



CEO
Jan Fossberg

CFO
Vidar Skaar

VILLA ORGANIC AS

Q 1 2010

Agenda

- **Highlights Q1 2010**
- **Group Financials**
- **About Villa**
- **Outlook**

Highlights Q1 2010

- Improvements in profit
- Q1 EBIT from -0,4MNOK in 2009 to 19,4 MNOK in 2010
- Harvest volume in Q1 3311 tons
- Low production in sea due to low sea water temperatures
- Cost efficient program started
- Market has been steady with increasing prices

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Villa Organic (group) Key Financial figures (1 000 NOK)				
	Q1 2010	Q1 2009	FY 2009	FY 2008,
Total Income	131 245	52 511	315 176	357 362
EBITDA	25 344	3 794	22 501	-23 217
EBIT	19 433	-492	4 088	-47 514
Profit/loss before tax	14 914	-6 504	-16 688	-65 375
Harvest Volume (HOG) Finnmark tons	3 311	859	5 315	
Harvest Volume (HOG) Romsdal tons	-		837	
Harvest Volume (HOG) Total tons	3 311	859	6 152	
EBIT NOK/kg	5,87	-1,7	0,66	

- Comments:
 - Turnover increased with 250% compared with Q1 2009
 - Harvest volume increased with 2 452 tons compared with Q1 2009
 - EBIT/Kilo in Q1 was NOK 5,87

Resultatregnskap pr Q1 Villa Organic

	1Q 2010	1Q2009	FY 2009	FY 2008
Operating Income	130 968	52 511	311 769	242 021
Other Income	277		3 407	115 341
Total Income	131 245	52 511	315 176	357 362
Changes in Inventory	35 567	-7 460	-89 829	175 438
Cost of goods	45 458	39 615	293 831	121 198
Wages	12 184	7 795	39 239	37 027
Other operating costs	12 693	8 767	49 433	46 915
EBITDA	25 344	3 794	22 502	-23 216
Depreciation	5 912	4 286	18 413	24 298
EBIT	19 433	-492	4 089	-47 514
Net financial items	4 518	6 012	20 778	17 862
	0			
Profit/loss before tax	14 914	-6 504	-16 689	-65 376

Comments:

- Significant improvement in turnover and profit/loss compared with the same period in 2009
- The result pr 31.03 is in line with expectations
- Prices higher than expected

Balanse pr 31.03.10

	31.03.2010	31.12.2009
ASSETS		
Total Intangible Assets	108 804	108 854
Total Fixed Assets	164 396	153 558
Total Financial Fixed Assets	15 383	19 100
Total non-current assets	288 583	281 512
Total Current Assets	311 874	312 426
Total Assets	600 458	593 938
EQUITY AND LIABILITIES		
Total Equity	219 722	204 609
Total Long Term Liabilities	249 344	249 320
Total Current Liabilities	131 392	140 009
Total Liabilities	380 736	389 329
Total Equity and Liabilities	600 458	593 938

Comments;

- Equity ratio per Q1 was 36,5%
- Net bearing depth was per 31.3. NOK 301,8 mill.
- Compliance with all loan covenants



Villa has significant unused credit facilities

Overview of interest-bearing debt and facilities

NOK 225m facility

- 3 yr NOK 175 credit facility with Sparebanken MidtNorge (SMN)
- Draw-down based on borrowing base, defined by certain balance sheet items (biomass, feed and accounts receivables)
- NOK 75m of facility drawn by Q1 2010
- Main covenants: Equity ratio (minimum 30%) and Debt / EBITDA ratio (maximum 6.0x)
- Additional guarantee and hedging facilities of NOK 50m

NOK 10m credit facility

- 5 yr credit facility with Sparebanken Møre
- Draw-down based on inventory and accounts receivables in Villa Sales
- NOK 1m of facility drawn by Q1 2010

NOK 25 Credit facility

- NOK 25 credit facility with SG finans
- Draw-down based on equipment such as boats, pens etc
- NOK 0 of facility drawn by Q1 2010

NOK 200m Convertible Bond

- 5 year convertible bond loan
- Facility fully drawn
- Maturity: 2012
- Main covenants: Equity ratio of minimum 30%

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Villa Organic new management has significant experience

Overview of top management

Jan Fossberg (born 1957), CEO

- CEO since August 2009
- MSc from the Norwegian University of Life Sciences
- Significant working experience as top manager in Retail and Food manufacturing industries
- International business experience as counsellor for fishery affairs at the Norwegian Embassy in Beijing and director for the Norwegian Seafood Export Council for China and Korea

Vidar Skaar (born 1967), CFO

- CFO since December 2009
- .MSc from Norwegian School of Economics and Business administration
- Working experience as Regional Bank Manager in Sparebanken 1 Midt-Norge, CFO in Fjord 1 and Norsk Fina AS.

