256 245	235 000	254 000	230 000	18 %	-10 %
Farming Norway	5 417	5 628	6 750	6 000	6 000	6 000	14 %	-11 %
Farming Faroes	33 136	50 174	44 543	41 298	42 000	42 000	-11 %	-6 %
Farming UK	33 547	33 917	37 968	32 000	38 000	32 000	12 %	-16 %
Farming Canada	10 728	26 824	41 217	35 217	40 000	34 000	54 %	-18 %
Farming Chile	10 597	9 232	8 671	6 000	6 000	6 000	-7 %	-21 %
Farming Ireland	295 841	343 668	395 394	355 516	390 000	380 000	15 %	-11 %
Total farming	251 566	282 944	316 209	288 299	312 000	284 000	12 %	-10 %
Europe farming	44 275	60 741	79 185	67 217	79 000	66 000	30 %	-17 %

Source: Fondsefinans and MHG

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Tighter markets ahead

On December 18, MHG announced that it had acquired 48.5% of the shares in Morpol ASA for NOK 11.50 per share, with the intention to submit a mandatory offer for the remaining shares. We consider the transaction to be a very good match at a reasonable price. The combined company will be the only large scale full assortment supplier of salmon products in core European markets. This will be a significant advantage in securing contracts/market access with major retailers. The combined company will source volumes internally, reducing the reliance on raw material sourcing in the spot market. In addition to the positive market effects, there will be significant cost synergies related to overhead/HQ/sales etc.

In 4Q12, the Norwegian Government announced a proposal to soften the ownership limitations in the aquaculture industry. Marine Harvest has previously expressed an ambition to increase its share of Norwegian licenses from around 23% today to around 40% over time. The proposal from the Government opens up for this, under given conditions. With good outlooks for the sector and limited organic growth potential, we expect Marine Harvest to take part in further, value-creating consolidation going forward.

As the leading upstream farming company, Marine Harvest is well positioned to gain from the long, positive cycle with strong salmon prices that we expect. Based on updated assumptions, we estimate 2013 and 2014 EPS adj. of NOK 0.53 (0.50) and NOK 0.66 (0.61). We calculate values of NOK 6.00 (5.65) per share, implicitly corresponding to EV/kg farming of NOK 60 (59). Our valuation represents a high cycle approach, as we expect a long positive salmon cycle. We maintain our BUY recommendation.

Key figures	2010	2011	2012E	2013E	2014E	4Q11	4Q12E
Total revenues	15 191	16 228	15 807	16 839	19 116	4 254	4 351
EBITDA	3 874	3 589	1 403	3 199	3 860	580	359
EBIT (before IFRS)	3 198	2 720	772	2 528	3 189	403	191
Net IFRS biomass adj.	1 092	-1 326	-52	0	0	-1	0
PTP	4 281	1 325	558	2 460	3 129	166	282
Reported EPS	0,878	0,264	0,093	0,508	0,629	0,028	0,058
EPS adj.	0,723	0,510	0,241	0,532	0,659	0,052	0,061
Chilean volumes	10 728	26 824	41 217	35 217	45 000	11 022	12 000
Norwegian volumes	202 456	217 510	256 245	235 000	255 000	67 386	71 000
Total volumes	295 841	343 685	395 394	355 516	387 799	104 589	106 300
Volumes Y/Y		16 %	15 %	-10 %	9 %		2 %
DPS	1,00	0,80	0,10	0,15	0,40		
NIBD	5 218	6 466	5 304	3 922	4 193	6 466	5 304
EV/ Sales		1,5	1,5	1,3	1,2		
EV/ EBITDA		6,9	16,8	6,9	5,8		
EV/EBIT, before adj.		9,1	30,5	8,8	7,0		
P/E adj		10,0	n.m.	9,6	7,7		
P/B		1,7	1,6	1,4	1,2		

Source: Fondsefinans research

MHG estimates and valuation

The table below sums up our annual Marine Harvest estimates.

MHG - Harvesting	2008	2009	2010	2011	2012E	2013E	2014E
Norway	171 086	201 676	202 456	217 510	256 245	235 000	255 000
Faroe Islands	7 421	6 349	5 417	5 928	6 750	6 000	7 000
Scotland	32 341	37 698	33 136	50 174	44 543	41 299	41 299
Canada	36 050	36 537	33 547	33 917	37 968	32 000	32 000
Chile/US (sales volumes)	75 395	36 204	10 728	26 824	41 217	35 217	45 000
Ireland	4 329	8 636	10 557	9 332	8 671	6 000	7 500
Total farming (HOG t)	326 622	327 100	295 841	343 685	395 394	355 516	387 799
Farming growth YoY		0 %	-10 %	16 %	15 %	-10 %	9 %
VAP-volumes (product wght)	54 957	58 159	62 986	59 971	62 224	68 867	68 867
VAP growth Y/Y		6 %	8 %	-5 %	4 %	11 %	0 %

MHG (EBIT NOK/KG)	2008	2009	2010	2011	2012E	2013E	2014E
Farming Norway	4,0	5,4	11,6	8,4	3,1	7,1	7,9
Farming Faroe Islands	3,4	4,8	12,4	10,3	0,7	6,6	7,3
Farming UK	2,7	7,3	9,0	9,5	3,4	6,3	7,9
Farming Canada	3,0	6,3	6,7	0,5	-3,0	5,0	7,9
Farming Chile/US	-7,8	-11,1	10,5	3,0	-0,4	5,9	7,9
Farming Ireland	7,2	2,4	8,1	7,3	2,1	5,2	7,0
Farming EBIT/kg (NOK/HOG)	1,0	3,8	10,4	7,2	2,1	6,6	7,7
VAP EBIT (NOK/kg p.w.)	3,30	4,81	2,58	1,81	0,33	2,25	2,25

Marine Harvest ASA - EBIT	2008	2009	2010	2011	2012E	2013E	2014E
Norway	678	1 090	2 346	1 829	784	1 674	2 010
Faroe Islands	25	30	67	61	4	39	51
UK	87	274	299	475	150	259	326
Canada	107	232	225	16	-113	159	252
Chile	-589	-401	113	81	-18	209	355
Ireland	31	21	86	68	18	31	52
EBIT Total farming	338	1 245	3 135	2 531	826	2 371	3 046
EBIT VAP Europe (Pieters)	181	280	162	108	20	155	155
EBIT White halibut	27	5	-1	9	13	16	16
EBIT Sales & Dist. incl US	16	20	13	151	-10	14	0
Elimination to EBIT/HQ	-297	-587	-94	-80	-77	-28	-28
MHG EBIT (ex. IFRS)	265	964	3 216	2 720	772	2 528	3 189

Source: Fondsfinsans

The table below sums up our quarterly Marine Harvest estimates.

MHG (Harvesting/sales vol)	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Norway	47 569	67 386	62 743	64 021	58 481	71 000	63 000	61 000	56 000	55 000
Faroe Islands	1	1 415	1 729	1 857	1 364	1 800	1 500	1 500	1 500	1 500
Scotland	14 037	12 770	9 207	11 354	12 982	11 000	9 299	11 000	12 000	9 000
Canada	7 959	8 713	10 637	10 577	8 254	8 500	8 000	8 000	8 000	8 000
Chile (sale volumes)	11 036	11 022	9 727	9 638	9 852	12 000	8 727	8 638	8 852	9 000
Ireland	2 475	3 283	2 658	1 717	2 296	2 000	1 500	1 500	1 500	1 500
Total farming	83 077	104 589	96 701	99 164	93 229	106 300	92 026	91 638	87 852	84 000
Farming growth Y/Y	30 %	16 %	27 %		12 %	2 %	-5 %	-8 %	-6 %	-21 %

MHG (EBIT-margin (NOK/kg))	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Farming Norway	5,1	3,6	3,3	3,4	2,5	3,0	6,4	10,0	6,4	5,4
Farming Faroe (72,6%)	0,0	-1,5	-1,7	-2,7	5,1	3,0	5,9	9,5	5,9	4,9
Farming Scotland	9,1	3,6	5,6	7,1	2,2	-1,0	5,4	8,0	5,9	5,4
Farming Canada	-7,8	-4,0	0,0	-4,2	-5,9	0,0	4,4	9,0	5,4	5,4
Farming Chile/US	4,3	1,0	2,2	0,6	-2,5	-1,7	4,4	9,0	6,4	5,4
Farming Ireland	8,1	5,8	5,6	2,3	1,3	-2,0	4,4	7,0	4,9	4,4
MHG (EBIT/kg - NOK/kg)	4,53	2,70	3,04	2,60	1,18	1,54	5,40	9,52	6,24	5,40

MHG - Segment EBIT	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Farming Norway	245	243	210	216	145	213	406	610	360	299
Farming Faroe Islands	-2	-2	-3	-5	7	5	9	14	9	7
Farming UK	128	46	51	81	29	-11	51	88	71	49
Farming Canada	-62	-35	0	-44	-49	-20	0	72	43	43
Farming Chile/US	48	12	21	6	-25	-20	25	78	57	49
Farming Ireland	20	19	15	4	3	-4	7	11	7	7
Total farming EBIT	377	282	294	258	110	163	497	872	548	454
VAP-volumes (product wght)	13 259	16 767	14 059	15 022	14 143	19 000	16 021	16 923	16 923	19 000
VAP-volume growth Y/Y	-9 %	-10 %	-8 %	3 %	7 %	13 %	14 %	13 %	20 %	0 %
VAP EBIT (NOK/kg p.w.)	2,64	3,91	-0,36	-0,33	0,00	1,6	2,18	2,36	1,18	3,16
EBIT VAP Europe (Pieters)	35	66	-5	-5	0	30	35	40	20	60
EBIT White sterling halibut	2	2	4	2	3	4	4	4	4	4
EBIT Sales & Dist. incl US	73,5	71	-10	0	0	0	2	5	5	2
Elim to EBIT/HQ/internals	-28	-18	-7	-24	-39	-7	-7	-7	-7	-7
Group EBIT (bef IFRS and FX)	459	403	277	231	74	191	531	914	570	513
EBIT Y/Y	-39 %	-62 %			-84 %	-53 %	92 %	296 %	675 %	169 %

We value Marine Harvest on market outlook and cultivation risks. Additionally, we estimate individual target multiples to the different farming countries based on 2013. We implement EV/kg of NOK 60 (59) as upstream SOTP value, representing high cycle valuation as we expect a long term positive cycle.

Further, non-farming assets are all spilt up in the SOTP table below. We value MHG Pieters (downstream) equal to EV/EBIT = 8 (8) on 2013 estimates, setting downstream value to around NOK 2.15b, including real estate values. Morpol stake (48%) is valued at market.

In total, we increase SOTP values of to NOK 6.0 (5.65) per share, implicitly corresponding to EV/kg of 60 (59). We maintain our BUY recommendation.

SOTP values of 6.0
(5.65) NOK/share,
implicitly corresponding
to EV/kg ~NOK 60 (59)

Consolidation of Morpol
later on when the
transaction is completed

AquaGen stake sold in
4Q12

Marine Harvest ASA	HOG-margin	HOG-volumes	Licenses	EBIT (MNOK)	Impl. EV/kg	EV/EBIT target	EV (MNOK)
Norway	7,13	235 000	218	1 674	64	9,0	15 070
Faroe Islands (72.6%)	6,58	6 000	3	39	59	9,0	355
UK (West Coast)	6,26	41 299	25	259	56	9,0	2 328
Canada	4,97	32 000	37	159	50	10,0	1 589
Chile (ex. US)	5,92	35 217	166	209	50	8,5	1 773
Ireland	5,20	6 000	10	31	47	9,0	281
EV farming (Upstream)	6,56	355 516	459	2 371	60	9,0	21 395
MOWI broodfish/genetics			18		15,0		270
Centre For Aquaculture Competence (R&D capacity)			2		50		100
Remaining tax assets (carried forward)					1,1		392
2013 dividend payment in October/November							562
					64		22 719
VAP Europe (Fleters)	2,25	68 867		155		8	1 240
Real estate values (Europe, US and Japan)			18		35		630
Global Sales & Dist. (included in upstream)				14		10	140
EV downstream values						13,0	2 010
White halibut (Rogaland)		1 120	3	16		8	128
NovaSea (48%), dividend	7,13	33 564	35,3	239	59	8,0	943
Morpol ASA (48.5%)	11,50	168	0,485				937
Finnøy Fisk AS (45%)	7,13	2 600	2	33		8	119
Aker Seafoods ASA	11,8%	MCap					41
AquaGen AS (sold)	0,0%						0
EV others/minorities							2 168
Group EV values				2 514		10,7	26 897
Overhead/HQ/eliminations				-28		10,7	-300
31.12.2013 NIBD							3 922
Asset values							22 676
Outst. shares							3 748m
SOTP target value (per share)							6,0
EV Non-farming (incl HQ)							5 203
Market Cap						5,08	19 042
Adj. group EV					MHG trades at EV farming/kg		22 964
Adj. EV farming trading					50		17 761

Source: Fondsfinsans

Cermaq ASA

Buy (Buy)

Preview 4Q12 10 January 2013
Results date 12 February 2013

Share Price: NOK 88 (10.01.2013)
Target: NOK 111 (104)

Share data	10.01.2013
Sector	Aquaculture
Reuters/Bloomberg	CEQ
Risk rating	Medium
Outstanding shares	92,5
Market cap	8 117
Net interest bearing debt	2 498
Enterprise value	10 615
Free float	57 %
Average volume	121
High/low 52w	87.3 / 62.5
Weight OSEBX	0,6280
Rel. Perf 3/6/12	15/ 01/ 09
Abs. Perf. 3/6/12	16/ 13/ 26

Estimate changes	Curr	Prev	Curr	Prev	%	%	YY
Tons/MNOK	2012E	2012E	2013E	2013E	2012E	2013E	growth
Revenues Cermaq	11 481	11 510	13 538	13 265	0 %	2 %	18 %
EBIT EWOS Group	676	675	658	697	0 %	-6 %	-3 %
EBIT Mainstream Group	-20	0	742	645	n.m.	15 %	-3895 %
EBIT Cermaq (bef adj.)	551	580	1 404	1 346	-5 %	4 %	155 %
PTP	179	154	1 336	1 276	16 %	5 %	646 %
EPS adj.	5,05	4,84	10,89	10,42	4 %	5 %	118 %

Estimate changes	Curr	Prev	Curr	Prev	%	%	YY
EBIT-margin (NOK/kg)	2012E	2012E	2013E	2013E	2012E	2013E	growth
Farming Chile	-1,43	-1,07	3,26	2,86	33 %	14 %	-328 %
Farming Canada	-1,21	-0,71	5,69	4,93	72 %	15 %	-570 %
Farming Finnmark (Norway)	-0,64	-0,69	6,53	5,84	-8 %	12 %	-1125 %
Farming Nordland (Norway)	2,40	2,39	7,61	6,57	0 %	16 %	217 %
Average feed margin	-0,18	0,00	4,82	4,24	-10025 %	14 %	-2823 %
Average farm margin	0,572	0,572	0,559	0,584	0 %	-4 %	-2 %
EBIT eliminations	-109	-98	-4	-28	11 %	-86 %	-96 %

Estimate changes	Curr	Prev	Curr	Prev	%	%	YY
Farming volumes (g.w.)	2012E	2012E	2013E	2013E	2012E	2013E	growth
Farming Chile*	42 400	44 400	84 500	82 500	-5 %	2 %	99 %
Farming Canada	18 600	19 100	15 000	15 000	-3 %	0 %	-19 %
Farming Finnmark (Norway)	18 200	17 900	31 500	31 500	2 %	0 %	73 %
Farming Nordland (Norway)	31 300	30 800	23 000	23 000	2 %	0 %	-27 %
Total farming volumes	110 500	112 200	154 000	152 000	-2 %	1 %	39 %
EWOS Norway (t)	674 000	670 000	677 000	673 000	1 %	1 %	0 %
EWOS Chile (t)	341 000	343 000	334 180	355 290	-1 %	-5 %	-2 %
EWOS Vietnam	34 300	34 300	34 300	34 300	0 %	0 %	0 %
Total feed volumes	1 182 000	1 180 000	1 177 458	1 192 568	0 %	-1 %	0 %

Source: Fondsefinans. * Chilean volumes are sales volumes

Cermaq ASA HOG volumes	2011 Actual	2012E	2013E	2012 Guidance	2013 Guidance	YY vol. 13E vs. 12E
Trout/Coho	Sales	Sales	Sales	Sales	Sales	Sales
Mainstream	Volume	Volume	Volume	Volume	Volume	Volume
Coho, Chile*	23 700	12 500	23 000	13 000	23 000	77 %
Trout, Chile*	10 300	7 900	14 500	10 000	16 000	60 %
At. Salmon, Chile	15 300	22 000	47 000	15 000	25 000	67 %
CMC volumes**	0	0	0	6 000	20 000	233 %
Farming Chile	49 300	42 400	84 500	44 000	84 000	91 %
Farming Canada	21 200	18 600	15 000	19 000	15 000	-21 %
Farming Finnmark	17 100	18 200	31 500	26 000	32 000	23 %
Farming Nordland	22 800	31 300	23 000	22 000	23 000	5 %
Total farming	110 400	110 500	154 000	111 000	154 000	39 %
Development YY	14 %	0 %	30 %	1 %	39 %	

*12/1 Mainstream Coho and trout in Chile (2012 volumes) will be frozen and sold in 2013

CMC to be consolidated 4Q12. 2013 vol guidance is 20 t (9 t trout and 11 t Coho, 9 t salmon)

** 2012 CMC sales will be around 26 000 t gw (14 t trout and 12 t salmon)

US market could surprise positively

With high supply growth from Chile, the US market has remained challenging also in 4Q12. However, US prices started moving up nicely from the trough in the latter part of the quarter, indicating that the over-supply from Chile, driven by liquidity-strained farmers, could gradually be coming to an end. We continue to estimate temporarily lower farm gate prices for the US market compared to Europe, but expect the gap to gradually close, and forecast tight markets globally, also including the US. Cermaq should gain.

In 4Q, Cermaq reported the acquisition of all shares in the Chilean company CMC for a total enterprise value of USD 110 million. Following the transaction, which makes good financial and strategic sense, the group's capacity increased by 25% to 180,000 t HOG. Over time, Cermaq will realise cost synergies in Region X and VAP, and the credit risk for the feed company, EWOS, will decline.

We estimate 4Q CEQ EBIT of NOK 185m. We expect decent EWOS 4Q EBIT of NOK 155m, whereas Mainstream fish farming should come in around NOK 11m. CEQ maintains a solid financial position and flexibility, and we urge investors to focus on long-term values.

Based on updated assumptions, we estimate 2013 and 2014 Cermaq EPS adj. of NOK (10.4) and NOK (12.4). We calculate SOTP values of NOK 111 (104) per share, implicitly corresponding to EV farming/kg of NOK 52 (50). For EWOS (incl. Vietnam and R&D), we set a value of around NOK 5.2b (5.0b), equal to EV/EBIT of 8.6. EWOS-margin will remain stable as the suppliers once again have increased feed prices to the customers. We maintain our Cermaq ASA Buy recommendation.

