



EU
SEAFOOD INDUSTRY REPORT
GLITNIR SEAFOOD RESEARCH
April 2008



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FOREWORD & MAIN FINDINGS

FOREWORD

Dear Reader,

It is our pleasure to present the latest issue of Glitnir's Seafood Industry Report. In this issue we focus on the seafood industry in the European Union. We are now in our fifth year of publication and are grateful for the good feedback we have received from our industry partners.

The European Union, when regarded as one country, boasts the world's largest catches, surpassed only by China and Peru in total volume. It is also one of the world's largest seafood markets and has an annual average per capita consumption of approximately 26.5 kg. This report gives an analytical overview of the main driving forces within the EU seafood industry combined with our evaluation of likely developments and future trends.

We trust you find this report of benefit. We at Glitnir are proud of our strong team of seafood industry experts and look forward to working with you in our quest to make the seafood industry even more dynamic, efficient and profitable.

You can contact the seafood team via seafood@glitnirbank.com and www.glitnirbank.com/seafood

Best regards,
Glitnir Seafood Team

THE SEAFOOD INDUSTRY VALUE CHAIN

The purpose of Glitnir's EU Seafood Report is to assist our current and potential clients in understanding the fundamentals of the EU seafood industry value chain.



A business may choose to devote its effort to one, several or all of the sectors in this chain. A sound investment decision, however, must always be based on a clear understanding of each sector in which the value is created. This report provides a general overview of the development and current status in aquatic catch and culture, seafood processing, distribution and consumption in the EU.

MAIN FINDINGS

- The European Union, when regarded as one country, boasts one of the world's largest catches, surpassed only by China and Peru in total volume
- EU catches have dropped in recent years and aquaculture production has remained stable resulting in increased dependence on seafood imports
- Denmark and Spain are the leading fishing nations. The combined catches of Denmark and Spain account for about one third of total EU catches
- Pelagic species such as herring, mackerel, blue whiting and sprat are the mainstay of EU catches
- Spain, France, the UK and Italy are the major contributors of farmed seafood. The aquaculture sector represented 18% of the EU's total seafood production in 2005. The species most widely farmed in the EU are blue mussel, rainbow trout and salmon
- The EU is the largest seafood market and if EU-intra trade is included it represented 45% of the world's total seafood imports in 2006. Even though the EU-intra trade is excluded the EU is still the largest seafood market with 27% of the world's total seafood imports in 2006
- EU-27 countries import approximately four times more seafood products than they export. In 2006 the seafood trade balance for EU-27 was negative by 3,907,940 MT, worth €13.8 billion
- France is the largest seafood market within the EU (in volume), followed by Spain, Italy, the UK and Germany
- Spain is the EU's main seafood processor with a total production value of €3.2 billion
- Per capita consumption of seafood is by far the highest in Portugal or 57 kg/year/per capita. The EU has an annual average per capita consumption of approximately 26.5 kg
- According to FAO's study on European seafood consumption for the year 2010, there is going to be an overall increase in all commodity groups, except for frozen fish. Prepared/preserved fish will continue to increase in the European market as a result of a change in dining habits and spread of supermarket/retail chains



EU – OVERVIEW

The European Union (EU) is a political and economic community of twenty-seven member states, located primarily in Europe.