Dharma Rajeswaran (born 1965), Head of Villa Arctic

- COO Villa Arctic since 2006
- Regional manager in Pan Fish (today Marine Harvest)
- Bachelor in Aquaculture, University college, in Bodø
- Experienced in fish farming

Ole Bjørn Rød (born 1964), Head of Villa Miljølaks

- COO since 1.1.2010
- Previous manager in Storvik and site manager in Hydrotech (Now Lerøy Hydrotech)
- Long experience in fish farming

Per Gunnar Kvenseth (born 1952), Head of Quality and Biological control

- Employed at Villa Organic since 2006
- MSc in Fishery Biology from the University in Bergen
- Working experience from research and aquaculture with different species
- International experience as consultant in aquaculture (KPMG)



Villa Organic Board has significant experience

Overview of Board of Directors

Svein Sivertsen- Chairman of the board

- Board member since 2008
- Partner in Borgersen and Partners

Endre Røsjø

- Board member since 2009
- Private investor

Leif Inge Karlsen

- Board member since 2008
- Investor, long experience in the Norwegian salmon farming industry

Arild Mathisen

- Board member since 2009
- Experience in Norwegian and International business, CEO in Ringnes and Stabburet

Dennis Clark

- Board member since 2009
- Analyst for QVT Financial LP

Ingunn Sylte

- Board member since 2009
- Private investor

Ivar Kvangardsnes

- Board member since 2010
- CFO in Atlantic Cod farmers
- Previous vice president in Grieg Seafood



Villa: A unique Organic salmon producer

Niche salmon farming operator

- Focus on niche qualities as sole salmon farmer in the pristine waters of Eastern Finnmark
- Been present in the unexploited areas of Eastern-Finnmark for 3 years and has spent considerable resources to develop unique competence in this region
- Pioneer in use of biological methods, such as cleaner fish, to minimise use of medication

A differentiated business model

- Wholly focused on differentiated products through Organic Salmon and “Best Practice Salmon”
- Proven track record on achieving premium prices above FHL levels.

Significant growth potential

- Significant growth opportunities for fish farming in Eastern-Finnmark, Villa is strongly positioned
- Potential to increase production to ~16k tons on existing sites
- Unused licences with additional 20k tons potential

A fully integrated fish farmer, controlling the entire value chain

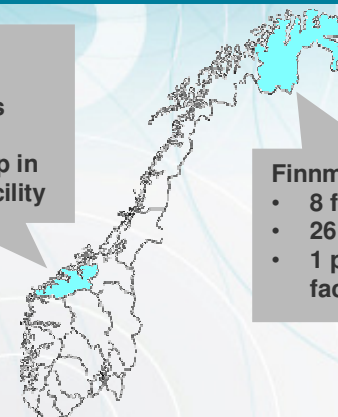
Overview

- Norwegian salmon farming company with complete value chain control
- Headquartered in Molde in Møre og Romsdal
- Focus on organically and environmentally sustainable salmon farming
- Significant unutilized farming capacity in the Finnmark region
- The company is listed on the OTC list, administered by the Norwegian Security Dealer Association

Operational map

Møre:

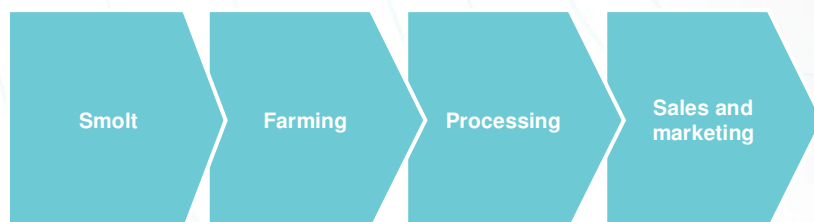
- 1 smolt site
- 2 farming sites
- 4 licences
- 37% ownership in processing facility



Finnmark:

- 8 farming sites
- 26 licenses
- 1 processing facility

Complete value chain presence



Organizational overview



Company strategy

Short term

Long term

Operational
and
Biological
performance

- **Optimize operations in Finnmark**
 - Focus on smolt quality and reducing mortality rates
 - Focus on optimising feeding regime
 - Focus on biology and efficiency at all levels
- **Obtain premium prices**
 - Continue close relationships with key customers on a B to B basis

- **Increase share of organic salmon**
- **Controlled growth to utilize all licences in Finnmark**
- **Grow licence base**

Corporate

- **Improve investor relations and communication**

Product differentiation driving margin

Margin

Organic salmon

Best practice salmon (BPS)

Commodity salmon

Differentiation

- Villa is targeting global niche markets
 - Best Practice Salmon (BPS)
 - Organic Salmon
- The niche has potential for significantly more attractive pricing and contract terms
 - Long term contracts with fixed prices reduced price volatility and risk
 - Organic salmon 100% sold on fix price contracts
 - Best Practice abt. 50% sold on fix price contracts
 - Normal price cycles are 6 and 12 months
- The result is potential for significantly higher margin than commodity salmon in the long term



Market drivers and trends...a perfect match with Villa

Strong market fundamentals...

- Organic Salmon/Best Practice Salmon
 - Demand for organic food increasing
 - Consumer mega trends
 - Changing consumer attitudes
 - Product attributes and quality
 - Attitude to nature and environment
 - Fish welfare

...with favorable market dynamics

- Guaranteed through third party certification
- Lower price sensitivity – fixed price contracts
- Stronger consumer loyalty
- Stability and price premium

Mega-trend characteristics



The 10 biggest shareholders at the end of Q1 are as follows;

Name:	Stock	%
AKVAINVEST AS	36 941 029	40,8 %
CENTENNIAL AS	11 139 073	12,3 %
B & J HOLDING AS	8 530 763	9,4 %
JEA INVEST AS	8 530 763	9,4 %
ODIN NORGE	7 590 046	8,4 %
VILLA GROUP INVEST AS	7 161 605	7,9 %
NETTFOND AS	2 866 846	3,2 %
MILLCOM NORGE AS	1 724 315	1,9 %
OJADA AS	1 724 315	1,9 %
BENTNESET INVEST AS	862 157	1,0 %

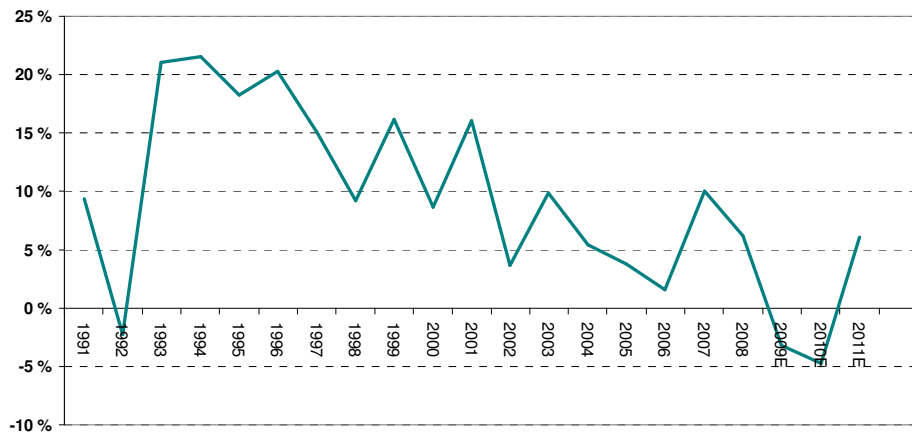
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Harvest Volume (HOG tons) - guiding