Key figures (NOK m)	2010	2011	2012E	2013E	2014E	4Q11	4Q12E
Total revenues	9 990	11 634	11 481	13 538	13 644	3 285	3 241
EBITDA	1 806	1 719	852	1 821	1 968	382	290
EBIT (before IFRS adj.)	1 440	1 402	551	1 404	1 551	300	185
IFRS biomass adj.	512	-362	-317	0	0	-15	0
PTP	1 944	1 005	179	1 336	1 488	275	224
EPS adj.	10,86	11,53	5,05	10,89	12,14	2,73	1,80
DPS	5,40	4,63	2,78	4,36	5,46		
NIBD	1 180	1 052	3 221	2 494	1 541	1 052	3 221
Farming volumes	96 801	110 400	110 500	154 000	144 275	41 100	37 500
Feed volumes	876 225	1 079 239	1 182 000	1 177 458	1 197 670	300 100	304 000
Farming growth Y/Y		14 %	0 %	39 %	-6 %	13 %	-9 %
Feed growth Y/Y (salmonids)	10 %	20 %	9 %	0 %	1 %	19 %	1 %
EBIT Mainstream	912	772	-20	742	934	157	11
EBIT EWOS	509	625	676	658	661	157	155
EV/ Sales	0,9	0,8	1,0	0,8	0,7		
EV/ EBITDA	5,1	5,3	13,3	5,8	4,9		
EV/EBIT, before adj	6,5	6,5	20,6	7,6	6,2		
P/E adj.	8,1	7,6	17,4	8,1	7,2		
P/B	1,4	1,3	1,3	1,1	1,0		

Source: Fondsefinans research

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CEQ estimates and valuation

Based on our assumptions, the following tables sum up our full-year Cermaq estimates.

EWOS numbers

EWOS	2005	2006	2007	2008	2009	2010	2011	2012E	2013E	2014E
EWOS Norway (t)	329 500	383 982	430 578	476 415	522 527	555 912	612 160	674 000	677 000	683 770
EWOS Chile (t)	248 000	294 000	318 754	326 287	143 130	183 932	301 982	341 000	334 180	337 522
EWOS Canada (t)	63 000	65 500	62 268	63 963	75 721	77 651	74 060	72 200	71 478	71 478
EWOS UK (t)	32 200	33 500	35 750	35 654	54 730	58 730	62 037	60 500	60 500	60 500
EWOS Vietnam							29 000	34 300	34 300	44 400
Group EWOS (tons)	672 700	776 982	847 350	902 318	796 107	876 225	1 079 239	1 182 000	1 177 458	1 197 670
EWOS growth Y/Y (salm.)	7 %	16 %	9 %	6 %	-12 %	10 %	20 %	9 %	0 %	1 %
EWOS group revenues (mill)	4 007	5 336	5 886	6 816	6 250	7 388	9 367	9 976	10 102	10 241
Price per kilo (NOK/kg)	5,96	6,87	6,99	7,63	8,04	8,58	8,71	8,34	8,48	8,47
Cost of material (NOK/kg)	4,39	5,35	5,41	6,16	5,99	6,54	6,82	6,60	6,70	6,60
Gross margin per kilo	1,56	1,52	1,58	1,47	2,04	2,04	1,89	1,74	1,79	1,88
Feed EBIT (MNOK)	182	255	369	100	380	509	625	676	658	661
EBIT-margin, pst	4,5%	4,8%	6,3%	1,5%	6,1%	6,9%	6,7%	6,8%	6,5%	6,4%
EBIT-margin, NOK/ton	271	328	436	111	477	580	579	572	559	551

Source: Fondspfinans

2013E sales volume growth following CMC acquisition

Sales volumes (g.w.)	2006	2007	2008	2009	2010	2011	2012E	2013E	2014E
Coho	13 762	9 025	11 111	20 710	19 700	23 700	12 500	23 000	14 000
Sea trout	14 701	11 290	12 989	10 252	11 300	10 300	7 900	14 500	13 775
Fresh Atlantic salmon	25 005	26 809	18 694	5 401	3 300	9 600	11 400	45 000	45 000
Frozen Atlantic salmon				12 102	3 001	5 700	10 600	2 000	2 000
Chile (all species)*	53 468	47 125	42 794	48 465	37 301	49 300	42 400	84 500	74 775
Canada	26 460	22 050	19 980	22 400	20 700	21 200	18 600	15 000	15 000
UK - sold at 3Q 2010	6 930	7 380	8 190	6 700	1 700				
Norway - Finnmark			12 600	10 500	16 100	17 100	18 200	31 500	31 500
Norway - Nordland	15 480	22 770	18 200	22 000	21 000	22 800	31 300	23 000	23 000
Total farming (HOG)	102 338	99 325	101 764	110 065	96 801	110 400	110 500	154 000	144 275
Farming growth Y/Y	29 %	-3 %	2 %	8 %	-12,1 %	14 %	0 %	39 %	-6 %

* CMC consolidated from 4Q 2012 (2013 guidance of 20 000 t Coho, trout and salmon)

Mainstream EBIT

EBIT farming (ex. IFRS)	2006	2007	2008	2009	2010	2011	2012E	2013E	2014E
Coho (Chile)				110	113	219	48	65	56
Sea trout (Chile)				-46	29	73	-23	47	69
Fresh Atlantic salmon (Chile)				-9	33	92	-85	164	288
Frozen Atlantic salmon (Chile)				-119	29	48	-1		
Chile (all species)*	556	222	-332	-173	204	431	-61	276	413
Canada	373	103	95	163	190	127	-23	85	103
UK - sold at 3Q 2010	24	-4	4	2	10				
Norway - Finnmark	0	0	6	25	185	82	-12	206	234
Norway - Nordland	154	97	98	154	322	132	75	175	184
Mainstream EBIT	1 107	418	-131	171	912	772	-20	742	934

2013E & 2014E EBIT
and margin >> 2012E

Farming EBIT (NOK/kg)	2006	2007	2008	2009	2010	2011	2012E	2013E	2014E
Coho						9,2	3,8	2,8	4,0
Sea trout						7,1	-2,8	3,2	5,0
Atlantic salmon						6,0	-3,9	3,5	6,1
Chile (all species)*	10,4	4,7	-7,8	-3,6	5,5	8,7	-1,4	3,3	5,5
Canada	14,1	4,7	4,7	7,3	9,2	6,0	-1,2	5,7	6,9
UK- sold at 3Q 2010	3,5	-0,5	0,4	0,3	6,1				
Norway - Finnmark			0,5	2,4	11,5	4,8	-0,6	6,5	7,4
Norway - Nordland	9,9	4,2	5,4	7,0	15,3	5,8	2,4	7,6	8,0
Farming EBIT/kg (HOG)	10,8	4,2	-1,3	1,5	9,4	6,99	-0,2	4,8	6,5

Group EBIT (Cermaq ASA)	2006	2007	2008	2009	2010	2011	2012E	2013E	2014E
Farming Chile*	556	222	-332	-173	204	431	-61	276	413
Farming Canada	373	103	95	163	190	127	-23	85	103
Farming UK	24	-4	4	2	10				
Norway - Finnmark			6	25	185	82	-12	206	234
Norway - Nordland	154	97	98	154	322	132	75	175	184
Mainstream	1 107	418	-131	171	912	772	-20	742	934
EWOS Group	255	369	100	380	509	625	676	658	661
AGRI Group	7	8	60	17	2	9	3	-2	-2
Eliminations to EBIT	-50	-41	63	-29	17	-4	-109	-4	-52
Group EBIT (Cermaq ASA)	1 318	754	93	538	1 440	1 402	551	1 394	1 541

Source: Fondsefinans. * In Chile, CMC consolidated from 4Q 2012

The tables below sums up our quarterly Cermaq estimates.

EWOS	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
EWOS Norway (t)	246 341	182 000	92 000	137 000	260 000	185 000	95 000	137 000	260 000	185 000
EWOS Chile (t)	75 850	75 000	98 000	84 000	81 000	78 000	96 040	82 320	79 380	76 440
EWOS Canada (t)	20 000	15 100	17 000	21 000	19 200	15 000	16 830	20 790	19 008	14 850
EWOS UK (t)	20 157	17 000	11 500	13 000	20 000	16 000	11 500	13 000	20 000	16 000
EWOS Vietnam	8 000	11 000	11 100	5 200	8 000	10 000	11 100	5 200	8 000	10 000
Group EWOS (tons)	370 348	300 100	229 600	260 200	388 200	304 000	230 470	258 310	386 388	302 290
EWOS growth Y/Y (salm.)	20 %	19 %	40 %	6 %	5 %	1 %	0 %	-1 %	0 %	-1 %
EWOS group revenues (mill)	3 227	2 542	1 861	2 126	3 348	2 640	1 878	2 264	3 347	2 614
Price per kilo (NOK/kg)	8,71	8,47	8,11	8,17	8,63	8,68	8,15	8,76	8,66	8,65
Cost of material (NOK/kg)	6,91	6,66	6,36	6,35	6,69	6,89	6,59	6,79	6,74	6,64
Gross margin, (NOK/kg)	1,80	1,81	1,74	1,83	1,93	1,73	1,73	1,73	1,73	1,73
Feed EBIT (MNOK)	290	157	62	113	346	155	17	146	318	177
EBIT-margin, pst	9,0%	6,2%	3,3%	5,3%	10,3%	5,9%	0,9%	6,5%	9,5%	6,8%
EBIT-margin, NOK/ton	783	524	268	436	892	509	72	566	823	585

Source: Fondsefinans

Farming volumes	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Chile (all species)*	8 400	22 400	13 100	5 300	7 000	17 000	22 500	16 500	19 500	26 000
Canada	6 300	5 800	2 800	4 700	5 600	5 500	3 000	4 000	5 000	3 000
Farming Norway (Finnmark)	3 000	5 900	6 800	7 700	3 200	500	9 000	8 000	6 000	8 500
Farming Norway (Nordland)	7 500	7 000	3 600	4 500	8 700	14 500	2 000	6 000	9 000	6 000
Total farming (HOG)	25 200	41 100	26 300	22 200	24 500	37 500	36 500	34 500	39 500	43 500

* CMC consolidated from 4Q 2012

Farming EBIT (NOK/kg)	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Farming Chile*	7,7	7,69	3,8	-4,7	-8,1	-1,65	0,8	4,4	3,4	4,6
Farming Canada	1,0	0,12	-0,6	2,3	-4,6	-1,10	4,3	7,5	5,5	5,0
Farming Norway (Finnmark)	-9,2	-3,24	0,2	-0,9	-2,4	2,80	5,3	8,5	6,5	6,0
Farming Norway (Nordland)	2,3	0,43	3,1	0,7	2,0	3,00	6,5	10,0	7,0	6,5
Farming EBIT/kg (HOG)	2,4	3,82	2,3	-0,8	-3,0	0,29	2,5	6,7	5,0	5,1

* CMC consolidated from 4Q 2012

EBIT Mainstream	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Farming Chile*	65	172	49	-25	-57	-28	18	73	67	119
Farming Canada	7	1	-2	11	-26	-6	13	30	28	15
Farming UK										
Farming Norway (Finnmark)	-28	-19	1	-7	-8	1	48	68	39	51
Farming Norway (Nordland)	18	3	11	3	18	44	13	60	63	39
EBIT Mainstream	61	157	60	-18	-73	11	91	231	196	224
EWOS Group	290	157	62	113	346	155	0	0	0	0
AGRI	2	3	2	2	-1	1	2	2	2	2
Eliminations/sale gain to EBIT	-6	16	-23	-64	-41	19	20	-8	-8	-8
EBIT Cermaq ASA (ex IFRS)	348	333	101	33	232	185	113	225	190	218

Source: Fondsinans. * In Chile, CMC consolidated from 4Q 2012

We continue to value Cermaq ASA on outlook in feed and farming.

We apply individual target multiples to the different farming clusters in Northern Norway and continue to assign individual target values per cluster, reflecting cultivation conditions and risks.

In fish feed, we continue to split EWOS values between the different regions. For EWOS (incl. Vietnam and R&D), we set a value of around NOK 5.2b (5.0b) equal to EV/EBIT around 8.6.

In total, we estimate updated SOTP values equal to NOK 111 (104) per share, implicitly corresponding to EV farming/kg of 52 (50) as our target, and maintain our Buy recommendation.

*Maintaining our CEQ
Buy recommendation*

Farming target implies
EV/kg = 52 (50). Some
discount to Coho and
trout

EV/kg target in Chile
based on underlying
harvesting and not extra
sales for 2013

EWOS around EV/EBIT
of 8.6x2012E

31.12 2013E NIBD
around NOK 2.5b

Target: NOK 111/share

Cermaq ASA	EBIT-margin	Volumes	EBIT (MNOK)	Sites	EV/kg	EV/EBIT	EV (MNOK)
Chile, At. Salmon	3,50	47 000	164	54	50	14,3	2 350
Chile, trout (EV/cap.)	3,21	14 500	47	18	n.m.	8,0	372
Chile, Coho	2,83	23 000	65	20	n.m.	8,0	520
Farming Chile (all species)	3,26	84 500	276	92	38	11,8	3 242
Farming Canada (West Coast)	5,69	15 000	85	27	51	9,0	769
Farming Norway (Finnmark)	6,53	31 500	206	27	59	9,0	1 851
Farming Norway (Nordland)	7,61	23 000	175	17	63	8,3	1 453
EV Mainstream (farming)	4,82	154 000	742	163	47	9,9	7 314
Silver Seed (50%), Leines, Holmvåg, Hopen, Forsan, Ranfjord (30%)				6	1	35	210
EV Mainstream (farming adj.)					52	10,1	7 524
EWOS Norway (t)	0,550	677 000	372	3		8,5	3 165
EWOS Chile (t)	0,489	334 180	163	2		8,0	1 307
EWOS Canada (t)	0,500	71 478	36	1		8,5	304
EWOS UK (t)	0,500	60 500	30	1		8,0	242
EWOS Vietnam (51%-Anova Corp)		34 300	6	1			0
EV EWOS (feed)	0,516	1 177 458	608	8		8,3	5 018
EWOS Innovation AS (R&D company)		3 900	50	5	40		200
EV EWOS adj. (incl. R&D)		1 181 358	658			8,6	5 218
2013 dividend adj to SOTP							257
Remaining Denofa assets (put option at P/B=1)							90
Agri real estate properties (rented out)			9	3	30		90
Ballangen Sjøfarm AS (30%)		3 638		3	60		54
AquaGen AS (12.34%), Sold at 4q12				3			0
EV others/minorities							491
EV Cermaq target values			1 404	168		9,4	13 233
HQ adjustments			-52			9,4	-490
31.12.2013 NIBDe							2 494
Asset values							10 249
Outst. shares							92,5m
SOTP target values							111

Source: Fondsefinans Research

Cermaq ASA

Analysts: Bent Rolland +23 11 30 27 and Philip M. Scrase +23 11 30 23

Sector:	Aquaculture	Price (NOK):	88		Shares outst.:	92,5m						
Date:	10.jan.13	Book equity per share (NOK):	59,9		Market cap (NOKm):	8 117						
Next result:	12.feb.13	Equity ratio:	49 %		Net int.bearing debt (NOKm):	2 498						
Target:	111	Avg daily vol (90d):	121		Entrprise value (NOKm):	10 615						
Recommendation:	Buy	12 months High / Low:	87,3 / 62,5		OSEBX:	456						
Financial data (NOKm)	2010	2011	2012E	2013E	2014E	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E
Operating income	9 990	11 634	11 481	13 538	13 644	3 506	3 285	2 328	2 440	3 472	3 241	2 663
Costs of goods/other op. ex.	-8 309	-9 949	-5 096	-11 717	-11 676	-3 077	-2 904	-2 145	-2 323	-3 156	-2 951	-2 429
EBITDA	1 806	1 719	852	1 821	1 968	429	382	183	117	316	290	234
<i>EBITDA-margin</i>	18 %	15 %	7 %	13 %	14 %	12 %	12 %	8 %	5 %	9 %	9 %	9 %
Depreciation	-339	-317	-354	-417	-417	-81	-82	-82	-84	-84	-104	-104
Write down of fixed assets	27	0	-52	0	0	0	0	0	0	-52	0	0
EBIT bef. FV adj. of biomass	1 440	1 402	551	1 404	1 551	348	300	101	33	180	185	130
EBIT-margin (ex.IFRS adj.)	14 %	12 %	5 %	10 %	11 %	10 %	9 %	4 %	1 %	5 %	6 %	5 %
Biomass IFRS adj.	512	-362	-317	0	0	-57	-15	-210	69	-176	0	0
EBIT (operating profit)	1 952	1 007	183	1 404	1 551	291	285	-108	103	3	185	130
Associates (Denofa)	32	37	16	20	20	0	2	-3	13	1	5	5
Financial expenses	-52	-39	-76	-87	-82	-33	-11	-18	-17	-18	-23	-23
Financing fair value impacts	13	0	56	0	0	0	0	0	0	0	56	0
Net financials	-40	-39	-20	-87	-82	-33	-11	-18	-17	-18	33	-23
EBT (earnings before tax)	1 944	1 005	179	1 336	1 488	258	275	-130	99	-14	224	112
Payable tax	-429	-213	-74	-321	-357	-62	-36	32	-19	-30	-57	-27
Profit for the period	1 515	792	105	1 016	1 131	196	240	-97	79	-43	167	85
Minority share (discount.)	0	0	2	8	8	-1	-1	-2	3	-2	2	2
Profit to Cermaq shareholders	1 515	792	104	1 008	1 123	197	241	-96	77	-42	165	83
Adjustments:												
Biomass adjustment	-512	362	317	0	0	57	15	210	-69	176	0	0
Write downs/other adjustment	120	-88	-39	0	0	-14	-2	-52	14	0	0	0
Write down financial assets	-158	0	79	0	0	0	0	0	27	52	0	0
Exceptionals in EBIT	40	0	6	0	0	0	0	6	0	0	0	0
Net adjustment	-510	274	363	0	0	44	13	163	-29	229	0	0
Net result (adjusted)	1 005	1 066	467	1 008	1 123	240	253	66	50	186	167	85
Number of shares	92,5	92,5	92,5	92,5	92,5	92,5	92,5	92,5	92,5	92,5	92,5	92,5
EPS	16,4	8,6	1,1	10,9	12,1	2,13	2,60	-1,03	0,83	-0,45	1,78	0,90
Adj. EPS	10,86	11,53	5,05	10,89	12,14	2,59	2,73	0,71	0,54	2,01	1,80	0,92
DPS	5,40	4,63	2,78	4,36	5,46							
Multiples:												
EV/ Sales		0,8	1,0	0,8	0,7							
EV/ EBITDA		5,3	13,3	5,8	4,9							
EV/EBIT, before adj		6,5	20,6	7,6	6,2							
P/E adj.		7,6	17,4	8,1	7,2							
P/B		1,3	1,3	1,1	1,0							
Segment info:												
EBIT AGRI	2	9	3	-2	-2	2	3	2	2	-1	1	2
EBIT Mainstream bef.adj.	912	772	-20	742	934	61	157	60	-18	-73	11	91
EBIT EWOS bef. adj.	509	625	676	658	661	290	157	62	113	346	155	17
EWOS volumes	876 225	1 079 239	1 182 000	1 177 458	1 197 670	370 348	300 100	229 600	260 200	388 200	304 000	230 470
EWOS volume growth YoY	10 %	20 %	9 %	0 %	1 %	20 %	19 %	40 %	6 %	5 %	1 %	0 %
EBIT-margin EWOS (NOK/t)	580	579	572	559	551	783	524	268	436	892	509	72
EBIT-margin (%)	6,9%	6,7%	6,8%	6,5%	6,4%	9,0%	6,2%	3,3%	5,3%	10,3%	5,9%	0,9%
Eliminations/adj/HQ	17	-4	-109	-4	-52	-6	16	-23	-64	-41	19	20
Farming (tons - HOG)												
Chile (all species)	37 301	49 300	42 400	84 500	74 775	8 400	22 400	13 100	5 300	7 000	17 000	22 500
Canada	20 700	21 200	18 600	15 000	15 000	6 300	5 800	2 800	4 700	5 600	5 500	3 000
Norway - Finnmark	16 100	17 100	18 200	31 500	31 500	3 000	5 900	6 800	7 700	3 200	500	9 000
Norway - Nordland	21 000	22 800	31 300	23 000	23 000	7 500	7 000	3 600	4 500	8 700	14 500	2 000
Total farming (HOG)	96 801	110 400	110 500	154 000	144 275	25 200	41 100	26 300	22 200	24 500	37 500	36 500
Chile (all segments)	5,5	8,7	-1,4	3,3	5,5	7,7	7,7	3,8	-4,7	-8,1	-1,6	0,8
Canada	9,2	6,0	-1,2	5,7	6,9	1,0	0,1	-0,6	2,3	-4,6	-1,1	4,3
Norway - Finnmark	11,5	4,8	-0,6	6,5	7,4	-9,2	-3,2	0,2	-0,9	-2,4	2,8	5,3
Norway - Nordland	15,3	5,8	2,4	7,6	8,0	2,3	0,4	3,1	0,7	2,0	3,0	6,5
Farming EBIT/kg (HOG)	9,4	7,0	-0,2	4,8	6,5	2,4	3,8	2,3	-0,8	-3,0	0,3	2,5
Balance Sheet (NOKm)	2010	2011	2012E	2013E	2014E	Largest shareholders of Cermaq ASA					Shares	08.jan.13
Total non-current assets	4 716	4 942	6 267	6 599	6 712	NÆRINGS- OG HANDELSDEPARTEMENTET					40 271 600	43,5%
Total current assets	4 897	5 415	6 124	6 852	7 204	LANDSDOWNE DEVELOPED MKTS					6 081 461	6,6%
Total assets	9 613	10 357	12 391	13 451	13 916	FOLKETRYGDFONDET					4 686 093	5,1%
Total equity	5 752	6 159	6 033	7 112	8 198	BNYM SA/NV - Client account					3 195 877	3,5%
Total equity and liabilities	9 613	10 357	12 391	13 450	13 916	PARETO AKSJE NORGE					1 542 541	1,7%
Equity ratio	60 %	59 %	49 %	53 %	59 %	MONTAGUE PLACE					1 353 847	1,5%
NIBD	1 180	1 052	3 221	2 494	1 541	STATE STREET BANK AND TRUST CO.					1 183 122	1,3%
Dividends	500	428	257	403	505	SKAGEN VEKST					1 084 045	1,2%
Return on equity	40 %	20 %	6 %	21 %	21 %	PICTET & CIEBANQUIERS					1 079 400	1,2%
Cash flow from operations	693	1 185	-243	1 713	1 866	STATE STREET BANK AND TRUST CO.					1 033 316	1,1%
Cash flow from investments	129	-501	-1 769	-729	-510	DNB BANK EGENHANDEL					898 096	1,0%
Cash flow from financing	-772	-710	1 770	-257	-1 003	LANDSDOWNE UK STRATEGIC INV					864 618	0,9%
Net cash change	58	-20	-249	728	353	OTHER SHAREHOLDERS					29 225 984	31,6%
Cash and Cash eq. UB	479	459	210	937	1 290	TOTAL SHAREHOLDERS					92 500 000	100,0%