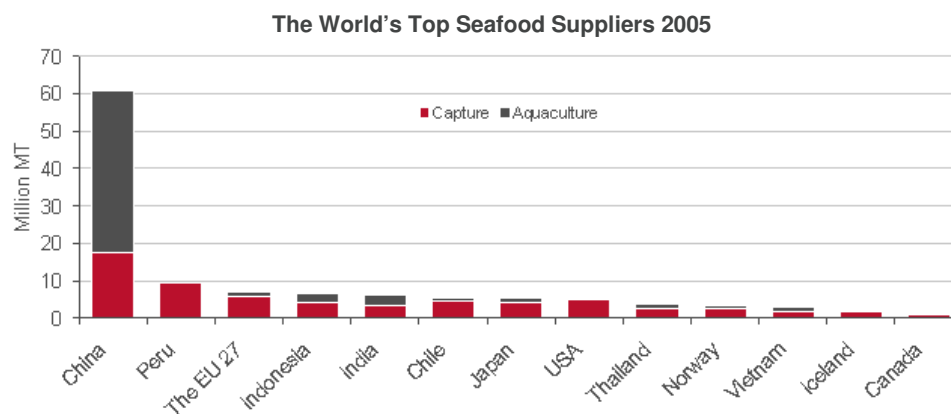
GENERAL- OVERVIEW

- **EU-27:** Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Spain, Sweden, and the UK
- **EU-27 Area:** 4,324,782 sq. km
- **EU-27 Population:** 497.1 million (2008 estimate)
- **EU-27 GDP real growth rate in 2007(est.):** 3%
- **EU-27 GDP per capita in 2006:** €23,700
- **EU-27 Inflation:** 3.5% (as of March 2008)
- **EU-27 Foreign Direct Investment in 2006:** €399 billion (inward), €436 billion (outward), €37 billion (net outflow)



THE EU AND SEAFOOD

- The total seafood supply of the EU-27 countries in 2005 was 7.1 million tonnes of which 5.8 million tonnes were derived from capture
- The largest fishing nation is Denmark representing 16% of total capture of the EU-27, followed by Spain (15%), the UK (12%) and France (11%)

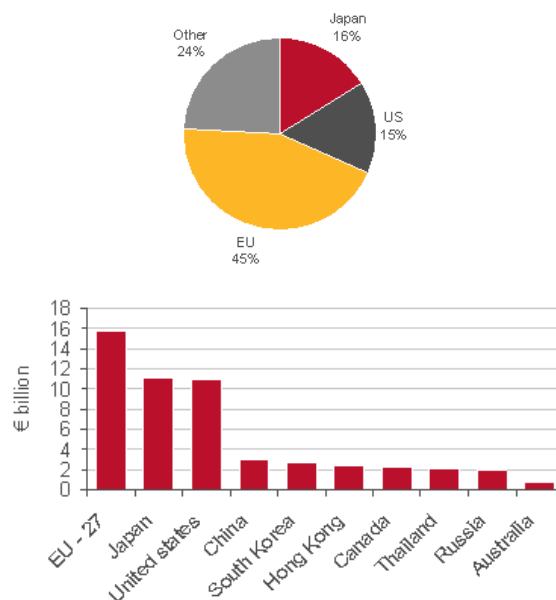


Source: FAO

EU IS BY FAR THE BIGGEST SEAFOOD MARKET

- The EU is the largest seafood market and if EU-intra trade is included the EU represented 45% of the world's total seafood imports in 2006
- Even though the EU-intra trade is excluded the EU is still the largest seafood market with 27% of the world's total seafood imports in 2006
- The total EU seafood imports excluding intra trade were worth €15.8 billion in 2006
- Between January – November of 2007 the EU imported seafood products for human consumption (fish, crustaceans and molluscs) worth €14.8 billion. In the same period the EU exported seafood products (HC) worth €2.2 billion

The Main Seafood Importers by Value 2006



Source: Glitnir Research

EU FISHERY MANAGEMENT

The EU has the Common Fisheries Policy (CFP) in order to manage its fisheries for the benefit of both fishing communities and consumers.

- The EU has the Common Fisheries Policy (CFP) in order to manage its fisheries for the benefit of both fishing communities and consumers
- The CFP is the European Union's instrument for the management of fisheries and aquaculture. It was created to manage a common resource and to meet the obligation set in the original treaties of the then European Community. Because fish is a natural and mobile resource it is considered as a common resource. In addition, the treaties which created the community stated that there should be a common policy in this area, that is, common rules adopted at EU level and implemented in all member states
- Common measures are agreed in the following main areas:
 - Conservation and limitation of the environmental impact of fishing - to protect fish resources by regulating the amount of fish taken from the sea, by allowing young fish to reproduce, and by ensuring that measures are respected
 - Structures and fleet management - to help the fishing and aquaculture industries adapt their equipment and organisations to the constraints imposed by scarce resources and the market; measures aimed at creating a balance between fishing effort and available fish resources are also in place
 - Markets - to maintain a common organisation of the market in fish products and to match supply and demand for the benefit of both producers and consumers
 - Relations with the outside world - to set up fisheries partnerships agreements and to negotiate at the international level within regional and international fisheries organisations for common conservation measures in deep-sea fisheries
 - Total Allowable Catches (TACs) are fixed annually by the council of ministers in December. They consider proposals drawn up by the European commission in consultation with its own scientific advisers (Scientific, Technical and Economic Committee of Fisheries STECF)

Source: European Commission, 2006

EU FISHERY MANAGEMENT

The EU sets the TACs, supplies funding, maintains the common market and negotiates fishing rights with non-EU countries.

