

Bakkafrost

The world's most vertically integrated salmon farming company

Owing to a remarkable diversification effort in recent years, the Faroe Islands now ranks amongst the top 15 in the world based on GDP per capita, behind the USA and Singapore and ahead of Denmark, according to the World Bank. Building its strengths in financial services, manufacturing, IT and telecoms, shipping, and petroleum, the Faroe Islands doubled its GDP between 1998-2015 - from DDK 7.4 billion to DDK 16.7 billion.

Even so, the Faroe Islands remains dominated by its fishing industry, which accounts for more than 20% of the gross value added to its economy and 90-95% of the country's total exports value, according to official government statistics. The country's fishing industry contributes to global food security and serves high-quality products to international markets through a series of free trade agreements, including with the European Union, as well as bilateral free trade agreements with Norway, Switzerland, and Turkey. Moreover, government allocations to regulate the utilisation of fish stocks now mean the industry boasts some of the world's most sustainable and profitable aquaculture practices.

Leading the Faroe Islands' fishing industry is Bakkafrost, a family-run salmon company founded in 1968. Bakkafrost's ability to deliver high-quality salmon to international markets - including North America and Asia - reliably and consistently has brought it success in a highly competitive industry, which it owes to developing one of the longest value chains of any single salmon company.

Bakkafrost controls the whole value chain- from the raw materials of its feed to the finished product - itself. "Starting with the genes, we select the fathers and mothers for the next generation of fish; we ensure they're healthy and can survive all the biological challenges their environment presents. We produce the feed for the fish, we farm them, and then we harvest and process them into high quality products. From roe to plate, it takes us around three years to raise a salmon," says Bakkafrost's CEO, Regin Jacobsen.

Bakkafrost has even developed its own fleet of highly technological vessels, unveiling its latest in January this year - Bakkafossur - measuring 109 metres. The hybrid vessel is one of the largest well boats in the global aquaculture industry and can carry up to 1,000 tonnes of live salmon, supporting offshore farming and biosecurity.

Sushi chefs across the world highly covet Bakkafrost's salmon for its superior quality and excellent taste. Over the past 15 years, Bakkafrost has grown its market presence in the USA and now sells through multiple



Regin Jacobsen
CEO

channels including directly to end consumers, from its own factory and sales distribution unit. "We're growing considerably in the USA. The salmon market there has huge potential in both the retail and food sector - we want to deliver to the whole country," says Jacobsen.

Elsewhere, in 2019, Bakkafrost acquired The Scottish Salmon Company for approximately USD 600 million, aiming to make it Scotland's leading sustainable salmon producer.

A longstanding sustainability champion, Bakkafrost is rated amongst top-performing companies when it comes to sustainability on the Oslo Stock exchange Top 40 ESG Index and was the first to start filtering the fish oil used in its feed of dioxin and dl-PCB's. Bakkafrost was also one of the world's first salmon farmers to recirculate the water at its hatcheries and currently recycles up to 99.7% of the water it harvests.

Bakkafrost has already introduced its Recirculating Aquaculture Systems (RAS) in some of its locations in Scotland and reduced its water usage by 95% at its site Applecross using RAS. In 2020 following a 7-year assessment period, Bakkafrost achieved a 100% ASC (Aquaculture Stewardship Council) certification in the Faroe Islands, as one of

the first companies in the industry. To achieve the ASC certification, farms must operate at the highest industry standards to ensure the preservation of the natural environment, biodiversity and water resources and provide good working conditions for the employees. "As ocean farmers, we understand that the future of salmon farming depends on clean and healthy oceans—where protection and production go hand in hand. To have healthy salmon, we need healthy oceans" says Jacobsen.

Farmed salmon has a significantly lower carbon footprint than other protein sources and uses less feed - around 1kg versus 6kg for red meat. Plus, as grain prices have increased globally, Bakkafrost's lower-than-average feed conversion ratio makes it the ideal choice for customers and partners.

Since listing on the Oslo Børs (OSE) in March 2010, Bakkafrost's share price has increased by approximately 1,562% as of February 2023, and the company offers competitive returns to shareholders on their investment, with a long-term goal of 30-50% of adjusted EPS to be paid out as dividends. Over the next 3-4 years, Bakkafrost expects to grow organically by 50%. "We're transparent about our investment plans and clear with our strategies - investors need to know what they're investing in. We have a clear dividend policy, and we own most of our assets - it's a clear offer for investors," says Jacobsen.

Bakkafrost is the ideal ambassador for the Faroe Islands' world-class fishing industry, and Jacobsen is keen to emphasise its role in widening the country's much-needed global presence. 50% of the seafood we eat is now farmed and this is projected to reach 62% by 2030. "In a world that needs more sustainably produced foods, the Faroe Islands has an obligation to fulfil, and we've been blessed with the opportunity to lead its effort," he says. In 2022, Bakkafrost recycled approximately 60,000 cubic metres of water per hour in its hatcheries and provided almost 1,500 homes in the Faroe Islands with electricity and 260 homes with district heating from the biogas produced at its award-winning FÖRKA plant.