Lerøy Seafood Group ASA

Downgrade to Neutral (BUY)

Preview 4Q12 10 January 2013
Results date 26 February 2013

Share Price: NOK 139 (10.01.2013)
Target: NOK 150 (134)

Share data	10.01.2013
Sector	Aquaculture
Reuters/Bloomberg	LSG
Risk rating	Medium
Outstanding shares	54 577
Market cap	7 559
Net interest bearing debt	2 305
Enterprise value	9 864
Free float	30 %
Average volume	29
High/low 52w	140.0 / 80.3
Weight OSEBX	0,3875
Rel. Perf 3/6/12	17/ 15/ 53
Abs. Perf. 3/6/12	18/ 28/ 70

Attractive European exposure

Lerøy Seafood Group is a fully integrated Norwegian salmon and trout farmer with extensive operations in three clusters along the Norwegian coast, a global distribution network and a growing value added downstream operation with Nordic and European VAP/S&D exposure.

LSG is primarily exposed to the European market, which is the market where we expect prices to pick up first, due to falling aggregate supply. With extensive downstream operations acting as a stabilizer, LSG is less sensitive towards a positive salmon cycle than other more focused upstream players. Downstream assets are more stable, offering downside protection.

We expect salmon prices to pick up earlier in Europe than in the US, favoring LSG upstream in particular compared to peers with farming operations in Chile and Canada. We forecast a marked shift in LSG earnings going forward on the back of much stronger salmon prices. Cost per kilo in the production should be more stable in LSG waters than for other companies in other regions.

We expect LSG to report 4Q12 EBIT of NOK 135m, on harvesting volumes of 40 100 t. We estimate the Sales & Distribution segment to contribute positively with NOK 65m in high season.

In total, we estimate 2013 and 2014 EPS of NOK 13.1 (13.1) and 16.8 (15.6) respectively. Over the next years, NIBDe will come down from around NOK 2.3b to NOK 1.2b by the end of 2014E. Dividend capacity will recover significantly over the next few years, and we estimate DPS of NOK 5.9 and NOK 6.7 for 2013E and 2014E, offering attractive yield. We maintain high cycle values as we expect tight markets for at least the next few years. We conclude updated SOTP values equal to NOK 150 per share. EV/kg target is set equal to EV/kg of 53 (50). Based on the current share price, we downgrade our recommendation to Neutral (Buy).

Estimate changes	Curr	Prev	Curr	Prev	%	%
Tons/MNOK	2012E	2012E	2013E	2013E	2012E	2013E
EBIT (before IFRS adj)	451	546	1 111	1 050	-18%	6%
EPS	5,47	6,85	13,12	13,02	-20%	1%
EPS adj.	5,47	6,85	13,12	13,02	-20%	1%
Lerøy Midnor	35 500	36 000	36 000	36 000	-1%	0%
Lerøy Aurora	19 000	19 900	22 000	20 300	-5%	8%
Lerøy Sjøtroll (51%)	32 600	27 000	30 000	26 460	21%	13%
Lerøy Hydrotech	26 600	25 700	26 500	24 065	4%	10%
Lerøy Vest (incl Fossen)	38 400	39 900	37 500	38 400	-2%	-2%
Norwegian volumes (t)	152 100	147 900	152 000	145 225	3%	5%
UK volumes (t)	13 000	12 500	12 500	12 125	4%	3%
Farming EBIT, UK (50%)	31,3	29,9	67	61	5%	11%
S&D EBIT	190	189	240	240	1%	0%
EBIT Farming (MNOK)	Curr	Curr	Curr	Curr	%	%
Lerøy Midnor	183	194	246	213	-5%	15%
Lerøy Aurora	68	74	151	142	-8%	7%
Lerøy Sjøtroll (51%)	12	19	190	144	-41%	33%
Lerøy Hydrotech	-11	21	141	139	-152%	1%
Lerøy Vest (incl Fossen)	8	59	183	196	-86%	-7%
Farming EBIT, Norway	260	366	910	834	-29%	9%
EBIT/kg NOK	Curr	Prev	Curr	Prev	%	%
Lerøy Midnor	5,2	5,4	6,8	5,9	-4%	15%
Lerøy Aurora	3,6	3,7	6,9	7,0	-4%	-2%
Lerøy Sjøtroll (51%)	0,4	0,7	6,3	5,4	-51%	17%
Lerøy Hydrotech	-0,4	0,8	5,3	5,8	n.m.	-8%
Lerøy Vest (incl Fossen)	0,2	1,5	4,9	5,1	-86%	-5%
Farming EBIT/kg, Norway	1,7	2,5	6,0	5,7	-31%	4%

Source: Fondsefinans

LSG volume guidance	2012	2013	2013/12
	Guidance	Guidance	Growth
Lerøy Midnor AS (Hitra+Averøy)	35 000	36 000	1 %
Lerøy Aurora AS (Ringvassøy)	19 000	22 000	16 %
LSG Sjøtroll (50.7%)	33 000	30 000	-8 %
Lerøy Hydrotech AS (Møre)	26 500	27 000	0 %
Lerøy Vest (Hordaland)	38 500	39 000	-2 %
Total LSG Norway (tons)	152 000	154 000	-0,1%
UK - Scottish Sea Farms (100%)	26 000	25 000	-4 %

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Key figures (NOK m)	2009	2010	2011	2012E	2013E	2014E	4Q11	4Q12E
Revenues	7 474	8 888	9 177	9 220	10 537	10 703	2 251	2 528
EBITDA	1 154	1 806	1 485	773	1 400	1 644	192	208
EBIT (before IFRS adj)	950	1 586	1 213	451	1 111	1 355	120	135
IFRS biomass adj.	60	299	-616	-49	0	0	22	0
Associates (UK farming)	50	119	19	27	48	52	-9	9
PTP	974	1 938	534	337	1 080	1 349	111	121
EPS	13,4	25,9	6,6	4,4	13,0	16,7	1,32	1,50
EPS (adj)	12,8	22,0	14,3	5,5	13,1	16,8	1,05	1,50
DPS	7,0	10,0	7,0	3,5	5,9	6,7		
NIBD	1 442	1 300	1 593	2 305	1 798	1 209	1 593	2 305
Norwegian farming	108 900	116 800	137 100	152 100	152 000	152 300	39 800	40 100
Farming growth		7 %	17 %	11 %	0 %	0 %	11 %	1 %
EBIT-margin (NOK/kg)	6,8	11,6	7,1	1,7	6,0	7,3	0,8	1,9
UK farming (50%)	13 200	13 550	10 950	13 000	12 500	12 313	3 750	2 800
EV/ Sales		1,0	1,0	1,0	0,9	0,8		
EV/ EBITDA		4,8	6,0	12,5	6,5	5,2		
EV/EBIT, before adj		5,5	7,4	21,5	8,3	6,3		
P/E adj.		6,2	9,5	24,8	10,3	8,1		
P/B		1,2	1,3	1,3	1,1	1,0		

Source: Fondsefinans Research

LSG estimates and valuation

The table below sums up our annualized LSG estimates:

Annualised volumes and EBIT

LSG farming volumes (t g.w.)	2007	2008	2009	2010	2011	2012E	2013E	2014E
Lerøy Midnor	29 200	31 400	34 900	34 000	35 900	35 500	36 000	35 500
Lerøy Aurora	17 800	17 100	19 400	20 200	18 100	19 000	22 000	21 600
Lerøy Sjøtroll (51%)	9 100	6 400	9 700	3 000	22 000	32 600	30 000	30 600
Lerøy Hydrotech	20 100	23 100	22 300	25 300	26 500	26 600	26 500	26 500
Lerøy Vest (incl Fossen)	13 400	18 300	22 600	34 300	34 600	38 400	37 500	38 100
Total Norwegian volumes	89 600	96 300	108 900	116 800	137 100	152 100	152 000	152 300
Norwegian farming growth Y/Y		7 %	13 %	7 %	17 %	11 %	0 %	0 %

Estimating stable LSG volumes next two years

EBIT-margin (NOK/HOG)	2007	2008	2009	2010	2011	2012E	2013E	2014E
Lerøy Midnor	6,8	5,2	8,7	13,8	10,1	5,2	6,8	7,8
Lerøy Aurora	4,5	3,5	7,0	13,1	8,6	3,6	6,9	7,3
Lerøy Sjøtroll (51%)	2,2	2,3	3,8	8,9	4,8	0,4	6,3	7,0
Lerøy Hydrotech	2,0	1,9	6,6	12,6	5,9	-0,4	5,3	7,2
Lerøy Vest (incl Fossen)	-3,0	-2,1	5,3	8,1	5,7	0,2	4,9	7,2
UK farming (SSF-100% - tons)	5,9	2,6	6,3	10,3	5,3	2,4	5,4	6,0
EBIT-margin (HOG/NOK)	3,4	2,5	6,8	11,6	7,1	1,7	6,0	7,3
Scottish Sea Farms (50%)	5,9	2,6	6,3	10,3	5,3	2,4	5,4	6,0

Farming EBIT	2007	2008	2009	2010	2011	2012E	2013E	2014E
Lerøy Midnor	200	163	304	470	361	183	246	277
Lerøy Aurora	81	60	135	265	155	68	151	158
Lerøy Sjøtroll (51%)	20	14	37	27	106	12	190	214
Lerøy Hydrotech	41	43	147	320	158	-11	141	192
Lerøy Vest (incl Fossen)	-40	-39	121	278	198	8	183	274
Farming EBIT, Norway	301	241	743	1 358	978	260	910	1 115
EBIT S&D/VAP	115	129	216	255	236	190	240	280
EBIT Other segments	11	2	1	4	9	27	18	18
EBIT-eliminations	-29	-32	-9	-27	-1	1	-40	-40
Lerøy Group EBIT (bef adj)	387	337	950	1 586	1 213	451	1 111	1 355

Source: Fondsfinsans/LSG

The table below sums up our quarterly estimates.

4QE LSG harvesting up 1% Y/Y

Farming volumes (HOG)	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Lerøy Midnor	10 000	11 300	8 700	7 800	9 000	10 000	8 700	8 300	9 000	10 000
Lerøy Aurora	3 900	5 700	5 000	3 800	4 900	5 300	5 500	4 500	5 500	6 500
Lerøy Sjøtroll (51%)	6 600	4 500	4 700	8 600	9 300	10 000	4 106	7 928	8 666	9 300
Lerøy Hydrotech	6 800	8 000	8 000	7 200	4 100	7 300	7 500	7 500	5 000	6 500
Lerøy Vest (incl Fossen)	8 800	10 300	9 900	11 000	10 000	7 500	9 000	11 000	10 000	7 500
LSG Norway (t)	36 100	39 800	36 300	38 400	37 300	40 100	34 806	39 228	38 166	39 800
Supply growth Q/Q	0,1645	11 %	30 %	16 %	3 %	1 %	-4 %	2 %	2 %	-1 %
Scottish Sea Farms (50%)	2 250	3 750	3 450	3 100	3 650	2 800	3 250	3 000	3 500	2 750

EBIT-margin (NOK/HOG)	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Lerøy Midnor	7,2	5,1	7,4	4,5	4,3	4,5	6,5	8,0	7,0	6,0
Lerøy Aurora	7,8	4,3	5,9	1,3	2,4	4,0	6,0	9,0	7,0	6,0
Lerøy Sjøtroll (51%)	0,8	-1,1	-1,6	0,5	0,0	1,5	5,0	9,0	6,0	5,0
Lerøy Hydrotech	3,9	-3,5	-4,3	4,0	-1,4	0,0	6,0	6,0	3,6	5,0
Lerøy Vest (incl Fossen)	1,2	-1,6	1,2	1,4	-1,5	-0,5	4,5	6,0	4,0	4,8
EBIT-margin (HOG/NOK)	4,0	0,8	1,8	2,3	0,8	1,9	5,6	7,4	5,5	5,4
Scottish Sea Farms (50%)	4,7	-0,9	1,9	2,8	1,4	4,0	5,5	6,0	5,0	5,0
EBIT Scottish Sea Farms (50%)	11	-4	7	9	5	11	18	18	18	14

Significant shift from 4Q EBIT

Farming EBIT (LSG)	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Lerøy Midnor	72	57	64	35	39	45	57	66	63	60
Lerøy Aurora	31	25	30	5	12	21	33	41	39	39
Lerøy Sjøtroll (51%)	5	-5	-8	4	0	15	21	71	52	47
Lerøy Hydrotech	26	-28	-34	29	-6	0	45	45	18	33
Lerøy Vest (incl Fossen)	11	-17	12	15	-15	-4	41	66	40	36
Farming EBIT, Norway	145	32	65	88	30	77	196	289	211	214
EBIT VAP/Sales/Dist.	66	83	40	44	41	65	43	47	70	80
Eliminations to EBIT	-4	5	-2	6	3	-7	-10	-10	-10	-10
LSG EBIT (bef adj)	207	120	103	138	74	135	229	326	271	284

Source: Fondsfinsans/LSG

We value LSG based on assessments of risks and productivity in the different geographic regions, as each is valued separately. The current PD challenges/cultivation zones imply that the Hordaland (LSG Vest and LSG Sjøtroll) region is allocated a lower EV/kg ratio than the more attractive farming areas. However, if long term conditions improve, we see the potential for raising the valuation of Lerøy Vest and Sjøtroll. Still, Sjøtroll is primarily a rainbow trout producer. While cost per kilo is higher for trout than for Atlantic salmon, global supply of rainbow trout is expected to contract next year, leading to better prices.

For the Sales and Distribution unit we assign an EV/EBIT of 8.0 (8.0). The table below offers more details.