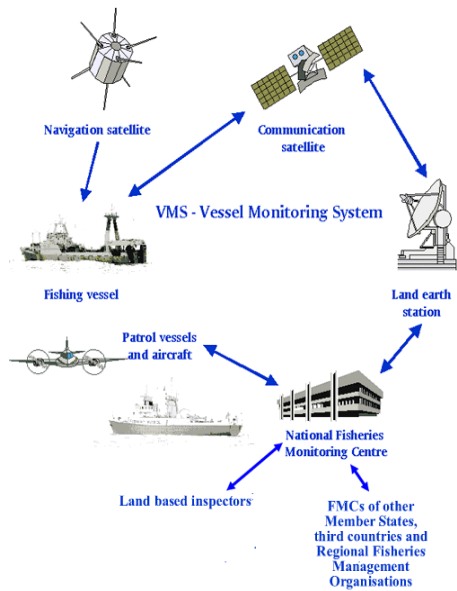
Conservation and environment	Structures (Funding)	Markets	Relations with the outside world
<p>To protect fish resources by regulating the amount of fish taken from the sea, by allowing young fish to reproduce, and by ensuring that measures are respected</p> <ul style="list-style-type: none"> The CFP has to take into account the biological, economic and social dimension of fishing For information on the CFP: http://ec.europa.eu/fisheries/publications/maps_en.htm ICES presents recommendations, based on input from scientists of individual member countries, to the Council of Ministers, which decides in December each year the TAC for the following year. Each country's share of the TAC is called a national quota For information on stock situation: http://www.ices.dk/committe/acfm/committe/work/report/asp/advice.asp STECF (Scientific, Technical and Economic Committee of Fisheries) prepares proposals for TACs 	<p>To help the fishing and aquaculture industries adapt their equipment and organisations to the constraints imposed by scarce resources and the market; measures aimed at creating a balance between fishing effort and available fish resources are also in place</p> <ul style="list-style-type: none"> Funding is available to adjust and modernise the fishing fleet and for various socio-economic measures. Measures to support aquaculture, processing, marketing and port facilities and collective measures taken by the industry A previous system was ineffective in tackling the overcapacity of the fleet A new system will give more responsibility to the member states to balance capacity with available resources 	<p>To maintain a common organisation for the fish product market and to match supply and demand for the benefit of both producers and consumers</p> <ul style="list-style-type: none"> This was achieved by the creation of the European single market and opening up of world trade Common marketing standards for fresh products Producers organisations (POs) set up to protect fishermen from sudden changes in demand Creation of minimum prices below which fish cannot be sold. Financial support is available Rules for trade with non-EU countries 	<p>To set up fisheries partnerships, agreements and to negotiate with regional and international fisheries organisations for common conservation measures in deep-sea fisheries</p> <ul style="list-style-type: none"> Fishing rights for vessels have been negotiated with many non-EU countries in return for various forms of compensation These access agreements are now called partnership agreements The financial contribution shall cover expenditure linked to fisheries management costs In the future, this contribution will be justified by the mutual interest of the two parties to invest in a sustainable fisheries policy

Source: European Commission, 2008

Enforcement

Monitoring of regulations is crucial to effective fisheries management. Control plays a central role in encouraging compliance, deterring fraud and ensuring sustainable fishing

- The authorities in the member states have to ensure that CFP rules are respected
- An EU inspectorate with a staff of 25 inspectors shall ensure that all national enforcement authorities apply the same standards of quality and fairness in their enforcement
- An EU Fisheries Control Agency shall be set up. It shall pool EU and national means of fisheries control and monitor resources and co-ordinate enforcement activities



How has EU been doing?