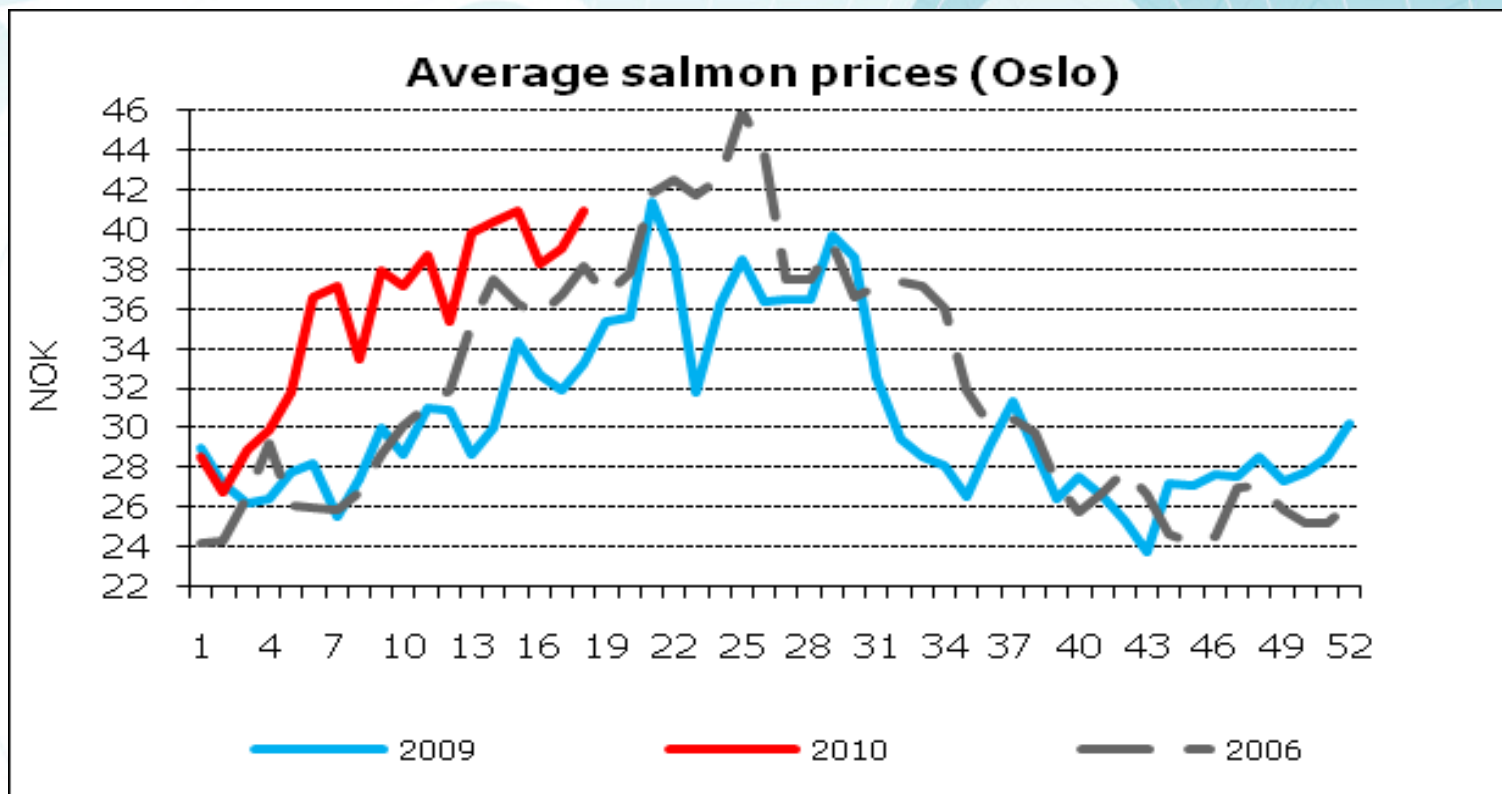
	Q2	Q3	Q4
Volume	0	3.600	4.800

Global volume growth Atlantic salmon

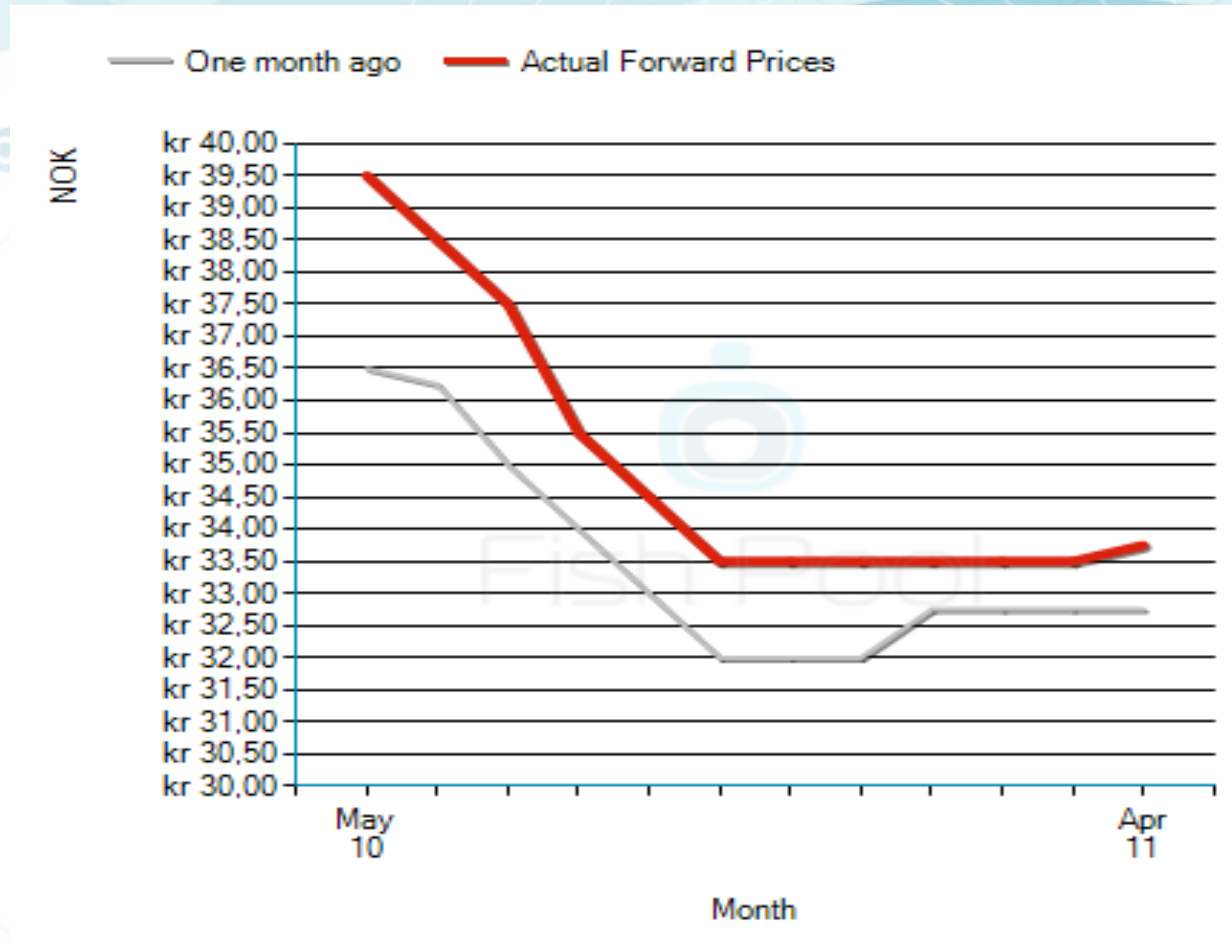


Harvest figures Atlantic salmon (1,000 t rwt)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009E	2010E	2011E
Norway	165	156	141	170	207	249	292	316	343	411	422	411	445	508	537	574	599	723	741	856	907	944
UK	33	41	36	45	64	72	83	100	111	126	129	150	133	162	150	120	127	135	137	145	149	154
Faeroe Islands	12	18	17	18	15	8	17	21	19	36	30	41	42	47	37	17	12	21	35	48	53	57
Ireland	8	8	10	11	12	12	14	16	17	19	19	23	22	18	12	12	15	15	11	16	16	17
Iceland	2	3	3	3	3	3	3	3	3	3	3	2	4	4	7	7	4	2	1	1	1	1
Total Europe	220	226	207	247	301	344	409	456	493	595	603	627	646	739	743	730	757	896	925	1066	1127	1172
Canada	9	13	17	23	30	33	34	48	56	67	80	97	100	92	89	108	115	110	119	114	116	119
USA	3	9	10	13	14	17	18	19	21	23	22	24	15	18	13	10	10	12	12	16	17	17
Total North-Am	12	22	27	36	44	50	52	67	77	90	102	121	115	110	102	118	125	122	131	130	133	136
Chile	10	16	24	29	34	54	77	97	107	102	150	245	268	281	346	385	369	356	403	234	92	120
Australia	2	3	3	4	5	6	8	8	9	10	11	12	13	14	15	18	19	24	26	26	27	28
Total	244	267	261	316	384	454	546	628	686	797	866	1005	1042	1144	1206	1251	1270	1398	1485	1456	1379	1456
Annual growth	35 %	9 %	-2 %	21 %	22 %	18 %	20 %	15 %	9 %	16 %	9 %	16 %	3,6 %	9,8 %	5,4 %	3,7 %	1,6 %	10,0 %	6,2 %	-2,0 %	-5,3 %	5,6 %



Forward curve salmon prices (fca Oslo)



Thank You!