EV/kg NOK 53 (50)
upstream

Downstream target
multiple of EV/EBIT=8
(8)

SOTP = 150 (134)
NOK/share

Lerøy Seafood Group ASA	Volumes	EBIT-margin	EBIT2013	LSG values	EV/EBIT	Impl. EV/kg
Lerøy Midnor AS (30)	36 000	6,83	246	2 287	9,3	64
Lerøy Aurora AS (17)	22 000	6,86	151	1 359	9,0	62
LSG Sjøtroll (25).100%	30 000	6,35	190	1 618	8,5	54
Lerøy Hydrotech AS (24)	26 500	5,30	141	1 194	8,5	45
Lerøy Vest (27+7)	37 500	4,87	183	1 643	9,0	44
EV Farming (Norway-130)	152 000	5,99	910	8 101	8,9	53
Scottish Sea Farms (50%) - 37 licenses	12 500	5,4	134	537	8	43
LSG Sales & Distribution (incl. Rode)		0,809	240	1 922	8	
AquaGen AS (2.52%)				20		
Salmobreed (27.5%). Sjøtroll stake				20		
Brandasund/Rex Star, Sjøtroll stake (27.5%)	2	20		40		
Sigerfjord Aqua AS (arctic char) 91%				30		
2013 Dividend payment adjustment				193		
HQ/eliminations/minorities			-40	-356	8,9	
Total EV			1 111	10 507		
NIBD 31.12.2013E (incl. Sjøtroll 100%)				1 798		
Sjøtroll AS 49.3% adjustment	0,493			798		
Sjøtroll/Rode NIBD adj.	0,493		220	208		
Equity values				8 119		
Outst. shares (ex. own shares)				54,2		
SOTP values - target				150		

Source: Fondsefinans

Lerøy Seafood Group ASA

Analyst: Bent Rølland +23113027

Sector:	Aquaculture	Price (NOK):	139	Shares outst.:	54,58m
Date:	10.jan.13	Book equity per share (NOK):	108	Market cap (NOKm):	7 559
Next result:	26.02.2013	Equity ratio:	51 %	Net int.bearing debt (NOKm):	2 305
Target:	150	Avg daily vol (90d):	29	Enterprise value (NOKm):	9 864
Recommendation:	Neutral	12 months High / Low:	140.0 / 80.3	OSEBX:	0,3875

Financial data (NOK mill)	2010	2011	2012E	2013E	2014E	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E
Operating income	8 888	9 177	9 220	10 537	10 703	2 304	2 251	2 164	2 306	2 223	2 528	2 495
Costs of goods/other costs	-7 082	-7 692	-8 447	-9 137	-9 059	-2 028	-2 059	-1 955	-2 135	-2 077	-2 320	-2 194
EBITDA	1 806	1 485	773	1 400	1 644	276	192	209	211	146	208	301
<i>EBITDA-margin</i>	<i>20 %</i>	<i>16 %</i>	<i>8 %</i>	<i>13 %</i>	<i>15 %</i>	<i>12 %</i>	<i>9 %</i>	<i>10 %</i>	<i>9 %</i>	<i>7 %</i>	<i>8 %</i>	<i>12 %</i>
Depreciation	-220	-272	-290	-289	-289	-70	-72	-72	-73	-72	-72	-72
Write down of fixed assets	0	0	-33	0	0	0	0	-33	0	0	0	0
EBIT (bef. IFRS biomass)	1 586	1 213	451	1 111	1 355	207	120	103	138	74	135	229
<i>EBIT-margin (before IFRS)</i>	<i>18 %</i>	<i>13 %</i>	<i>5 %</i>	<i>11 %</i>	<i>13 %</i>	<i>9 %</i>	<i>5 %</i>	<i>5 %</i>	<i>6 %</i>	<i>3 %</i>	<i>5 %</i>	<i>9 %</i>
IFRS value adj.	299	-616	-49	0	0	-143	22	89	-84	-54	0	0
EBIT (operating profit)	1 885	597	402	1 111	1 355	64	142	192	55	20	135	229
<i>EBIT-margin (after IFRS (%))</i>	<i>21 %</i>	<i>7 %</i>	<i>4 %</i>	<i>11 %</i>	<i>13 %</i>	<i>3 %</i>	<i>6 %</i>	<i>9 %</i>	<i>2 %</i>	<i>1 %</i>	<i>5 %</i>	<i>9 %</i>
Associates (Norskott)	119	19	27	48	52	-8	-9	9	6	3	9	12
Write down financial assets	0	0	0	0	0	0	0	0	0	0	0	0
Net financials (incl agio/disagio)	-66	-82	-91	-78	-58	-24	-22	-23	-22	-24	-23	-22
EBT (earnings before tax)	1 938	534	337	1 080	1 349	31	111	178	39	-1	121	219
Tax cost	-511	-156	-89	-281	-337	-13	-37	-48	-9	0	-31	-57
Profit for the period	1 427	378	249	800	1 012	18	75	130	30	1	90	162
Minority share of profit	-13	-19	-8	-88	-99	-9	-3	4	-5	0	-8	-9
Profit to the shareholders of Lerøy	1 414	359	241	712	914	10	72	135	25	1	82	153
Adjustments:												
Biomass FV adjustment	-299	616	49	0	0	143	-22	-89	84	54	0	0
Asset writedowns	81	-199	-8	0	0	-59	7	24	-20	-13	0	0
Net adjustment	-218	417	56	0	0	85	-15	-65	80	41	0	0
Net result (adjusted)	1 196	776	297	712	914	94	57	70	105	42	82	153
EPS	25,9	6,6	4,4	13,0	16,7	0,2	1,3	2,5	0,5	0,0	1,5	2,8
Outstanding shares (mill)	54,3	54,3	54,2	54,2	54,2	54,2	54,2	54,2	54,2	54,2	54,2	54,2
EPS (adj)	22,0	14,3	5,5	13,1	16,8	1,7	1,1	1,3	1,9	0,8	1,5	2,8
Impl. CF per kilo fish	12,3	6,4	1,6	7,3	8,2	2,4	4,8	3,9	4,2	-0,9	-0,6	9,0
DPS	10,0	7,0	3,5	5,9	6,7							
Multiples:												
EV/ Sales			1,1	0,9	0,8							
EV/ EBITDA			12,8	6,7	5,3							
EV/EBIT, before adj			21,9	8,4	6,5							
P/E adj.			25,5	10,6	8,3							
P/B			1,3	1,2	1,0							
Farming in Norway (tgv)												
Lerøy Midnor	34 000	35 900	35 500	36 000	35 500	10 000	11 300	8 700	7 800	9 000	10 000	8 700
Lerøy Aurora	20 200	18 100	19 000	22 000	21 600	3 900	5 700	5 000	3 800	4 900	5 300	5 500
Lerøy Sjøtroll (51%)	3 000	22 000	32 600	30 000	30 600	6 600	4 500	4 700	8 600	9 300	10 000	4 106
Lerøy Hydrotech	25 300	26 500	26 600	26 500	26 500	6 800	8 000	8 000	7 200	4 100	7 300	7 500
Lerøy Vest (incl Fossen)	34 300	34 600	38 400	37 500	38 100	8 800	10 300	9 900	11 000	10 000	7 500	9 000
Norwegian farming	116 800	137 100	152 100	152 000	152 300	36 100	39 800	36 300	38 400	37 300	40 100	34 806
Farming revenues	4 567	5 188	5 043	5 124	5 776	1 273	1 288	1 203	1 296	1 229	1 315	1 284
EBIT farming	1 358	978	260	910	1 115	145	32	65	88	30	77	196
<i>EBIT-margin (NOK/HOG)</i>	<i>11,6</i>	<i>7,1</i>	<i>1,7</i>	<i>6,0</i>	<i>7,3</i>	<i>4,01</i>	<i>0,80</i>	<i>1,78</i>	<i>2,29</i>	<i>0,79</i>	<i>1,93</i>	<i>5,62</i>
UK farming (SSF-100% - tons)												
Farming revenues	1 027	798	892	869	862	155	248	229	217	255	192	224
EBIT bef adj.	280	115	63	134	148	21	-7	13	17	10	22	36
<i>EBIT-margin (NOK/HOG)</i>	<i>10,3</i>	<i>5,3</i>	<i>2,4</i>	<i>5,4</i>	<i>6,0</i>	<i>4,7</i>	<i>-0,9</i>	<i>1,9</i>	<i>2,8</i>	<i>1,4</i>	<i>4,0</i>	<i>5,5</i>
Lerøy Sales & Distribution												
EBIT S&D	255	236	190	240	280	66	83	40	44	41	65	43
Balance Sheet (IFRS)												
Total non-current assets	5 808	6 083	6 363	6 532	6 635	Austevoll Seafood ASA		34 144 281		62,6%		
Total current assets	5 544	5 379	5 058	5 240	5 550	Pareto Aksje Norge ASA		2 995 523		5,5%		
Total assets	11 352	11 462	11 421	11 772	12 185	Folketrygdfondet		1 524 420		2,8%		
Total equity	5 994	5 798	5 775	6 506	7 298	Pareto Aktiv		1 268 924		2,3%		
Total equity and liabilities	11 352	11 462	11 421	11 772	12 185	Biomar AS		1 000 000		1,8%		
Equity ratio (cov=30%)	53 %	51 %	51 %	55 %	60 %	Pareto Verdi		678 576		1,2%		
Retur on equity	35 %	15 %	11 %	15 %	18 %	Citybank New York		446 861		0,8%		
NIBD	1 300	1 593	2 305	1 798	1 209	Forsvarets personellservice		352 700		0,6%		
Cash flow from operations	1 441	873	243	1 110	1 250	Lerøy Seafood Group		329 776		0,6%		
Cash flow from investments	-776	-521	-500	-410	-340	Pictet & Cie		307 890		0,6%		
Cash flow from financing	-25	-127	-360	-573	-700	OTHER SHAREHOLDERS		11 528 417		21,1%		
New equity	131	-40	0	0	0	TOTAL SHAREHOLDERS		54 577 368		100 %		

SalMar ASA

4Q12 Preview 10 January 2013
Results date 28 February 2013

Downgrade to Neutral (BUY)

Share Price: NOK 45 (10.01.2013)
Target: NOK 50 (40)

Share data 10.01.2013

Sector	Aquaculture
Reuters/Bloomberg	SALM
Risk rating	High
Outstanding shares	112,0
Market cap	5 062
Net interest bearing debt	2 641
Enterprise value	7 704
Free float	<55
Average volume	25 054
High/low 52w	46.0 / 26.2
Weight OSEBX	0,2413
Rel. Perf 3/6/12	26/ 32/ 41
Abs. Perf. 3/6/12	28/ 45/ 59

Expecting decent 4Q. 2013 guidance is aggressive

With increased downstream operations, SalMar is less geared towards a positive salmon cycle than more focused upstream players. Still, we expect to see a shift in earnings going forward, as salmon prices are expected to come up, increasing upstream profits, in addition to increased downstream efficiency.

In addition, the company guides on harvesting of 115 000 t HOG in 2013. We believe the guidance is too high, and calculate volumes of around 103 000 t for the full year (given that 4Q12 volumes come in above guidance and based on normal winter feeding conditions). Further, the current PD situation in mid Norway will reduce the yield and capacity in the region in 2013.

We expect SalMar to report 4Q12 EBIT of NOK 126m, on harvesting volumes of 32 700 t HOG, representing 5% volume growth Y/Y, as we estimate that the company has harvested extra volumes in the quarter in preparation for following in mid Norway during 1Q13. We expect SALM to report a positive EBIT contribution from the new Sales & Processing segment of NOK 17m, harvesting own volumes in addition to contracted volumes from Lerøy Seafood Group as well as local farming companies in the area. The Vikenco VAP (Rauma Group) numbers are also included in the Sales & Industry segment numbers.

Based on our updated assumptions, we estimate 2013 and 2014 EPS adj. of around NOK 5.2 (4.9) and 5.8 (5.6), respectively. Upstream SALM value is set equal to EV/kg of NOK 56 (49) as a high cycle approach. We increase our SOTP-based share price target to NOK 50. Based on the current share price, which is up 50%, we downgrade our SalMar ASA recommendation to Neutral.

Estimate changes

Estimate changes	2012E		2013E		Change %		Growth Y/Y	
	Curr	Prev	Curr	Prev	2012E	2013E	2012E	2013E
Tons/MNOK								
Revenues	4 331	3 947	4 846	4 349	10 %	11 %	10 %	12 %
EBITDA	503	534	948	972	-6 %	-2 %	-6 %	88 %
EBIT	339	367	794	803	-8 %	-2 %	-8 %	131 %
PTP	389	449	635	613	-13 %	3 %	-13 %	115 %
EPS adj.	2,33	2,60	5,16	4,97	-10 %	4 %	-10 %	122 %
Margin, NOK/kg (g.w.)								
Central Norway	3,44	3,23	7,23	6,61	6 %	9 %	6 %	110 %
Northern Norway	2,92	2,93	6,83	6,62	0 %	3 %	0 %	133 %
Rauma Group (75.5%)	1,49	1,89	7,32	6,90	-21 %	6 %	-21 %	392 %
Average margin, Norway	3,62	3,01	7,82	6,65	21 %	18 %	21 %	116 %
Farming volume								
Central Norway	69 300	71 400	65 000	69 258	-3 %	-6 %	-3 %	-6 %
Northern Norway	22 600	20 600	24 000	24 000	10 %	0 %	10 %	6 %
Rauma Group (75.5%)	13 700	13 000	13 600	13 000	5 %	5 %	5 %	-1 %
Volume, Norway	105 600	105 000	102 600	106 258	1 %	-3 %	1 %	-3 %

Source: Fondsefinans

SalMar volume guidance

SALM volume guidance	2010	2011	2012 Old	2012 New	Y/Y	2013G	Y/Y
Farming Central Norway	47 100	63 500	74 000	69 000	9 %		
Farming Northern Norway	13 700	18 700	21 000	22 000	18 %		
Rauma segment (75.5%)	4 100	10 900	13 000	13 000	19 %		
Norwegian farming	64 900	93 100	108 000	104 000	12 %	115 000	11 %
UK farming (50%)	13 550	10 900	12 500	13 000	19 %	12 500	
Total SALM (incl UK)	78 450	104 000	120 500	117 000	13 %	127 500	9 %
	-1 %	33 %	16 %	13 %			

Note: Rauma segment includes Bringsvor laks, Ekremsvik and Villa Mjølslaks

Key figures	2009	2010	2011	2012E	2013E	2014E	4Q11	4Q12E
Total revenues	2 377	3 429	4 372	4 331	4 846	4 977	1 065	1 458
EBITDA	658	1 089	1 269	503	948	1 019	102	166
EBIT (before IFRS adj.)	587	975	1 137	339	784	855	64	126
IFRS adj.	-5	181	-407	75,1	0	0	-21	0
Associates (Farming UK)	57	147	98	79	165	181	16	28
PTP	636	1 263	706	389	835	931	11	120
EPS	4,59	9,21	6,62	2,63	5,16	5,78	0,17	0,78
EPS adj.	4,69	7,94	9,46	2,33	5,16	5,78	0,49	0,78
DPS	2,20	4,00	0,00	0,00	1,55	4,00		
NIBD	784	1 805	2 650	2 641	2 332	2 056	2 650	2 641
Central Norway	50 300	47 100	63 500	69 300	65 000	69 000	20 900	21 000
Northern Norway	15 800	13 700	18 700	22 600	24 000	22 200	6 300	9 500
Rauma Group (75.5%)	0	4 100	10 900	13 700	13 600	13 600	4 000	2 200
Norwegian volumes	66 100	64 900	93 100	105 600	102 600	104 800	31 200	32 700
Volume growth		-2 %	43 %	13 %	-3 %	0 %	39 %	5 %
EBIT-margin (NOK/kg), Norway	9,0	15,6	6,9	3,6	7,8	8,3	2,1	3,98
EV/ Sales		0,5	1,7	1,8	1,5	1,4		
EV/ EBITDA		1,7	5,8	15,4	7,9	7,0		
EV/EBIT, before adj.		1,9	6,4	22,9	9,5	8,4		
P/ E adj		0,0	4,8	19,4	8,8	7,8		
P/B		0,0	2,1	1,8	1,5	1,3		

Source: Fondsefinans Research

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SALM estimates and valuation

The table below sums up our annualized SalMar estimates.

Our SalMar estimates

SalMar harvesting vol, t	2008	2009	2010	2011	2012E	2013E	2014E
SalMar Central Norway	42,3	50,3	47,1	63,5	69,3	65,0	69,0
Rauma Group (72,8%)	-	-	4,1	10,9	13,7	13,6	13,6
SalMar Northern Norway	11,3	15,8	13,7	18,7	22,6	24,0	22,2
Harvesting Norway	53,6	66,1	64,9	93,1	105,6	102,6	104,8
Norskott Havbruk (50%)	11,4	13,2	13,6	10,9	13,0	12,5	12,3
SalMar EBIT (NOK/KG)	2008	2009	2010	2011	2012E	2013E	2014E
SalMar Central Norway	7,6	10,1	15,6	7,2	3,4	7,2	7,7
Rauma Group (72,8%)	-	-	16,3	6,6	1,5	7,3	7,4
SalMar Northern Norway	2,9	5,5	15,4	5,7	2,9	6,8	7,1
Norskott Havbruk (50%)	2,5	6,3	10,3	5,3	2,4	5,4	6,0
SalMar EBIT (MNOK)							
SalMar Central Norway	322	507	734	458	238	470	529
Rauma Group (72,8%)	-	42,0	67	72	20	100	101
SalMar Northern Norway	32	86	211	106	66	164	157
Farming EBIT Norway	355	635	1 012	636	325	733	787
Norskott Havbruk (50%)	56	166	279	115	63	134	148

2012E is the trough year

Source: Fondspfinans

The table below sums up our quarterly SalMar estimates.

SalMar harvesting volume, t	3Q11	4Q11	1Q12	2Q12	3Q12E	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Central Norway	23 100	20 900	11 600	12 800	23 900	21 000	10 000	12 000	22 000	21 000
Northern Norway	5 800	6 300	1 100	4 000	8 000	9 500	4 000	4 000	8 000	8 000
Rauma Group (75%)	3 000	4 000	4 600	3 400	3 500	2 200	4 600	3 400	3 400	2 200
Harvesting volume Norway	31 900	31 200	17 300	20 200	35 400	32 700	18 600	19 400	33 400	31 200
Grow th Y/Y	63 %	39 %	-6 %	76 %	11 %	5 %	8 %	-4 %	-6 %	-5 %
SalMar EBIT-margin NOK/kg										
Central Norway	5,5	3,7	4,1	3,5	3,0	3,5	6,6	10,2	6,9	6,1
Northern Norway	1,7	-2,3	-0,5	2,3	3,1	3,4	6,6	10,0	6,6	5,5
Rauma Group (75%)	3,1	0,2	0,2	2,4	1,1	3,3	6,4	10,0	6,7	5,9
EBIT-margin NOK/kg Norway	5,4	2,1	3,4	4,1	3,2	4,0	7,4	11,2	7,2	6,6
SalMar Farming EBIT MNOK (bef adj)										
Central Norway	127	78	48	45	72	74	66	122	152	129
Northern Norway	10	-15	-1	9	25	32	27	40	53	44
Rauma Group (75%)	9	1	1	8	4	7	30	34	23	13
Farming EBIT Norway	172	64	59	82	112	130	137	218	241	207
EBIT eliminations	38	0	-30	16	-1	-5	-5	-5	-5	-5
Group EBIT	135	64	44	61	109	126	132	214	236	202

The table below sums up our SALM SOTP valuation.

Upstream valued at
EV/kg NOK 56

Bakkafrost at market
value

SOTP values of NOK
50 per share

SOTP values of Salmar ASA	Values	EV/EBIT2013	EV/kg	EBIT	Volumes	Capacity	EBIT (NOK/HOG)	Licenses
SalMar Central Norway (ex VAP)	3 640	7,7	56	470	65 000	70 000	7,2	44
SalMar Troms/Finmark	1 392	8,5	58	164	24 000	25 500	6,8	13
Segment Rauma incl Villa Møre	762	7,7	56	100	13 600	14 000	7,3	14
EV Farming (pure upstream)	5 794	7,9	56	733	102 600	109 500	6,2	71
Extra smolt plant values	216		18					12
Villa Organic - 10 moveable licenses	150	non-cultivated	15					10
Rauma broodfish, additional R&D values	30		15					2
EV Farming (additional upstream)	396		60					81
Vikenco real estate plant, Volda (51%)	40							
Extra VAP equipments (SALM owned)	50							
VAP/Industry/Sales (InnovaMar/Vikenco)	551	8		69	93 500	140 000	0,74	
EV Non-sea water (Downstream)	641		66	802			7,97	
Scottish Sea Farms (50%)	537	8,0	43	134	12 500		5,4	37
Villa Organic AS (10%), At market	18	14,2	1,25	142				
Nordskaget Næringspark AS (42.5%)	33		P/B=1					
Bakkafrost ASA (25,21%), At market	846	48,9	29,9 %	58				
Rauma minority values adj.	-207	7,7		-25				
EV Minority assets	1 227							
HQ SalMar/eliminations	-142	7,9		-18				
Total EV Group	7 915			1518	115 100			81
NIBD 31.12.2013	2 332							
Dividend paid in May 2013	0							
Rauma NIBD adj (27.2%)	59							
Own shares (mill)	58,5	45	1,3					
Equity values	5 700							
Outs shares (mill)	113,30							
SOTP values	50							

Source: Fondsefinans

Grieg Seafood ASA

BUY (BUY)

 Preview 4Q12 10 January 2013
 Results date 15 February 2013

 Share Price: NOK 12.4 (10.01.2013)
 Target: NOK 21 (19)

Share data	10.01.2013
Sector	Aquaculture
Reuters/ Bloomberg	GSF
Risk rating	Medium
Outstanding shares (mill)	111,7
Market cap (mill)	1 385
NIBD (mill)	1 446
Enterprise value (mill)	2 830
Free float %	40 %
Average volume (thous)	8
High/ low 52w	12,6 / 4,6
Weight OSEAX %	0,0861
Rel. Perf % (3/6/12 mts)	11/ 40/ 155
Abs. Perf. % (3/6/12 mts)	13/ 53/ 172

Geared towards positive cycle – Financing in place

As a pure upstream player, Grieg Seafood is highly financially and operationally geared to benefit from an upturn in the salmon cycle. As the group's harvesting profile shifts from 21% growth in 2012E to -4% in 2013E, working capital will be released. Hence, we expect NIBD to gradually come down from NOK 1.45b to NOK 1.2b at year end 2013. Shareholders should gain.