Many criticize the EU Fishery Management, especially the setting of TACs, as having been unsuccessful. The management is complex due to the number of states, but they are moving in the direction to sustainability

- Individual stocks and fishing areas are many and the situation is very different, depending on what you are looking at. A few examples:
 - Cod is the most important species for Denmark. Catch has gone down considerably in recent years. ICES encourages great precaution in catch, but the situation in the largest area for Denmark, the Baltic, is better than in other areas
 - The largest fishing ground for plaice is harvested sustainably, to little is known about other areas

Source: European Commission, 2008

EU QUOTAS FOR 2008

EU Quota for Main Species – 2008 (MT)

Species	EU	BE	DK	DE	EE	ES	FI	FR	IE	LT	LV	NL	PL	PT	SE	UK
Sprat	684,514	-	241,389	30,525	52,060	-	23,469	-	-	-	62,877	-	133,435	-	101,184	-
Herring	659,786	7,134	93,219	52,584	33,816	112	105,343	21,462	31,426	4,456	23,658	53,537	45,538	112	112,582	74,837
Atlantic Salmon	379,811	-	75,511	8,401	9,255	-	107,995	-	-	5,646	48,028	-	22,097	-	102,068	-
Mackerel	291,537	157	25,000	15,057	124	22,276	-	10,573	49,643	91	91	22,217	1,049	4,601	3,674	136,984
Horse mackerel	268,660	58	40,444	14,079	-	48,980	-	8,480	41,109	-	-	62,191	-	32,378	750	20,191
Blue Whiting	227,813	-	39,774	10,783	-	48,397	-	19,231	20,745	-	-	33,180	-	8,531	6,627	40,544
Cod	107,464	856	24,003	15,041	1,054	255	846	5,902	1,888	2,631	4,005	2,170	12,500	2,299	13,110	18,604
Saithe	90,259	106	5,636	18,504	-	-	-	46,582	1,549	-	-	191	-	-	1,654	16,037
Norway lobster	82,461	1,368	6,351	32	-	2,031	-	10,383	9,546	-	-	704	-	311	1,359	50,376
Plaice	71,614	3,971	21,229	3,077	-	75	-	3,847	1,918	-	-	19,904	480	75	797	16,241
Haddock	67,920	443	4,000	1,917	-	-	-	11,300	4,112	-	-	212	-	-	1,146	44,790
Hake	61,047	314	2,595	126	-	19,650	-	28,416	1,670	-	-	261	-	2,104	128	5,783
Anglerfish	56,065	3,229	2,120	952	-	4,064	-	25,729	2,644	-	-	835	-	324	10	16,158

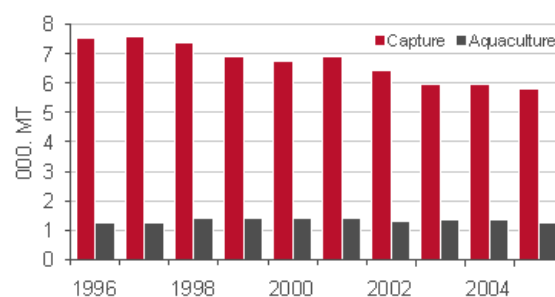
Source: European Commission, 2008

THE EU SEAFOOD SUPPLY

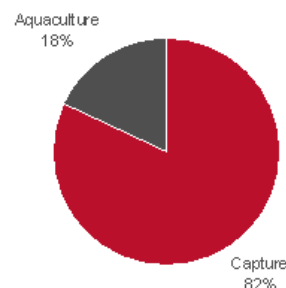
OVERVIEW

- In 2005, the EU-27 catch was 5.8 million tonnes, 6% of the world total
- The Northeast Atlantic fishing region is of major importance with over 70% of the catches
- As a result of unsafe biological stock levels, catch limits are in place for several species such as anchovy, sandeel, herring, blue whiting, cod and sole
- The poor state of a number of commercially important fish stocks has led to a declining trend in catches in the EU as it has in the rest of the world
- The aquaculture sector represented 18% of the total seafood production in 2005

