

# Message from CEO - Set to grow

**2012 was a remarkable year for Cermaq. Its fish farming business experienced challenging markets and delivered poor results, while the feed division set new records in terms of volumes, revenue and operating profits.**

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## **A divided market**

The market for salmonids saw a sharp increase on the supply side. Chile experienced a high level of growth as it continued to rebuild the market following the ISA (Infectious Salmon Anaemia) crisis in 2008–2009. Given the sharp spike on the supply side, including from Norway, it is remarkable that price levels in Europe remained relatively constant throughout the year. The growth in demand in Russia and other Eastern European countries contributed greatly to this trend. The more traditional continental markets also fared well.

Production growth in Chile led to a drop in prices, on the other hand. Prices fell sharply throughout the year in the traditional Japanese market for trout and coho. The price of Atlantic salmon, primarily intended for the US and Brazilian markets, also fell. Cermaq's fish farming business, Mainstream, therefore suffered a challenging year overall with a significant drop in operating revenues, especially in Chile and Canada. The entire Chilean and Canadian fish farming industries faced at least as difficult circumstances in 2012.



CEO Jon Hindar

## Record results for the feed division

Cermaq's feed division, EWOS, delivered a particularly strong performance in 2012, primarily driven by volume growth in Norway and Chile and, not least, by highly efficient operations. A capacity increase in Norway was achieved just in time for the high season in the third quarter, and EWOS was able to run at full capacity during this critical period. EWOS Norway was responsible for half of the total volume growth of feed in Norway. EWOS Chile also saw good growth due to the sharp increase in salmonid production in the region. The feed operations in Canada and Scotland were also highly satisfactory despite a weak increase in volumes.

"Cermaq most definitely is an organisation characterised by solid expertise and operation orientation."

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## **Social responsibility and transparency**

Cermaq continued to put into practice its vision of sustainable aquaculture in 2012, and it continued to address the various issues covered by the UN Global Compact principles. This included tackling fundamental issues such as preventive fish health and the development of new sources of raw materials for use in feed based on a more sustainable exploitation of resources. Our health, safety and environment initiatives have yielded good results, and awareness of human rights throughout the value chain has increased. The organisation has also conducted an anti-corruption training programme. Cermaq's sustainability targets are reflected in the way the company reports openly on its strategy, approach and results in relation to Global Reporting Initiative (GRI), Carbon Disclosure Project (CDP) and the Global Compact.



## **Protecting fish health through continuous prevention**

2012 was a difficult year at Mainstream despite systematic and successful efforts to protect fish health. In Canada, Mainstream experienced two outbreaks, just two months apart, of the serious viral infection IHN (Infectious Haematopoietic Necrosis). In all likelihood the virus spreads from wild fish. Mainstream took immediate steps to isolate the affected locations and cull the fish.

In Norway there were a rare diatom algae bloom in Nordland and a major influx of jellyfish in Finnmark. This had an impact on both the mortality and the growth of salmon. It is difficult to put in place protection against situations like this, but we are working internally to develop solutions to such problems. Mainstream Norway also saw an outbreak of PD (Pancreas Disease) in Finnmark in 2012 and another outbreak in the winter of 2013. In both cases the fish were culled quickly to prevent a potential spread to other locations nearby.