We estimate GSF net working capital to come significantly down in 2013 as smolt stocking and CAPEX have been reduced in order to preserve capital. This should, in combination with strong markets, imply a strong cash inflow.

Further, during 4Q12, GSF announced that it had successfully placed a new senior unsecured bond of NOK 400m with maturity date in December 2015, meaning that long-term financing of the company is in place.

We expect GSF to report a 4Q EBIT (ex IFRS) loss of NOK 10m, on volumes of 22,600 t. However, the company is confident with regard to market outlook, and has a limited contract share. GSF is thus well situated to take advantage of presumably much better prices, and we expect a significant shift in earnings ahead.

In total, based on updated assumptions, we estimate 2013 and 2014 GSF EPS adj. of NOK 2.09 (1.72) and NOK 2.57 (2.31). We maintain our high cycle valuation approach. We calculate SOTP values of NOK 21 (19) per share, implicitly corresponding to EV farming/kg of NOK 48 (included the sales office). We maintain our BUY recommendation.

Estimate changes

Estimate changes	2012E		2013E		2014E		Change	
	Curr	Prev	Curr	Prev	Curr	Prev	2013	2014
Tonnes/MNOK								
Revenues	2 176	2 625	2 527	2 864	2 642		4 %	8 %
EBITDA	98	573	617	632	650		-7 %	-3 %
EBIT	-61	412	444	471	477		-7 %	-1 %
PTP	-208	316	356	392	403		-11 %	-3 %
EPS adj.	-0,60	2,09	2,33	2,57	2,64		-10 %	-3 %
Margin, NOK/kilo (HOG)								
Farming Finnmark	-0,07	6,32	7,38	7,61	7,25		-14 %	5 %
Farming Rogaland	3,00	8,66	7,03	8,75	7,51		23 %	17 %
Farming Canada	-2,36	1,18	6,37	2,69	6,06		-82 %	-56 %
Farming Shetland	-3,97	4,59	4,69	5,38	6,00		-2 %	-10 %
Average farming margin	-0,76	5,94	6,41	6,50	6,77		-7 %	-4 %
Farming volume (HOG)								
Farming Finnmark	21 052	25 331	19 735	22 785	20 327		28 %	12 %
Farming Rogaland	18 512	19 500	18 554	19 500	18 554		5 %	5 %
Farming Canada	13 468	8 500	13 835	13 000	13 157		-39 %	-1 %
Farming Shetland	19 449	16 500	17 416	17 500	18 000		-5 %	-3 %
Total farming volumes	72 478	69 831	69 540	72 785	70 039		0 %	4 %

Source: Fondsefinans

GSF volume guidance

Volume guidance	2010	2011	2012E	2013E
Grieg Seafood ASA	act	act	at 3Q	at 3Q
Farming Finnmark	20 705	16 143	21 052	25 500
Farming Rogaland	12 839	15 986	18 512	19 500
Farming Canada	13 682	13 236	13 465	8 500
Farming Shetland	16 988	14 717	19 449	16 500
Total GSF	64 214	60 082	72 478	70 000

Key figures (NOK m)	2009	2010	2011	2012E	2013E	2014E	4Q11	4Q12E
Total revenues	1 622	2 456	2 064	2 176	2 625	2 864	520	672
EBITDA	275	690	346	98	573	632	0	30
EBIT bef. adj.	154	570	206	-61	412	471	-38	-10
IFRS biomass adj.	115	208	-395	-34	0	0	71	0
PTP	203	760	-193	-208	316	392	43	-36
EPS	1,04	4,78	-1,08	-1,27	2,09	2,57	0,38	-0,24
EPS adj	1,12	2,86	1,40	-0,60	2,09	2,57	-0,21	-0,15
DPS	0,25	1,35	0,00	0,00	0,63	0,77		
NIBD	1 339	1 015	1 447	1 446	1 198	970	1 447	1 446
Farming Finnmark	14 218	20 705	16 143	21 052	25 331	22 785	5 728	7 200
Farming Rogaland	12 000	12 839	15 986	18 512	19 500	19 500	4 082	4 600
Farming Canada	10 134	13 682	13 236	13 465	8 500	13 000	3 970	2 400
Farming Shetland	13 818	16 988	14 717	19 449	16 500	17 500	4 478	8 400
Total farming (tons)	50 170	64 214	60 082	72 478	69 831	72 785	15 233	22 600
Farming growth Y/Y		28 %	-6 %	21 %	-4 %	4 %	-3 %	24 %
EBIT/kg (segment)	3,3	9,3	3,4	-0,8	5,9	6,5	-2,0	-0,56
EV/Sales		1,0	1,4	1,3	1,0	0,8		
EV/EBITDA		3,5	8,2	29,0	4,5	3,7		
EV/EBIT		4,2	n.m.	n.m.	6,3	5,0		
P/E adj.		4,3	8,9	n.m.	5,9	4,8		
P/B		0,7	0,8	0,9	0,7	0,6		

Source: Fondsefinans Research

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GSF estimates and valuation

The table below sums up annual farming numbers and estimates by region.

EBIT/kg	2009	2010	2011	2012E	2013E	2014E
Farming Finnmark	4,84	10,44	3,43	-0,07	6,32	7,61
Farming Rogaland	5,45	10,20	6,52	3,00	8,66	8,75
Farming Canada	3,62	5,05	2,87	-2,36	1,18	2,69
Farming Shetland	-0,31	10,51	0,40	-3,97	4,59	5,38
Average EBIT/kg	3,32	9,26	3,39	-0,76	5,94	6,50
Farming volume						
Farming Finnmark	14 218	20 705	16 143	21 052	25 331	22 785
Farming Rogaland	12 000	12 839	15 986	18 512	19 500	19 500
Farming Canada	10 134	13 682	13 236	13 465	8 500	13 000
Farming Shetland	13 818	16 988	14 717	19 449	16 500	17 500
Total volume	50 170	64 214	60 082	72 478	69 831	72 785
EBIT						
Farming Finnmark	68 816	216 221	55 428	-1 468	160 005	173 416
Farming Rogaland	65 393	130 930	104 265	55 485	168 835	170 645
Farming Canada	36 642	69 075	38 028	-31 723	10 000	35 000
Farming Shetland	-4 338	178 624	5 865	-77 235	75 735	94 125
Farming EBIT	166 513	594 850	203 586	-54 941	414 575	473 186

Source: Fondsfinsans

2012E volumes up close to 21%, before leveling off in 2013E

The table below sums up quarterly farming numbers and estimates by region.

EBIT/kg	3Q11	Q411	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Farming Finnmark	-5,5	-5,6	-0,2	2,1	-2,8	0,3	5,2	8,8	6,4	5,6
Farming Rogaland	-0,7	1,3	1,6	4,7	1,6	3,3	7,7	11,3	7,9	7,6
Farming Canada	-0,7	-1,3	2,7	1,1	-8,2	-6,3	-2,3	0,0	2,4	5,0
Farming Shetland	-3,5	-1,3	-1,3	-8,9	-8,8	-1,8	2,2	6,8	5,4	4,6
EBIT/kg margin	-2,11	-2,05	0,53	0,77	-4,24	-0,56	4,22	7,90	6,09	5,86
Farming volume										
Farming Finnmark	2 166	5 728	5 806	4 032	4 014	7 200	6 990	5 151	5 134	8 056
Farming Rogaland	4 751	4 082	3 820	5 934	4 158	4 600	5 000	5 000	4 500	5 000
Farming Canada	4 547	3 970	3 893	3 389	3 783	2 400	2 200	2 200	2 100	2 000
Farming Shetland	4 199	4 478	4 690	3 081	3 278	8 400	5 000	4 000	3 500	4 000
Total volume	15 663	18 258	18 209	16 436	15 233	22 600	19 190	16 351	15 234	19 056
EBIT										
Farming Finnmark	-12	-32	-1	9	-11	2	36	45	33	45
Farming Rogaland	-3	5	6	28	6	15	39	57	36	38
Farming Canada	-3	-5	11	4	-31	-15	-5	0	5	10
Farming Shetland	-15	-6	-6	-27	-29	-15	11	27	19	18
Farming EBIT	-33	-37	10	13	-65	-13	81	129	93	112

Source: Fondsfinsans

EBIT positive from 1Q 2013

SOTP

Our SOTP valuation is based on a bottom-up approach where each production site and business unit is valued separately based on regional cultivation risks.

High cycle valuation of
GSF – 12 month target

Grieg Seafood ASA	2013 EBIT	EBIT/kg	Volume	Licenses	EV/EBIT	Impl. EV/kg	EV target
Norway (Finnmark - 24 licenses)	160	6,3	25 331	24	8,0	51	1 280
Norway (Rogaland - 20 licenses)	169	8,7	19 500	20	7,0	61	1 182
Canada (25 licenses)	10	1,2	8 500	25	n.m.	30	255
UK/Shetland (48 licenses)	76	4,6	16 500	48	n.m.	30	495
Total farming (117 licenses)	415	5,94	69 831	117	7,7	46	3 212
SalmoBreed AS (27.5%) Egg and breeding							20
Salten Stamfisk AS (34% - Broodfish farm)							5
GSF smolt plants, Bokn (2m), Tårnvik I+II (5m) , Lerwick (5.8m)					7		155
Ocean Quality AS (60%, ex dividend)	38	1,00	80 000		7,5	0,6	171
Tax assets							0
Total Group EV						48	3 563
NIBD 4Q 2013E							1 198
Own shares							15,6
Equity value							2 350
Outst. shares							111,7
Target per share							21

Source: Fondsefinans

Target: NOK 21 (19)

Grieg Seafood ASA

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Sector:	Aquaculture	Price (NOK):		12,40	Shares outst.:		111,7m					
Date:	09.jan.13	Book equity per share (NOK):		13,9	Market cap (NOKm):		1 385					
Next result:	15.02.2013	Equity ratio:		36 %	Net int.bearing debt (NOKm):		1 446					
Target	21	Avg daily vol (90d):		8	Enterprise value (NOKm):		2 830					
Recommendation:	Buy	12 months High/Low:		12.6 / 4.6	OSEAX:		0,086					
P&L (MNOK)	2010	2011	2012E	2013E	2014E	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E
Operation income	2 456	2 064	2 176	2 625	2 864	520	548	520	437	672	698	662
Associates/joint ventures	6	14	14	13	13	6	3	5	2	3	3	3
EBITDA	690	346	98	573	632	0	43	53	-29	30	120	167
<i>EBITDA-margin</i>	<i>28 %</i>	<i>17 %</i>	<i>4 %</i>	<i>22 %</i>	<i>22 %</i>	<i>0 %</i>	<i>8 %</i>	<i>10 %</i>	<i>-7 %</i>	<i>4 %</i>	<i>17 %</i>	<i>25 %</i>
Depreciation and amortisation	120	140	159	160	160	39	38	40	41	40	40	40
EBIT bef. adj.	570	206	-61	412	471	-38	5	14	-69	-10	80	127
<i>EBIT-margin</i>	<i>23 %</i>	<i>10 %</i>	<i>-3 %</i>	<i>16 %</i>	<i>16 %</i>	<i>-7 %</i>	<i>1 %</i>	<i>3 %</i>	<i>-16 %</i>	<i>-2 %</i>	<i>11 %</i>	<i>19 %</i>
IFRS biomass adjustments	208	-395	-34	0	0	71	10	3	-46	0	0	0
EBIT (operation profit)	778	-190	-95	412	471	32	14	16	-116	-10	80	127
Associates	5	27	-1	1	2	-1	0	0	0	0	0	0
Net financial items	-23	-31	-112	-97	-81	11	-23	-28	-34	-26	-25	-24
Net agio/Derivatives	98	0	7	0	0	0	0	7	0	0	0	0
PTP	760	-193	-208	316	392	43	-9	-5	-150	-36	55	103
Income tax	-227	72	59	-83	-106	-1	10	2	38	9	-14	-27
Net profit	533	-121	-142	233	287	43	1	-3	-113	-27	41	76
Minority share	0	0	0	0	0	0	0	0	0	0	0	0
Mother company	533	-121	-142	233	287	43	1	-3	-113	-27	41	76
Adjustments:												
Biomass adjustments	208	-395	-34	0	0	71	10	3	-46	0	0	0
Asset write downs	72	-13	-42	0	0	-4	0	-17	-15	-10	0	0
Net adjustments	213	-277	-76	0	0	66	-1	-15	-50	-10	0	0
Net result (adjusted)	320	156	-67	233	287	-23	1	12	-63	-17	41	76
No of outst shares (mill)	111,7	111,7	111,7	111,7	111,7	111,7	111,7	111,7	111,7	111,7	111,7	111,7
EPS	4,78	-1,08	-1,27	2,09	2,57	0,38	0,01	-0,03	-1,01	-0,24	0,37	0,68
EPS adj	2,86	1,40	-0,60	2,09	2,57	-0,21	0,01	0,11	-0,57	-0,15	0,37	0,68
DPS	1,35	0,00	0,00	0,63	0,77							
Multiples:												
EV/Sales		1,4	1,3	1,0	0,8							
EV/EBITDA		8,2	29,0	4,5	3,7							
EV/EBIT		n.m.	n.m.	6,3	5,0							
P/E adj.		8,9	n.m.	5,9	4,8							
P/B		0,8	0,9	0,7	0,6							
Farming volumes (HOG)												
Farming Finnmark	20 705	16 143	21 052	25 331	22 785	5 728	5 806	4 032	4 014	7 200	6 990	5 151
Farming Rogaland	12 839	15 986	18 512	19 500	19 500	4 082	3 820	5 934	4 158	4 600	5 000	5 000
Farming Canada	13 682	13 236	13 465	8 500	13 000	3 970	3 893	3 389	3 783	2 400	2 200	2 200
Farming Shetland	16 988	14 717	19 449	16 500	17 500	4 478	4 690	3 081	3 278	8 400	5 000	4 000
Total farming	64 214	60 082	72 478	69 831	72 785	18 258	18 209	16 436	15 233	22 600	19 190	16 351
EBIT-margin per kilo												
Farming Finnmark	10,4	3,4	-0,1	6,3	7,6	-5,6	-0,2	2,1	-2,8	0,3	5,2	8,8
Farming Rogaland	10,2	6,5	3,0	8,7	8,8	1,3	1,6	4,7	1,6	3,3	7,7	11,3
Farming Canada	5,0	2,9	-2,4	1,2	2,7	-1,3	2,7	1,1	-8,2	-6,3	-2,3	0,0
Farming Shetland	10,5	0,4	-4,0	4,6	5,4	-1,3	-1,3	-8,9	-8,8	-1,8	2,2	6,8
EBIT-margin (NOK/HOG)	9,26	3,39	-0,76	5,94	6,50	-2,0	0,5	0,8	-4,2	-0,6	4,2	7,9
Farming Finnmark	216	55	-1	160	173	-32	-1	9	-11	2	36	45
Farming Rogaland	131	104	55	169	171	5	6	28	6	15	39	57
Farming Canada	69	38	-32	10	35	-5	11	4	-31	-15	-5	0
Farming Shetland	179	6	-77	76	94	-6	-6	-27	-29	-15	11	27
Farming EBIT	595	204	-55	415	473	-37	10	13	-65	-13	81	129
Cash flow/kg fish harvested	9,6	3,6	3,7	6,1	6,6	-7,6	9,2	8,0	1,0	-1,9	7,4	8,4
Balance Sheet, mill NOK	2010	2011	2012E	2013E	2014E	Largest shareholders		Number of shares		20.12.2012		
Total non-current assets	1 983	2 264	2 317	2 373	2 439	Grieg Holdings AS		55 801 409		50,0%		
Total assets	4 058	4 172	4 345	4 559	4 783	Ystholmen AS		3 868 197		3,5%		
Total equity	1 982	1 690	1 558	1 995	2 425	Sjøstjerna Invest AS		3 150 560		2,8%		
Total non-current liabilities	1 373	1 282	1 641	1 475	1 263	Kvena AS		2 412 793		2,2%		
Total current liabilities	702	1 200	1 146	1 089	1 095	OM Holding AS		1 941 636		1,7%		
Total equity and liabilities	4 058	4 172	4 345	4 559	4 783	Capelka AS		1 572 000		1,4%		
Equity ratio (covenant 35%)	49 %	41 %	36 %	44 %	51 %	DNB SMB VPF		1 479 977		1,3%		
Return on equity	19 %	9 %	-4 %	13 %	13 %	Drome AS		1 368 239		1,2%		
NIBD	1 015	1 447	1 446	1 198	970	Grieg Seafood ASA		1 250 000		1,1%		
Cash flow from operations	615	218	271	426	483	DNB NORGE (IV)		1 042 960		0,9%		
Cash flow from investments	-249	-386	-201	-190	-200	OTHER SHAREHOLDERS		22 524 229		20,2%		
Cash flow from financing	-364	176	213	-88	-155	TOTAL SHAREHOLDERS		111 662 000		100 %		

P/F Bakkafrost

Downgrade to Neutral (BUY)

Preview 4Q12 10 January 2013

Share Price: NOK 60 (10.01.2013)

Results date 27 February 2013

Target: NOK 59 (53)

Share data 10.01.2013

Sector	Aquaculture
Reuters/Bloomberg	BAKKA
Risk rating	Medium
Outstanding shares	48,9
Market cap	2 907
Net interest bearing debt	742
Enterprise value	3 649
Free float	45 %
Average volume	24,34
High/low 52w	60.8 / 35.3
Weight OSEBX	0,1827
Rel. Perf 3/6/12	19/ 17/ 30
Abs. Perf. 3/6/12	20/ 29/ 47

Strong operations continue

Bakkafrost's geographically concentrated operations and large fish strategy combined with good biology and growing conditions in Faroese waters contribute to its position as a leading sustainable low cost producer. The company's core strategy is high end large size fish, primarily towards the US market, which, at times, is much better paid than regular 4-5 kg fish.

While the upstream farming segments offer attractive exposure to the positive salmon cycle over the next few years, the group's VAP and feed business offers more stability.

We expect BAKKA to report operational EBIT of DKK 69m for 4Q12, on harvesting of 13 600 t. Before significant group eliminations, we estimate farming EBIT of DKK 69m, VAP EBIT of DKK 6m and Havsbrún EBIT of 15m.