Capture & Aquaculture 1996-2005



Breakdown of EU's Seafood Production 2005



Source: Eurostat

DENMARK AND SPAIN THE LEADING FISHING COUNTRIES

- Pelagic species such as herring, mackerel, blue whiting and sprat are the mainstay of EU catches
- The combined catches of Denmark and Spain account for about one third of the EU total catches
- Denmark: The main species are sandeels, sprat and herring
- Spain: The main species are tuna, crustacean and hake

Leading EU Fishing Countries 2006



Source: Eurostat, FAO

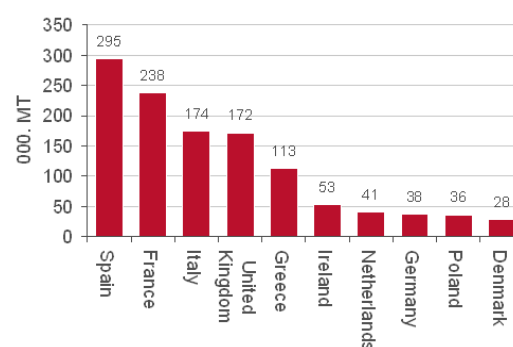
FRANCE AND SPAIN LEADING IN AQUACULTURE

- Aquaculture plays an important socio-economic role in several European regions and the industry continues to have a bright future
- Scarcely 80% of aquaculture species are produced in marine waters, most of them come from the Atlantic Ocean. Inland waters account for about 20% of the production
- Spain, France, the UK and Italy are the major contributors of farmed seafood
- Aquaculture will continue to play an important role in alleviating the pressure on fishery resources
- The species most widely produced in the EU are blue mussel, rainbow trout and salmon, production of blue mussel in 2006 was 298,532 MT, which was 23.3% of the total aquaculture production that year

Main Farmed Species

France	MT '(000)	Spain	MT '(000)
Oyster	117.1	Blue mussel	22.9
Blue mussel	67.5	Trout	25.3
Rainbow trout	33.3	Seabream	61.1
Italy	MT '(000)	The UK	MT '(000)
Mussel	130	Atlantic salmon	132
Clams	50	Rainbow trout	13
Trout	30.7	Mussel	14.7

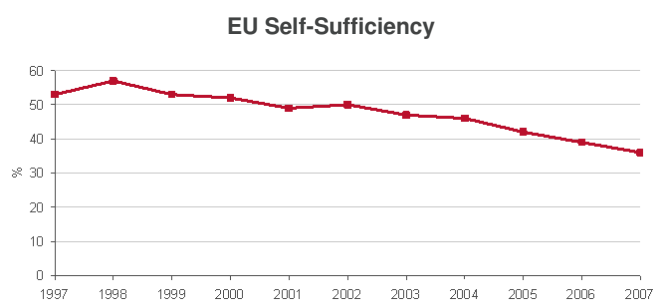
Leading Countries – Aquaculture Production 2006



Source: Eurostat, FAO

EU SEAFOOD SELF-SUFFICIENCY DECLINING

- The seafood self-sufficiency of the European Union is estimated to have declined from 53% in 1997 to 36% in 2007 as consumption per capita has increased
- The main reason for this decline is a drop in EU catches which is due to:
 - Diminished stocks
 - Stricter fishing policy and environmental laws
 - Reduced fishing fleet
- Aquaculture production has remained stable in the European Union in recent years



Source: AIPCE report 2006, GAIN

Note: EU 15 1995-2003, EU 25 2004-2007

EU SEAFOOD PROCESSING

THE EU FISH PROCESSING SECTOR

	Spain	France	UK	Germany	Italy	Denmark	Netherlands	Portugal	Poland	Belgium
Total production value*	3,274,500	2,851,100	2,939,300	1,884,600	1,742,700	1,492,600	657,500	550,100	574,500	381,300
Processing firms	683	482	370	178	455	126	135	90	414	55
Processing employees	22,583	15,270	20,929	10,724	6,233	6,493	3,357	5339	14,565	1,483
Processing firms*	683	139	138	71	459	59	45	90	-	55
Fresh Fish*	553,333	946,409	1,063,674	447,552	314,509	463,161	327,667	424,365	212,740	84,076
Preparations and canned**	1,285,031	1,280,769	993,572	1,054,766	720,260	330,435	41,702	136,314	160,897	86,047
Crustaceans and Molluscs*	497,250	80,818	387,057	-	26,965	19,117	22,879	53,109	-	65,258
Preparations and canned**	393,065	498,715	62,958	49,027	92,440	175,229	81,885	37,933	-	54,481