Estimate changes

Estimate changes	2012E		2013E		2014E		2012	2013
	Curr	Prev	Curr	Prev	Curr	Prev		
Tons/NOK	1 759	1 563	1 874	1 704	1 885	1 885	13 %	10 %
Revenues	376	360	483	468	498	498	4 %	3 %
EBITDA	293	274	393	373	408	408	7 %	5 %
EBIT	216	255	372	350	388	388	-15 %	6 %
PTP	4.31	4.03	5.98	5.64	6.21	6.21	7 %	6 %
EPS adj.	6.8	5.6	9.1	8.6	9.1	9.1	17 %	5 %
Farming North	5.2	4.9	7.4	7.4	7.8	7.8	7 %	1 %
West/Viking								
Viking Seafood p.f.								
Average farming margin	5.8	5.1	8.3	7.9	8.47	8.47	14 %	5 %
Farming volumes								
Farming North (t)	21 679	20 787	24 000	18 700	24 000	24 000	4 %	28 %
West/Viking (t)	21 485	14 747	20 400	15 500	19 788	19 788	46 %	32 %
Viking Seafood p.f.	1 733	5 733	0	6 900	0	0	-70 %	-100 %
Total farming volumes	44 897	41 267	44 400	41 100	43 788	43 788	9 %	8 %
EBIT Farming	261	210	375	329	377	377	24 %	14 %
EBIT feed (Havsbrun)	64	56	59	50	58	58	13 %	17 %
Feed volumes	90	85	89	80	89	89	6 %	12 %
VAP EBIT	32	39	19	26	29	29	-19 %	-28 %
Eliminations to EBIT	-63	-32	-59	-32	-56	-56	99 %	83 %
Group EBIT	293	274	393	373	408	408	7 %	5 %

Source: Fondsefinans

BAKKA volume guidance

Guidance	2009 PF	2010 PF	2011 PF	2012	2012	2012	2013
	At 1Q	At 1Q	At 1Q	At 2Q	At 3Q	At 3Q	At 3Q
Total volumes	38 100	28 374	36 369	49 000	43 000	43 000	45 000
Growth Y/Y (p.t.)		-26 %	28 %	35 %			
Farming North	18 680	13 834	20 160				n.a.
Farming West	11 970	7 792	7 052				n.a.
Faroese Farming p.f.*	3 824	3 600	4 595	6 000			n.a.
Viking Seafood p.f.	3 694	3 148	4 562				n.a.
Bakkafrost p.f.	38 168	28 374	36 369	49 000			

* 49% ownership in Faroese Farming from 1Q 2012

Key figures (DKK m)	2009	2010	2011	2012E	2013E	2014E	4Q11	4Q12E
Total revenues	931	820	1 321	1 759	1 874	1 885	397	485
EBITDA	242	289	402	376	483	498	69	93
EBIT bef. adj.	204	231	323	293	393	408	46	69
IFRS biomass adj.	34	84	-47	-23	0	0	86	0
PTP	201	306	245	216	372	388	110	63
EPS (DKK)	3,37	5,32	6,64	3,73	6,05	6,31	1,80	1,03
EPS adj (NOK)	3,28	4,42	5,97	4,31	5,96	6,21	0,42	1,01
DPS (NOK)		4,20	0,99	2,95	2,98	3,98	0,00	0,00
NIBD (DKK)	251	70	817	754	725	589	817	754
Farming North	18 680	13 834	20 160	21 679	24 000	24 000	4 168	5 600
West/Viking	11 970	7 792	7 052	21 485	20 400	19 788	4 031	8 000
Faroese Farming pf (49%)	3 824	3 600	4 595				1 633	
Viking Seafood p.f.	3 694	3 148	4 562	1 733	0	0	1 706	
Total farming (t)	38 168	28 374	36 369	44 897	44 400	43 788	11 538	13 600
Farming growth Y/Y		-26 %	28 %	41 %	-1 %	-1 %	53 %	37 %
EBIT/kg (NOK/HOG)	5,26	14,53	7,87	5,77	8,31	8,47	0,80	5,00
Feed sales (t)	68 107	60 250	87 293	90 461	89 206	88 741	23 612	24 110
EV/Sales		3,3	2,7	2,1	1,9	1,9		
EV/EBITDA		9,4	8,9	9,7	7,6	7,1		
EV/EBIT		11,8	11,1	12,4	9,3	8,6		
P/E adj.		8,2	9,9	13,7	9,9	9,5		
P/B		3,0	2,6	2,5	2,1	1,8		

Source: Fondsefinans Research

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BAKKA estimates and valuation

The tables below sum our Bakkafrost farming segment estimates.

Stable BAKKA volumes next few years

EBIT/kg NOK	2009	2010	2011	2012E	2013E	2014E		
Farming North	9,9	22,3	11,7	6,6	9,1	9,1		
West/Viking	6,1	0,0	2,1	5,2	7,4	7,8		
Faroe Farming pf (49%)	3,4	14,8	4,4					
Viking Seafood (incl in West)	3,9	15,9	3,3	2,2				
Average EBIT/kg	5,3	14,5	7,9	5,8	8,3	8,5		
Farming volume (HOG t)	Sites	Capacity	2009	2010	2011	2012E	2013E	2014E
Farming North	8	23 000	18 680	13 834	20 160	21 679	24 000	24 000
West/Viking	7	14 000	11 970	7 792	7 052	21 485	20 400	19 788
Faroe Farming pf (49%)			3 824	3 600	4 595			
Viking Seafood (incl in West)	2	8 500	3 694	3 148	4 562	1 733		
Total volume	17	45 500	38 168	28 374	36 369	44 897	44 400	43 788

Source: Fondsinans

New VAP plant increasing capacity from 13' t to ~18' t HOG

Value added products	2009	2010	2011	2012E	2013E	2014E
VAP volumes (HOG t)	11 297	12 908	12 824	15 359	15 349	15 505
VAP volume growth	34 %	14 %	-1 %	20 %	0 %	1 %
VAP EBIT margin %	9 %	-10 %	14 %	6 %	4 %	5 %
VAP EBIT/kg HOG (NOK)	3,2	-3,8	6,0	2,1	1,2	1,8
EBIT VAP b.f. Group elim (DKK m)	31	-40	70	32	19	29
Group eliminations	-28	-112	-21	-63	-59	-56

100' t annual feed production capacity

Havsbrún	2009	2010	2011	2012E	2013E	2014E
Feed volumes t	68 107	60 250	87 293	90 461	89 206	88 741
Feed volume growth Y/Y		-12 %	45 %	4 %	-1 %	-1 %
Internal feed sales %			75 %	70 %	68 %	68 %
Feed EBIT margin %	10 %	24 %	-2 %	7 %	6 %	6 %
EBIT/kg feed (NOK)	0,87	2,48	-0,14	0,69	0,65	0,61
EBIT Havsbrún (DKK m)	51	139	-11	64	59	58

Majority of meal/oil production used as input in own feed production

The table below sums up quarterly BAKKA margins and volumes.

EBIT/kg NOK	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Farming North	3,5	0,7	5,8	6,6	7,6	5,6	6,8	12,4	8,9	7,2
West/Viking	3,5	0,7	4,6	6,6	7,6	4,6	5,8	9,8	8,4	6,7
Faroe Farming pf (49%)	2,7	-0,6								
Viking Seafood (incl in West)	-1,8	2,7	2,2							
EBIT/kg margin	2,3	0,8	4,4	6,6	7,6	5,0	6,3	11,5	8,7	6,9
Farming volume (HOG t)										
Farming North	4 879	4 168	1 368	7 919	6 792	5 600	5 700	7 300	5 500	5 500
West/Viking	582	4 031	8 247	2 300	2 938	8 000	5 700	4 000	3 900	6 800
Faroe Farming pf (49%)	2 062	1 633								
Viking Seafood (incl in West)	1 720	1 706	1 733							
Total volume	9 243	11 538	11 348	10 511	9 730	13 600	11 400	11 300	9 400	12 300
EBIT DKK										
Farming North	16	3	8	52	52	32	39	92	50	40
West/Viking	2	3	37	15	23	37	34	40	33	46
Faroe Farming pf (49%)	5	-1								
Viking Seafood (incl in West)	-3	4	4							
Farming EBIT	21	9	49	68	75	69	73	132	83	87
VAP	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
VAP volumes (HOG t)	2 553	3 739	3 975	3 950	3 634	3 800	3 896	3 871	3 707	3 876
VAP volume growth	2 %	18 %	34 %	11 %	42 %	2 %	-2 %	-2 %	2 %	2 %
VAP EBIT margin %	30 %	26 %	9 %	8 %	3 %	5 %	3 %	-3 %	6 %	8 %
VAP EBIT/kg HOG (NOK)	13,6	9,4	2,9	2,6	0,9	1,7	0,8	-1,1	2,2	2,9
EBIT VAP (DKK m)	33	34	11	11	3	6	3	-4	8	11
Havsbrún	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E	3Q13E	4Q13E
Feed volumes t	30 404	23 612	15 299	20 762	30 290	24 110	13 611	20 974	30 447	24 174
Feed volume growth Y/Y			18 %	2 %	0 %	2 %	-11 %	1 %	1 %	0 %
Internal feed sales %	74 %	75 %	77 %	60 %	70 %	75 %	73 %	58 %	69 %	74 %
Feed EBIT margin %	13 %	9 %	3 %	4 %	12 %	6 %	1 %	4 %	9 %	8 %
EBIT/kg feed (NOK)	1,24	0,97	0,34	0,37	1,15	0,63	0,06	0,40	0,95	0,81
EBIT Havsbrún (DKK m)	36	22	5	8	35	15	1	8	29	20
EBIT Segments	90	65	65	86	114	91	77	136	121	118
Group eliminations	-34	-19	-5	-8	-27	-22	-5	-9	-26	-19
Group EBIT	56	46	60	78	86	69	72	127	95	99

Source: Fondsefinans

We continue to value P/f Bakkafrøst based on a bottom-up approach where the individual farming clusters and business units are valued separately.

The table below shows all details in the updated SOTP valuation of Bakkafrøst.

EV/kg farming target of NOK 61 (56) – Low cost producer story is fair

Significant eliminations due to internal sales of feed and HOG fish

Values of NOK 59 (53) per share

P/f Bakkafrøst (DKK)	2013 EBIT	2013 EBIT/kg	Volume	Sites	Capacity (roll)	Licenses	EV/EBIT	EV/kg (NOK)	EV target (DKK)
Farming North	221	9,2	24 000	8	23 000	6	n.m.	60	1 463
Farming West/Viking	153	7,5	20 400	7	14 000	5	n.m.	60	1 243
Viking (segment ended)				2	8 500	2			
Total farming (DKK)	375	8,44	44 400	17	45 500	13	7,2	61	2 706
Total VAP (incl S&D)	19	1,21	15 349		18 000		10,0		186
2 VAP plants (1 new, 1 old)				2	50				100
Havsbrún Feed (2013)	59	0,66	89 206		100 000		9,0		528
Hanstholm factory (24%)									10
Faroe Farming (49%)	0		6 000	3	6 000	3	Sold at	46	118
Smolt plants				6	25				150
Processing HOG plants				4	15				60
Own well boats				2	30				60
Dividend paid in May 2013E									147
Eliminations	-59	-1,32					7,0	-9,2	-411
Total Group EV (DKK)	393	7,12					9,3		3 655
NIBDe 4Q13									725
Equity value									2 930
Outst. shares									48,9
SOTP per share (DKK)									60
DKK/NOK									98
Target per share (NOK)									59

Source: Fondsefinans

Morpol ASA

Neutral (Neutral)

Preview 4Q12 10 January 2013
Results date 20 February 2013

Share Price: NOK 11.4 (10.01.2013)
Target: NOK 11.50 (10)

Share data (NOK m)	10-Jan-13
Sector	Aquaculture
Reuters/ Bloomberg	Morpol
Risk rating	Medium
Outstanding shares (mill)	168,0
Market cap (NOKm)	1 915
NIBD (NOKm)	1 086
Enterprise value (EURm)	3 001
Free float %	52 %
Average volume (thous)	22
High/ low 52w	11.5 / 7.3
Weight OSEAX %	0,0623
Rel. Perf % (3/6/mts)	18/ 22/ 19
Abs. Perf. % (3/6/12 mts)	19/ 35/ 36

Fair offer at NOK 11.50/share –

Switch into other aquaculture shares

On December 17 Marine Harvest ASA announced the acquisition of 48.5% of the shares in Morpol ASA from two companies controlled by Mr. Jerzy Malek for NOK 11.50 per Morpol share. Further, Marine Harvest intends to submit a mandatory offer for the remaining Morpol shares at NOK 11.5/share. The transaction values Morpol (100%) at EV of around NOK 3.0b.

We consider the offer price as fair and attractive for Morpol shareholders, who are compensated for synergies from the combined company in addition to stand-alone Morpol values. The offer for the remaining shares in Morpol will be pending approval from European competition authorities. Shareholders should thus be prepared that it will take at least some months before a transaction with Marine Harvest can take place. As the share currently trades with a discount of less than 0.5% to the offer price of NOK 11.50, we advise investors to sell their shares in the market, and switch into other aquaculture shares with attractive upside potential.

Enclosed, we have attached a copy of our latest Morpol estimates, which indicate 2013 and 2014 EPS adj. of NOK 1.17 and NOK 1.79 per share respectively. Our latest stand-alone valuation of Morpol was NOK 10/share. We maintain that the offer from Marine Harvest is fair.

Upstream guidance

Morpol ASA	2011	2Q2012	3Q2012	Growth	3Q2012	Growth
Upstream	Actual	2012 Guid	2012 Guid	12/11	2013 Guid	-10 %
Scotland	20 803	23 425	23 259	12 %	21 000	-10 %
Norway	5 603	6 553	6 473	16 %	7 000	8 %
Total volumes	26 406	29 978	29 732	13 %	28 000	-6 %

Key figures (TEUR)	2010	2011	2012E	2013E	2014E	3Q11	3Q12	4Q12E
Total revenues	430 014	494 428	493 668	557 404	712 057	103 396	107 464	154 028
EBITDA	8 919	61 129	48 682	59 906	80 798	18 585	8 617	15 739
EBITDA-margin	2 %	12 %	10 %	11 %	11 %	18 %	8 %	10 %
EBIT (before adj.)	778	46 287	32 264	43 396	64 129	14 785	4 610	11 732
IFRS/Fish Pool	-4 334	-57 550	-1 992	0	0	-853	-2 867	0
PTP	-950	-43 059	21 857	31 396	52 129	-1 310	-1 930	8 732
Net profit, IFRS discont	-2 438	-2 871	0	0	0	-3 146	0	0
EPS adj. (EUR)	0,042	0,124	0,147	0,141	0,237	-0,008	0,006	0,039
EPS adj. (NOK)	0,33	0,96	1,09	1,04	1,75	-0,064	0,046	0,289
UK upstream (t)	18 831	20 803	23 605	20 900	20 900	6 128	5 459	5 400
Norwegian upstream (t)		5 603	6 473	7 000	7 000	147	1 120	2 700
Meridian volumes (t)	18 831	26 406	30 078	27 900	27 900	6 275	6 579	8 100
Downstream sales (t)	72 675	61 852	66 877	75 420	99 266	11 839	15 110	22 410
Adj. downstream sale	29 %	-8 %	13 %	12 %	32 %	-14 %	26 %	15 %

Source: Fondsefinans research

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Morpol ASA

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Sector:	Aquaculture				Price (NOK): 11,4						Shares outst.:	168m
Date:	10.01.2013				Book equity per share (NOK): 10,8						Market cap (NOKM):	1 915
Next result:	20.feb.13				Equity ratio: 42 %						Net int.bearing debt (NOKM):	1 086
Target (NOK)	11,5				Avg daily vol (90d): 22						Entprise value (NOKM):	3 001
Recommendation:	Neutral				12 months High / Low: 11,5 / 7,3						OSEBX:	0,0623
Financial data (TBEUR)	2010	2011	2012E	2013E	2014E	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E
Total revenues	430 014	494 428	493 668	557 404	712 057	103 396	150 258	119 166	113 011	107 464	154 028	126 613
Cost of fish (on goods sold)	-320 885	-384 872	-393 480	-440 930	-574 860	-72 693	-122 524	-94 162	-85 728	-86 703	-126 887	-103 448
Gross profit	48 993	104 275	90 313	106 599	127 331	29 458	28 125	23 390	21 937	17 454	27 532	21 551
EBITDA	8 919	61 129	48 682	59 906	80 798	18 585	17 363	14 134	10 192	8 617	15 739	9 758
EBITDA-margin	2 %	12 %	10 %	11 %	11 %	18 %	12 %	12 %	9 %	8 %	10 %	8 %
Depreciation & Amort	8 141	14 842	16 419	16 509	16 670	3 800	3 800	4 397	4 007	4 007	4 007	4 007
EBIT (before adj.)	778	46 287	32 264	43 396	64 129	14 785	13 563	9 737	6 184	4 610	11 732	5 751
EBIT-margin	0 %	9 %	7 %	8 %	9 %	14 %	9 %	8 %	5 %	4 %	8 %	5 %
IFRS biomass adj.	-4 334	-57 550	-1 992	0	0	-853	-52 430	-388	1 263	-2 867	0	0
EBIT (Operating profit)	-3 555	-11 263	30 272	43 396	64 129	13 931	-38 867	9 349	7 447	1 743	11 732	5 751
Net financials	2 606	-31 795	-8 415	-12 000	-12 000	-15 242	-8 162	-2 989	1 247	-3 674	-3 000	-3 000
EBT (earnings before tax)	-950	-43 059	21 857	31 396	52 129	-1 310	-47 029	6 360	8 695	-1 930	8 732	2 751
Taxes	486	5 730	633	-6 907	-11 468	-2 321	-2 982	1 997	1 212	-655	-1 921	-605
Net profit continuing operations	-464	-37 329	22 489	24 489	40 660	-3 631	-50 011	8 357	9 907	-2 586	6 811	2 146
Net profit, FRS discont.	-2 438	-2 871	0	0	0	-3 146	0	0	0	0	0	0
Net profit Morpol (EUR)	-2 902	-40 200	22 489	24 489	40 660	-6 777	-50 011	8 357	9 907	-2 586	6 811	2 146
Minorities	440	777	768	809	809	108	516	275	89	202	202	202
Parent	-3 342	-40 977	21 721	23 680	39 851	-6 885	-50 527	8 083	9 818	-2 788	6 609	1 943
Adjustments:												
Biomass FV adjustment	4 334	57 550	1 992	0	0	853	52 430	388	-1 263	2 867	0	0
Write downs/disccont.	2 438	3 146	0	0	0	3 146	0	0	0	0	0	0
Tax adj. of biomass	1 951	1 063	1 028	0	0	1 511	-3 324	-122	176	973	0	0
Net adjustment	8 723	61 759	3 019	0	0	5 511	49 105	266	-1 087	3 840	0	0
Net result (adjusted)	5 381	20 782	24 740	23 680	39 851	-1 374	-1 422	8 349	8 731	1 052	6 609	1 943
No of outstanding shares	127 835	168 009	168 009	168 009	168 009	168 009	168 009	168 009	168 009	168 009	168 009	168 009
EPS adj. (EUR)	0,04	0,12	0,15	0,14	0,24	-0,01	-0,01	0,05	0,05	0,01	0,04	0,01
EPS adj. (NOK)	0,33	0,96	1,09	1,04	1,75	-0,06	-0,07	0,37	0,38	0,05	0,29	0,09
DPS (NOK)	0,00	0,00	0,00	0,10	0,17							
Multiples:												
EV/ Sales		0,9	0,9	0,7	0,5							
EV/ EBITDA		8,7	8,7	6,5	4,1							
EV/EBIT, before adj.		13,1	13,1	9,0	5,2							
P/E adj.		10,5	10,5	11,0	6,5							
P/B		1,1	1,1	1,0	0,8							
Farming (upstream)	2010	2011	2012E	2013E	2014E	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E
Operating revenues	30 024	132 044	132 458	141 760	142 300	29 024	36 784	31 634	37 054	28 581	35 189	32 200
UK volumes (p.f.)	18 831	20 803	23 605	20 900	20 900	6 128	6 694	6 006	6 740	5 459	5 400	5 000
Norway volumes (gw.)		5 603	6 473	7 000	7 000	147	2 083	1 616	1 037	1 120	2 700	2 000
Total volumes (Meridian)	18 831	26 406	30 078	27 900	27 900	6 275	8 777	7 622	7 777	6 579	8 100	7 000
Rev/kg (EUR)	1,59	5,00	4,40	5,08	5,10	4,63	4,19	4,15	4,76	4,34	4,34	4,60
EBIT/kg UK (EUR)	0,36	0,55	0,26	0,57	3,17	0,71	-0,53	0,33	0,31	0,07	0,30	0,40
EBIT/kg Norway (EUR)		1,33	0,22	0,64	3,20	-4,43	0,31	0,18	0,52	0,07	0,20	0,60
Upstream EBIT	11 201	18 925	7 828	18 912	23 409	3 687	-2 875	2 270	2 646	488	2 424	3 810
EBIT-margin, %	37 %	14 %	6 %	13 %	16 %	13 %	-8 %	7 %	7 %	2 %	7 %	12 %
Downstream (processing)	2010	2011	2012E	2013E	2014E	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E
Revenues	399 300	405 900	413 741	468 472	622 585	83 881	129 124	97 961	90 412	91 213	134 155	104 508
Price per kilo (EUR/kg)	5,49	6,56	6,19	6,21	6,27	7,09	6,69	6,49	6,34	6,04	5,99	5,99
Total sale volumes	72 675	61 852	66 877	75 420	99 286	11 839	19 300	15 089	14 263	15 110	22 410	17 458
Total sale volumes (ex MHG)	64 318	58 950	66 447	74 560	98 406	11 839	19 300	15 089	14 263	14 895	22 195	17 243
Sale growth YoY	28 %	-15 %	8 %	13 %	32 %	-27 %	-14 %	-16 %	12 %	28 %	16 %	16 %
Adj. sale growth (ex MHG) YoY	29 %	-8 %	13 %	12 %	32 %	-14 %	-6 %	-3 %	17 %	26 %	15 %	14 %
EBIT-margin, %	3 %	8 %	7 %	7 %	5 %	15 %	15 %	9 %	6 %	6 %	7 %	2 %
EBIT-margin (EUR/kg)	0,16	0,56	0,44	0,45	0,34	1,04	0,99	0,58	0,40	0,36	0,43	0,10
Cost of fish (EUR/kg)	3,95	4,35	5,12	5,21	5,36	3,96	4,18	5,24	5,19	4,99	5,09	5,29
Downstream EBIT	11 601	34 427	29 512	34 103	33 356	12 369	19 170	8 820	5 699	5 372	9 622	1 743
Balance Sheet (TMEUR)	2010	2011	2012E	2013E	2014E	Largest shareholders				Number of shares	13.10.2012	
Fixed assets	239 659	249 162	288 593	296 083	299 414	Marine Harvest ASA				81 531 705	48,5%	
Current assets	357 834	274 903	281 743	310 742	360 072	Goldman Sachs Int. Equity				9 941 402	5,9%	
Total assets	597 493	524 064	570 336	606 825	659 485	Skagen Vekst				7 337 930	4,4%	
Total equity	257 775	203 407	241 775	273 171	325 300	ABN AMRO Global Custody				5 864 499	3,5%	
Total debt	339 718	320 657	328 560	333 653	334 184	State Street Bank				5 773 592	3,4%	
Total equity and debt	597 493	524 063	570 335	606 824	659 484	Kverva AS				4 192 104	2,5%	
Equity ratio	43 %	39 %	42 %	45 %	49 %	Goldman Sachs Equity				3 754 597	2,2%	
NIBD	148 661	172 688	162 720	128 948	73 168	DNB Bank egenhandel				2 727 556	1,6%	
Dividend (NOKM)	0	0	0	17	29	VFF Nordea Kapital				2 692 010	1,6%	
Return on equity	-2 %	-18 %	10 %	9 %	13 %	MP Pensjon PK				2 618 848	1,6%	
Cash flow from operations	-931	40 815	62 663	69 772	87 781	Bremesco Holdings LTD				2 462 155	1,5%	
Cash flow from investments	-174 234	-52 540	-38 851	-24 000	-20 000	Par DEPF Treaty Rate France				2 246 179	1,3%	
Cash flow from financing activities	210 675	7 101	-6 047	0	0	Top 12				131 142 577	78,1%	
Net change in cash	35 511	-4 624	17 764	45 772	67 781	Others				36 866 522	21,9%	
Cash and Cash eq. UB	55 457	50 784	70 577	116 349	184 129	Total shares				168 009 099	100 %	

Villa Organic AS

BUY

Preview 4Q12 10 January 2013
Results date: Not Announced

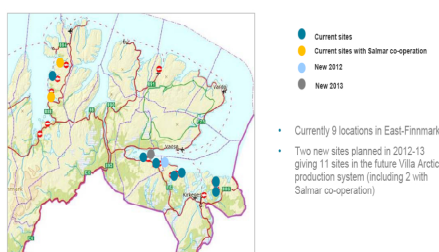
Share Price: NOK 1.25 (10.01.2013)
Target: NOK 2.5 (2.0)

Share data (NOK m) 10-Jan-13

Sector	Aquaculture
Reuters/ Bloomberg	VILS
Risk rating	Medium
Outstanding shares (mill)	141,3
Market cap (mill)	177
NIBD (mill)	223
Enterprise value (mill)	399
Free float %	60 %
Average volume (thous)	
High/ low 52w	
Weight OSEBX %	
Rel. Perf % (3/6/12 mts)	
Abs. Perf. % (3/6/12 mts)	

Current Villa Finnmark operations

Current and planned production sites



New Villa Organic unsecured Bond (2012/2015 – 100m)

Successful refinancing of existing bond in July 2012
– NOK 200m (12/2012) replaced by new 3-year NOK 100m bond (07/2015)

- Bonds well protected by substantial, recently proven (Salmar sale) asset values
 - 16 licenses: NOK 186m
 - Biomass (PV): NOK 307m
 - Enterprise Value: NOK 521m (see slide 5)
 - Estimated YE NIBD: NOK 239m
 - LTV – 45%

- Covenant: min 30% book equity ratio vs. current 43% (post recent NOK 30m equity issue)

- Solid cash flow & liquidity outlook
 - EBIT coverage 2013/2014: 1.7x / 2.4x
 - Net Debt to EBITDA 2013/2014: 2.25x / 1.97x (vs. bank covenant of <1x)

- Attractive risk / reward: yield 10% / 800 bps credit spread

Substantial Villa volume expansion

Fondsefinans has acted as corporate adviser during the past 12 months

Villa Organic AS is a niche Finnmark player with 16 licenses, of which 10 are currently in production. The company owns and operates a harvesting plant in Kirkenes, strategically close to the Russian border, which is the main market. Villa is one of very few Norwegian farmers with substantial organic growth potential, and the company guides on harvesting of 12 400 t in 2013 and 15 000 t in 2014.

During the summer 2012, Villa Organic AS refinanced the company, replacing a NOK 200m bond with a new NOK 100m bond with maturity in June 2015. Simultaneously, the company raised NOK 30m in an equity issue. Following the refinancing and the 1Q12 sale of 10 moveable Finnmark licenses to SalMar ASA, the Villa Organic AS balance sheet is sound.

At 4Q, we expect harvesting of around 3 100 t, and we estimate EBIT of around NOK 2m. Like other companies operating in Finnmark, Villa Organic will reduce its working capital during the winter season, as sea water growth will be highly limited due to low temperatures. We calculate 4Q NIBD to come in at NOK 223m.

As a result of reduced fish mortality and better operations Y/Y, we expect Villa cost per kilo to go down. In total, we calculate 2013 and 2014 EPS to NOK 0.14 (0.01) and NOK 0.30 (0.28) per share respectively. SOTP target is set equal to NOK 2.5 (2.0).

Villa Organic AS (NOK m)	2009	2010	2011	2012E	2013E	2014E	4Q11	2Q12	3Q12	4Q12E
Sale revenues	293	521	499	477	407	500	167	77	189	100
Other income	4	4	24	111	0	10	0	0	0	0
Total revenues	297	525	523	588	462	486	167	76	189	100
EBITDA	9	96	20	117	85	109	-16	4	9	12
EBITDA-margin	7 %	18 %	23 %	23 %	23 %	22 %	-10 %	5 %	5 %	12 %
EBIT	-10	67	-20	76	44	67	-27	-6	-1	2
IFRS (not reported)	0	0	0	10	3	0	0	0	0	10
PTP	-23	45	-38	59	19	43	-30	-12	-8	5
Extraord items (biomass adj.)	0	0	-5	105	3	0	-10	-7	15	10
Tax paid (not reported)	0	0	0	0	0	0	0	0	0	0
Profit for period	-23	45	-38	59	19	43	-30	-12	-8	5
EPS	-0,20	0,40	-0,32	0,46	0,14	0,30	-0,25	-0,10	-0,06	0,03
EPS adj.	-0,20	0,40	-0,28	-0,35	0,11	0,30	-0,17	-0,04	-0,16	-0,04
NIBD	366	363	393	223	203	155	393	328	258	223
Finnmark volumes (t)	5 315	10 114	8 424	13 740	12 200	14 900	3 551	1 757	5 812	3 100
Møre volumes (t)	837	430	804	0	0	0	0	0	0	0
Villa Organic volumes	6 152	10 544	9 228	13 740	12 200	14 900	3 551	1 757	5 812	3 100
Villa Organic volumes Y/Y		71 %	-12 %	49 %	-11 %	22 %				
Villa Organic guidance (t)				13 500	12 444	15 000				
Smolt stocking (1 000) Guid.	2 476	3 269	3 600	3 920	4 400	4 800				
Villa Organic stocking guidance		32 %	10 %	9 %	12 %	9 %				
EV/Sales				0,8	0,9	0,7				
EV/EBITDA				3,3	4,5	3,1				
EV/EBIT				5,1	8,6	4,9				
EV/Kg				19	20	14				
P/B				0,5	0,5	0,4				
P/E				n.m.	n.m.	5,8				

Source: Villa Organic AS/FF research

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12 month Villa Organic AS SOTP valuation: NOK 2.5 per share

Smolt plant at the coast of Møre – At least NOK 50m

VAP plant at Møre/Midsund

Tax assets

Standing biomass assets of NOK 348m

HOG plant at Kirkenes

Target NOK 2.5 (2.0) per share.

SOTP Villa Organic AS (OTC listed)		Location	Curr. capacity	Licenses	Value	EV (m)
Smolt resirc. plant (5 mill smolt capacity)		Moltustranda	5		10	50
Sales office		Alesund				0
VAP; Romsdal processing AS (90%)		Midsund				25
Finmark HOG plant, incl machineries		Kirkenes			1	10
Deferred tax assets (88% of book value)					50,4	44
Villa Organic AS non-sea water values						129
Troika Seafood 33% (cod license to salmon)		Bekkarfjord (idle)	900	1	1	1
Jarfjorden farming cluster (on-growing)		Jarfjorden	4 500	5	15	75
Bugøynes farming clusters (on-growing)		Bugøynes	5 400	6	15	90
Eastern Finnmark idle licenses (non-moveable)		Varangerfjorden	3 600	4	5	20
Laksefjorden, new cluster		Kvitelv	3 600	4	11	Sold 0
Laksefjorden, additional license, not developed		Kvitelv/Hopseide	900	1	11	Sold 0
Eastern Finnmark 2009 licenses, not developed		Finnmark moveable	4 500	5	11	Sold 0
Total licenses (post SALM transaction)		3Q12 WFE biomass (t)	No of Fish (est)	16	HOG price	186
Standing biomass		2011G (Kvitseiv)	1 890	450 000	4,20	33 SALM 0
Wfe tons		2011G (Kvitseiv)	1 895	450 000	4,21	33 63
		2011G (Bugøynes I+I)	6 375	1 500 000	4,25	33 210
		2010G (Jarfjorden)	262	42 258	6,2	33 9
Confirmed		2012G Varanger (stocked)	1 888	4 500 000	0,42	35 66
Present value of standing biomass		10 420	1 542 258	P/B	1,17	348
Working capital build up adj to 2014 vs 2013 volumes			2 300		-18	-41
HQ Kirkenes/overhead					-7	8 -56
EV Villa Organic, post Salmar transaction						566
NIBD 4Q2013E						213
Asset value						353
Shares outstanding, post share issue						141
Value per Villa share		Licenses		16		2,50
EV/kg 2013			12 200			43

In total, we estimate non-sea water assets of NOK 129m. The standing biomass is valued to NOK 348m while the licenses are valued equal to NOK 186m.

Our target in Villa Organic AS is NOK 2.5 (2.0) per share.

Villa Organic AS (OTC-listed)
Analysts: Bent Rølland + 23113027
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Sector:	Aquaculture	Price (NOK):				1,25	Shares outst.:					141,3m
Date:	10.jan.13	Book equity p share (NOK):				2,44	Market cap (NOKm):					177
Next result:	TBA	Equity ratio:				45 %	Net int.bearing debt (NOKm):					223
Target	2,5	Avg daily vol (90d):				1 446	Enterprise value (NOKm):					399
Recommendation:	Buy	12 months High/Low:				2 830,5	OSEAX					n.m.
Profit & loss statement	2010	2011	2012E	2013E	2014E	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E
Sale revenues	521	499	477	407	500	167	111	77	189	100	97	100
Growth turnover	78 %	-4 %	-5 %	-15 %	23 %	-1 %	-30 %	-1 %	95 %	-40 %	-13 %	30 %
Other income	4	24	111	0	10	0	112	0	0	0	0	0
Total revenues	525	523	588	462	486	167	222	76	189	100	97	100
Change in inventory	315	39	-10	-85	14	4	46	-55	23	-24	-29	-11
Cost of goods	0	298	322	247	227	118	50	92	111	69	75	56
Gross profit	209	186	275	300	245	45	125	39	55	56	50	56
Loss on receivables	0	0	0	0	0	0	0	0	0	0	0	0
Other operating costs	56	106	91	91	91	39	19	24	26	21	19	24
Wages	57	60	68	68	69	22	14	11	19	22	14	11
EBITDA	96	20	117	85	109	-16	92	4	9	12	17	20
Depreciation fixed assets	28	39	41	41	41	11	11	10	10	10	10	10
EBIT	67	-20	76	44	67	-27	81	-6	-1	2	7	10
IFRS adj (not reported -FF est)	0	0	10	3	0	0	0	0	0	10	3	0
EBIT post IFRS	67	-20	86	47	67	-27	81	-6	-1	12	10	10
Interest expenses	23	18	26	28	25	3	7	6	7	7	7	7
Extraordinary items	0	0	0	0	0	3	0	0	0	0	0	0
Pretax profit	45	-38	59	19	43	-30	75	-12	-8	5	3	3
Adjustments/extraordinary items	0	-5	105	3	0	-10	87	-7	15	10	3	0
Pre tax profit adj.	45	-33	-46	16	43	-20	-12	-5	-23	-5	0	3
Taxes (28% item adj.)	0	0	0	0	0	0	0	0	0	0	0	0
Profit after tax	45	-38	59	19	43	-30	75	-12	-8	5	3	3
Outst Shares	114	118	130	141	141	118	118	118	141	141	141	141
EPS	0,40	-0,32	0,46	0,14	0,30	-0,25	0,63	-0,10	-0,06	0,03	0,02	0,02
EPS adj.	0,40	-0,28	-0,35	0,11	0,30	-0,17	-0,11	-0,04	-0,16	-0,04	0,00	0,02
NIBD	363	393	223	203	155	393	382	328	258	223	220	192
MULTIPLES:												
EV/kg	38	48	19	20	14							
EV/Sales	1,0	1,1	0,8	0,9	0,7							
EV/EBITDA	5,3	27,2	3,3	4,5	3,1							
EV/EBIT	7,5	-27,7	5,1	8,6	4,9							
P/B	0,52	0,57	0,47	0,49	0,43							
P/E adj.	4	-5	-5	n.m.	5,8							
Harvesting volumes (HOG)	2010	2011	2012	2013	2014	Q4 11	1q 12	2q12	3q12	4q12e	1q13e	2q13e
Finnmark	10 114	8 424	13 740	12 200	14 900	3 551	3 071	1 757	5 812	3 100	2 900	3 000
Romsdal	430	804	0	0	0	0	0	0	0	0	0	0
Total harvesting (HOG t)	10 544	9 228	13 740	12 200	14 900	3 551	3 071	1 757	5 812	3 100	2 900	3 000
Total harvesting Y/Y	71 %	-12 %	49 %	-11 %	22 %	-2 %	-1 %	104 %	238 %	-13 %	-6 %	71 %
EBIT/kg (ex. IFRS items)	6,4	-1,6	-2,2	3,4	4,5	-4,9	-1,9	0,4	-2,8	0,5	2,3	3,3
Assets	2010	2011	2012	2013	2014	Largest shareholders		Number of shares		shareholders %		
Licences	55	43	24	24	24	AkvaInvest AS		52 540 869				37 %
Deferred tax assets	41	50	50	50	50	Hofseth International AS		38 076 927				27 %
Intangible fixed assets	96	94	74	74	74	Centennial AS		17 137 494				12 %
Property, buildings	33	47	45	44	43	DNB Markets, AKS		9 911 920				7 %
Machineries, equipment	181	209	174	174	174	Morud Minerals		4 019 595				3 %
Tangible fixed assets	214	256	219	218	217	Nettfond AS		3 021 222				2 %
Total fixed assets	321	356	299	298	297	Ojada AS		2 637 385				2 %
Inventories	312	312	266	267	262	Millicom Norge AS		2 168 910				2 %
Receivables	62	53	88	88	88	Salmar ASA		2 087 865				1 %
Account receivables	23	18	33	33	33	Alisco AS		1 419 823				1 %
Cash	52	12	71	90	139	Berntneset Invest AS		1 312 888				1 %
Total current assets	449	396	459	479	523	Eidesvik Invest AS		907 984				1 %
Total assets	770	752	758	777	820	Sør-Varanger Invest		889 024				1 %
Total shareholders equity	276	257	344	363	406	Six sis AG pct		658 000				0 %
Convertible bond	200	184	100	100	100	Initia AB		605 325				0 %
Interest bearing debt, financial ins	2	54	51	51	51	Swelandia International		605 325				0 %
Long term debt	277	318	215	215	215	Vidar Skaar		496 997				0 %
Total Current liabilities	217	177	198	198	198	Radin Invest AS		484 260				0 %
Total debt	494	495	413	413	413	Jan Fossberg		410 522				0 %
Total equity & liabilities	770	752	757	777	819	Lennart Lillestøl		329 301				0 %
Cash flow from operations	1	-49	32	59	89	Others		1 551 770				1 %
Cash flow from investments	-82	7	25	-40	-40	All shareholders		141 273 406				100 %

Norway Royal Salmon ASA

BUY (BUY)

 Preview 4Q12 10 January 2013
 Results date 19 February 2013

 Share Price: NOK 15.7 (10.01.2013)
 Target: NOK 23 (21)

Share data	10.01.2013
Sector	Aquaculture
Reuters/Bloomberg	NRS
Risk rating	Medium
Outstanding shares	43 572
Market cap	684
Net interest bearing debt	620
Enterprise value	1 304
Free float	55 %
Average volume	28
High/low 52w	15.7 / 7.2
Weight OSEBX	0,0430
Rel. Perf 3/6/12	11/ 28/ 44
Abs. Perf. 3/6/12	13/ 41/ 61

Estimate changes

Estimate chg	2012E	2012 Old	2013E	2013 Old	2012 %	2013 %
Revenues	1 813	1 816	2 664	2 593	0 %	3 %
EBITDA	71	79	220	207	-11 %	6 %
EBIT	41	49	189	176	-17 %	7 %
PTP	52	61	156	143	-14 %	9 %
EPS adj	0,52	0,65	2,44	2,23	-20 %	10 %
Out. shares (m)	43,6	43,6	43,6	43,6	0 %	0 %
Farming North	14 048	13 948	22 800	22 800	1 %	0 %
Farming South	7 778	7 578	6 200	6 200	3 %	0 %
Total volumes	21 826	21 526	29 000	29 000	1 %	0 %
EBIT/kg North	1,70	2,11	6,05	5,82	-19 %	4 %
EBIT/kg South	0,79	1,30	5,81	5,02	-39 %	16 %
Trading volume	55 558	55 558	60 000	60 000	0 %	0 %
EBIT/kg sales	0,50	0,48	0,55	0,50	3 %	10 %
NIBD	620	616	526	456	1 %	15 %

NRS volume guidance

Volume guidance	At 2Q12			At 3Q12			
NRS	2009	2010	2011	2012	2013	2012	2013
Farming North	2 333	4 677	5 910	14 600	21 500	13 900	22 800
Farming South	4 495	6 001	12 871	7 800	6 500	7 600	6 200
Guidance	6 828	10 678	18 781	22 400	28 000	21 500	29 000
Farming North YY	100 %	26 %	147 %	47 %	135 %	64 %	
Farming South YY	34 %	114 %	-39 %	-17 %	-41 %	-18 %	
Guidance YY	56 %	76 %	19 %	25 %	14 %	35 %	
Sale volumes	47 200	49 584	50 428				
Sale volumes YY	5 %	2 %					

Attractive assets – Significant 2013 volume growth

At 3Q12, Norway Royal Salmon ASA confirmed that it is one of very few Norwegian companies with remaining organic volume growth potential, guiding on 35% higher harvesting in 2013 than in 2012. With growing volumes in attractive farming regions, NRS should be well positioned to take advantage of significantly higher salmon prices as well as lower overhead/kg fish.

In the short term, NRS working capital will increase further, due to the planned biomass build-up, and the company is highly financially geared. However, NIBD should gradually come significantly down due to expected earnings growth, and we expect strong cash flow during 2013. Longer term, the company should regain some dividend capacity.

In 4Q12, the Norwegian Government announced a proposal to soften the ownership limitations in the aquaculture industry, potentially opening up for consolidation. With good outlooks for the sector, limited organic growth potential and statements from industry players regarding ambitions to expand, we expect to see further consolidation in 2013. With attractive assets, especially in northern Norway, where the Government has proposed further growth in licenses, NRS should be positioned to take part in consolidation.

We expect NRS to report 4Q12 EBIT of NOK 19m, on harvesting volume of around 8 000 t. We expect the trading company to contribute with an EBIT of around NOK 9m in the quarter.

We estimate 2013 and 2014 EPS adj. of around NOK 2.44 (2.23) and NOK 2.77 (3.00), respectively. We conclude NRS values of NOK 23 (21) per share as our 12 month target, corresponding to 2013 EV/kg farming of NOK 44 (43), as a high cycle approach. We maintain our BUY recommendation.

Key figures (MNOK)	2009	2010	2011	2012E	2013E	2014E	4Q11	4Q12E
Total revenues	1 603	2 002	1 734	1 813	2 664	2 698	400	612
EBITDA	52	154	71	71	220	241	4	27
EBIT (before IFRS)	39	123	45	41	189	210	-4	19
IFRS biomass adj	44	26	28	51	0	0	17	0
PTP	81	169	81	52	156	177	18	9
Reported EPS	1,97	3,32	0,05	0,80	2,44	2,77	0,42	0,12
EPS adj.	0,00	3,16	2,67	0,52	2,44	2,77	0,41	0,12
DPS		0,91	0,00	0,00	0,73	0,83		
Farming North	4 495	6 001	12 871	14 048	22 800	22 300	5 324	4 500
Farming South	2 333	4 677	5 910	7 778	6 200	6 500	2 767	3 500
Total volumes	6 828	10 678	18 781	21 826	29 000	28 800	8 091	8 000
Volumes Y/Y		56 %	76 %	16 %	33 %	-1 %		-1 %
NIBD	340	412	504	620	526	392	504	620
EV/ Sales		0,5	0,6	0,7	0,5	0,4		
EV/ EBITDA		6,5	15,9	18,4	5,5	4,5		
EV/EBIT, before adj.		8,1	25,1	32,0	6,4	5,1		
P/E adj		5,0	5,9	30,4	6,4	5,7		
P/B		1,0	1,2	1,1	0,9	0,7		

Source: Fondsefinans research

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NRS estimates and valuation

The tables below sum up NRS farming margins and volumes and our estimates.

33% 2013E farming volume growth

EBIT farming (NOK/kg)	2009	2010	2011	2012E	2013E	2014E
Farming North	2,68	9,82	3,58	1,70	6,05	6,83
Farming South	4,75	10,91	-0,84	0,79	5,81	6,57
Farming volumes (t)						
Farming North	4 495	6 001	12 871	14 048	22 800	22 300
Farming South	2 333	4 677	5 910	7 778	6 200	6 500
NRS farming volumes	6 828	10 678	18 781	21 826	29 000	28 800
Farming EBIT						
Farming North	39 659	85 323	-8 366	23 016	137 830	152 244
Farming South	27 073	49 437	-20 305	17 322	36 050	42 718
EBIT farming (NOK '000)	66 732	134 760	-28 671	40 338	173 880	194 962

Quarterly EBIT distribution per segment

EBIT farming (NOK/kg)	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E
Farming North	11,08	1,66	-0,57	2,59	1,63	-0,68	2,20	5,50	8,50
Farming South	0,35	-0,63	-1,29	0,58	0,58	0,08	1,30	5,00	8,50
Farming volumes (t)									
Farming North	2 766	3 746	5 324	4 145	2 995	2 408	4 500	4 200	5 600
Farming South	585	2 558	2 767	398	2 045	1 835	3 500	300	2 000
NRS farming volumes	3 351	6 304	8 091	4 543	5 040	4 243	8 000	4 500	7 600
Farming EBIT									
Farming North	30 640	6 215	-3 034	10 733	4 882	-1 637	9 900	23 100	47 600
Farming South	203	-1 612	-3 557	232	1 192	147	4 550	1 500	17 000
EBIT farming (NOK '000)	30 843	4 603	-6 591	10 965	6 074	-1 491	14 450	24 600	64 600

The tables below sums up Norway Royal Salmon ASA segment Sales margins and volumes.

NRS Sales & Marketing	2009	2010	2011	2012E	2013E	2014E
Sales revenues (NOK m)	1 587	1 991	1 686	1 597	1 940	1 949
EBIT ex IFRS (NOK m)	21	26	24	28	33	33
Volume sold ('000 t)	47	50	50	56	60	60
EBIT/kg sales (NOK)	0,44	0,52	0,47	0,50	0,55	0,55
		5 %	2 %	10 %	8 %	0 %

Sales margins normalised

NRS Sales & Marketing	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	2Q13E
Sales revenues (NOK m)	446	409	421	379	409	360	450	482	507
EBIT ex IFRS (NOK m)	5	7	9	4	7	8	9	8	8
Volume sold ('000 t)	11	14	16	13	13	13	16	15	15
EBIT/kg sales (NOK)	0,46	0,53	0,56	0,29	0,56	0,57	0,55	0,55	0,55
					18 %	-3 %	1 %	17 %	13 %

Valuation approach

We value Norway Royal Salmon ASA based on a bottom-up approach where the individual farming clusters and business units are valued separately.

Based on our estimates, the table below sums up our SOTP valuation of NRS.

EV/kg farming target of
NOK 44

High cycle values
maintained

SOTP of NOK 23 (21)
per share - BUY

SOTP - Norway Royal Salmon ASA	Licenses	Ownership	Volumes	Capacity	EBIT/kg	EBIT	EV/EBIT	EV	EV/Kg
Farming Northern Norway (19 licenses)	19	100 %	22 800	23 000	6,05	137 830	7,5	1 033 725	45
Farming South of Norway (6 licenses)	6	100 %	6 200	7 000	5,81	36 050	7,0	252 350	41
Total farming (25 licenses)	25	100 %	29 000	30 000	6,00	173 880	n.m.	1 286 075	44
Wilsgård Fiskeoppdrett AS (Senja)	3	37,5%	2 340	3 000				42 120	48
Måsøval Fishfarm AS (Frøya)	2	36,1%	1 950	2 000				33 790	48
Hellesund Fiskeoppdrett AS (Høvåg)	3	34 %	2 340	2 340				27 437	35
Hardanger Fiskeforedling AS (processing)		31 %						3 000	
Ranfjord Fiskeprodukter AS (6m smolt)	6,0	37,75 %				n.m.		37 599	
Skardalen Settefisk AS (30/70% w/Wilsgård)	2,5	30 %						11 250	
Espevær Laks AS (Bømlo processing plant)		38 %						1 000	
Total minority farming (Book = NOK 96m)	8		6 630	37 340		n.m.		156 195	n.m.
NRS Sales (Kristiansand, 50 countries)		100 %	60 000		0,55	33 000	6,5	214 500	7
Tax losses carried forward								45 640	
Total EV	33					206 880		1 702 410	
Elimination to EBIT/HQ/sales						17 652	8	141 216	
Minority holdings (Region North/Senja)	1,35	Senja						73 449	
2013 dividend								0	
31.12.2013 NIBD								526 464	
Minority NIBD adj.								20 000	
Equity values								981 281	
Own shares	Sold	4,2%						0	
Outst shares (ex. own shares)		100 %						43 572	
Equity value per share (SOTP values)								23	

Source: Fondsefinans

Norway Royal Salmon ASA
Analysts: Bent Rølland +23 11 30 27
Philip M. Scrase +23 11 30 23

Sector:	Aquaculture	Price (NOK): 15,7				Shares outst.: 43 572m						
Date:	10.jan.13	Book equity per share (NOK): 14,1				Market cap (NOKm): 684						
Next result:	19.feb.13	Equity ratio: 38 %				NIBD (NOKm): 620						
Target	23	Avg daily vol (90d): 28				Entprise value (NOKm): 1 304						
Recommendation:	Buy	12 months High / Low: 15.7 / 7.2				Weigh OSEAX: 0,0430						
TNOK	2010	2011	2012E	2013E	2014E	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	
Operation income	2 001 813	1 734 022	1 812 821	2 663 786	2 698 438	400 260	380 551	409 088	411 624	611 558	569 064	
EBITDA	154 196	70 799	70 765	220 076	241 158	3 875	17 674	16 644	9 898	26 549	36 149	
<i>EBITDA-margin</i>	8 %	4 %	4 %	8 %	9 %	1 %	5 %	4 %	2 %	4 %	6 %	
EBIT pre fair value	122 790	44 756	40 688	189 228	210 310	-3 559	10 394	9 271	2 186	18 837	28 437	
<i>EBIT-margin</i>	6 %	3 %	2 %	7 %	8 %	-1 %	3 %	2 %	1 %	3 %	5 %	
IFRS biomass adj	26 339	27 666	51 138	0	0	16 602	2 777	7 905	40 456	0	0	
EBIT	149 129	72 422	91 826	189 228	210 310	13 043	13 171	17 176	42 642	18 837	28 437	
Income associates (NRS share)	25 366	16 015	8 676	5 498	5 581	14 409	6 145	1 161	185	1 185	1 375	
Share profit associates/other adj.	12 527	0	-9 919	0	0	0	0	0	-9 919	0	0	
Other financial items	-18 097	-7 311	-38 477	-38 440	-38 440	-9 840	-7 980	-9 277	-10 610	-10 610	-10 110	
Result before tax	168 925	81 126	52 106	155 786	177 451	17 612	11 336	9 060	22 298	9 412	19 702	
Income tax	-36 798	15 548	-12 695	-42 062	-49 468	-582	-1 658	-2 211	-6 191	-2 635	-5 319	
Net profit	132 127	96 674	39 411	113 724	127 983	17 030	9 678	6 849	16 107	6 777	14 382	
Minority share	8 599	-3 759	4 459	7 222	7 501	373	793	922	1 372	1 372	1 372	
Mother company	123 528	100 433	34 952	106 502	120 482	16 657	8 885	5 927	14 735	5 405	13 010	
No of outst shares (mill)	37 229	39 611	43 572	43 572	43 572	39 611	43 572	43 572	43 572	43 572	43 572	
EPS	3,32	0,05	0,80	2,44	2,77							
EPS adj.	3,16	2,67	0,52	2,44	2,77							
CEPS	2,20	-0,65	-0,87	3,06	4,74							
Cash flow/kg fish	7,66	-1,37	-1,73	4,60	7,16							
DPS	0,91	0,00	0,00	0,73	0,83							
Multiples:												
EV/Sales		0,6	0,7	0,5	0,4							
EV/EBITDA		15,9	18,4	5,5	4,5							
EV/EBIT		25,1	32,0	6,4	5,1							
P/E adj		5,9	30,4	6,4	5,7							
P/B		1,2	1,1	0,9	0,7							
Farming North	2010	2011	2012E	2013E	2014E	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	
Sales revenues	209 524	348 409	360 950	748 380	739 414	116 900	102 935	75 624	60 441	121 950	134 400	
EBIT ex IFRS	58 930	46 127	23 877	137 830	152 244	-3 034	10 733	4 882	-1 637	9 900	23 100	
Volume harvested (HOG)-fish	6 001	12 871	14 048	22 800	22 300	5 324	4 145	2 995	2 408	4 500	4 200	
EBIT/kg	9,82	3,58	1,70	6,05	6,83	-0,57	2,59	1,63	-0,68	2,20	5,50	
Farming South	2010	2011	2012E	2013E	2014E	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	
Sales revenues	167 264	152 374	205 306	203 450	214 668	66 177	10 262	54 172	46 022	94 850	9 600	
EBIT ex IFRS	51 007	-4 957	6 121	36 050	42 718	-3 557	232	1 192	147	4 550	1 500	
Volume harvested (HOG)-fish	4 677	5 910	7 778	6 200	6 500	2 767	398	2 045	1 835	3 500	300	
EBIT/kg	10,91	-0,84	0,79	5,81	6,57	-1,29	0,58	0,58	0,08	1,30	5,00	
NRS Trading (group)	2010	2011	2012E	2013E	2014E	4Q11	1Q12	2Q12	3Q12	4Q12E	1Q13E	
Sales revenues	1 990 838	1 685 577	1 597 077	1 940 100	1 948 500	421 320	378 781	408 692	360 004	449 600	482 100	
EBIT ex IFRS (allocated to upstrex)	25 894	23 584	27 614	33 000	33 000	8 789	3 734	7 400	7 680	8 800	8 250	
Volume sold-trading	49 584	50 428	55 558	60 000	60 000	15 797	12 817	13 243	13 498	16 000	15 000	
EBIT/kg (sales volumes)	0,52	0,47	0,50	0,55	0,55	0,56	0,29	0,56	0,57	0,55	0,55	
Total harvesting	10 678	18 781	21 826	29 000	28 800	8 091	4 543	5 040	4 243	8 000	4 500	
Group EBIT/kg	10,3	2,2	1,4	6,0	6,8	-0,8	2,4	1,2	-0,4	1,8	5,5	
Group EBIT/kg (incl sales)	11,5	2,4	1,9	6,5	7,3	-0,4	2,3	1,8	0,5	2,4	6,0	
Impl cash flow/kilo fish	7,7	-1,4	-1,7	4,6	7,2	1,6	10,9	-0,7	-9,9	-5,2	8,6	
Balance sheet (TNOK)	2010	2011	2012E	2013E	2014E	Shareholders					11.okt.12	%
Total non-current assets	764 173	783 436	794 187	804 200	816 890	Gåsø Næringsutvikling AS					6 109 244	14 %
Total current assets	700 664	683 857	826 553	959 921	1 054 302	Glastad Invest AS					5 317 861	12 %
Total assets	1 464 837	1 467 293	1 620 740	1 764 121	1 871 192	Egil Kristoffersen og sønner					4 234 059	10 %
Total equity	579 796	532 662	616 350	779 358	932 360	Havbruksinvest AS					3 526 312	8 %
Total equity and liabilities	1 464 837	1 467 290	1 625 140	1 767 660	1 871 193	Måsøval Eiendom AS					3 488 022	8 %
CF operations	81 833	-25 782	-37 775	133 368	206 332	Lovundlaks AS					2 292 454	5 %
Op.CF (NOK/kg fish)	7,66	-1,37	-1,73	4,60	7,16	Nyhamn AS					2 013 371	5 %
CF Investments	-83 599	-56 602	-40 063	-40 000	-40 000	Kverva AS					1 850 709	4 %
CF financing	4 704	83 841	33 897	0	-31 951	Sparebanken Midt-Norge					1 656 663	4 %
Cash (closing balance)	4 748	6 205	-37 736	55 632	190 013	Hellesund Fiskeoppdrett					1 541 450	4 %
NIBD	411 960	503 717	619 832	526 464	392 083	SIX SIS AG					751 006	2 %
Equity ratio (35% cov.)	40 %	36 %	38 %	44 %	50 %	Henden Fiskeindustri					639 502	1 %
Return on equity	25 %	18 %	6 %	15 %	14 %	Colebros, LLC					502 065	1 %
										Total outst. shares	43 572 191	100 %

Risk assessment

The sensitivity of key assumptions is very high, with salmon prices being the key factor.

Salmon prices around the world will differ from market to market. In Europe, fish sales are primarily settled in EUR, while US sales are settled in USD. The larger companies in the sector have EUR and USD debt in order to hedge FX risks. The smaller companies in the sector are financed by NOK debt.

Fish diseases could always hit long term underlying values in fish farming. In the Northern hemisphere, 2Q and 3Q is normally high season for potential fish diseases (whereas the risk profile through the year is more or less reverse in Chile). The risk increases in summer and in 3Q when the sea water temperatures and the density in the cages are at peak. On the other hand 4Q and 1Q are normally low season for fish diseases.

The updated Aquaculture Law in Chile came into force in April 2010. This post-ISA fish health system should contribute to more sustainable long term farming conditions. 53 separate cultivation zones are defined and a local area management regime will start to regulate the future production in the zones.

In Norway, there is currently a similar debate of implementing production zones. If this becomes reality, the capacity utilization will likely come down over time. The Gullestad expert working group has proposed implementing production zones, in Chile, the UK and Faroe Islands to help sea water conditions against potential summer sea lice and PD issues.

In the Campbell River are, Kudoa (soft-flesh syndrome) may occur from time to time. Kudoa is a typical customer claim.

Definitions of ratings

Buy Low risk: with a potential of min 5%. Medium risk: with a potential of min 10%. High risk: with a potential of min 15%.

Neutral Low risk: -5% to +5%. Medium risk: -10% to +10%. High risk: -15% to +15%.

Sell Low risk: min 5%. Medium risk: min 10%. High risk: min 15%.

Risk ratings are based on price volatility, fundamental criteria and perceived risk. Ratings are: Low (L), Medium (M) and High (H).

Target: Our valuation as of today.

Time frame of target: Target is what we value the share as of today.

Recommendation distribution as of 17.12.12:

Recommendation	No	Percent
Buy	29	69 %
Neutral	12	29 %
Sell	1	2 %
Total	42	100 %

Companies in each recommendation category that have been investment banking clients over the past 12 months:

Recommendation	No	Percent
Buy	3	10 %
Neutral	1	8 %
Sell	0	0 %
Total	4	

Our intention is to issue preview and update research on a quarterly basis.

Our investment recommendation is elaborated in accordance with "The Norwegian Securities Dealers Associations" standards.

This report has not been sent to the company for correction of any factual errors.

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