Numbers are from 2005

Total production value * ('000 EUR)

Processing firms* Number of companies with more than 20 employees

Fresh fish* fresh, chilled, frozen, smoked or dried ('000 EUR)

Crustaceans and molluscs* fresh, chilled, frozen, smoked or dried ('000 EUR)

Preparations and canned* products of fish or crustaceans and molluscs ('000 EUR)

Source: European Commission, 2008

SEAFOOD – SALES & TRADE

EU-27 NEGATIVE SEAFOOD TRADE BALANCE

- EU-27 countries import approximately four times more seafood products than they export. In 2006 the seafood trade balance for EU-27 was negative by 3,907,940 MT worth €13.8 billion
- EU is the world's biggest importer of seafood products and continues to increase its dependency on imports for its seafood supply
- EU plays a major role as an exporter of high-value seafood products
- Denmark is the single biggest exporting country in both value and volume terms
- Spain remains a key exporter and importer of seafood products to third countries

EU-27 Seafood Extra Trade 2006 – Selected Countries

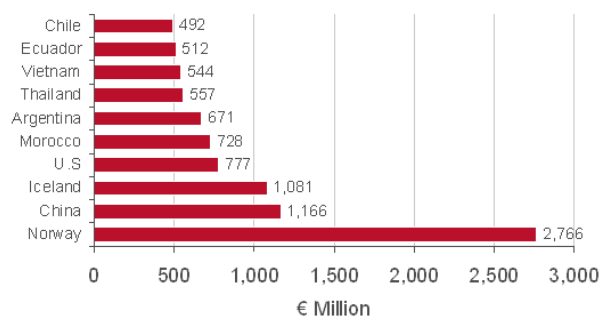
Country	Export	Import	Balance (€ Million)
Denmark	3,082	2,287	795
Nederland's	2,344	1,867	477
Ireland	359	169	190
Germany	1,347	3002	-2719
France	1,360	4079	-1655
Spain	2,275	5083	-2808
Italy	562	3754	-3192
EU-27 total	3,525	17,298	-13,773

Source: Eurostat

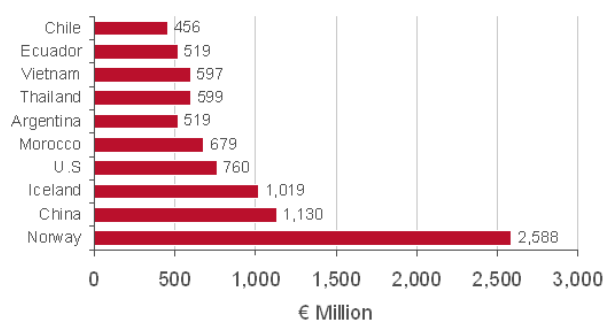
MAIN TRADING PARTNERS OF THE EU-27 - IMPORT

- Norway is the main supplier of seafood products to the EU, accounting for 17.5% of total EU imports in terms of value in 2006. The other suppliers, ranked in a descending order of importance, were, China, Iceland, US, Morocco, Argentina Thailand, Vietnam, Ecuador, and Chile. According to the latest trade statistic (Jan-Nov 2007), Vietnam and Thailand showed a 19.7% and 15% increase, meanwhile Argentinean exports had decreased by 17.2%. The top ten countries have increased their exports to the EU by 3.4% in 2007 (Jan -Nov) compared to the same period the year before
- Vietnam continued to be the largest Pangasius supplier to the EU. Its exports in the first eleven months of 2007 increased by 34.4% in value and 35% in volume compared to the same period of 2006; in addition, exports of frozen cephalopods also increased by 59.8% in value and 28% in volume, meanwhile frozen shrimp only increased by 2.9% in value and 1.9% in volume

Top Ten Exporting Countries to EU-27 2006



Top Ten Exporting Countries to EU-27 Jan-Nov. 2007

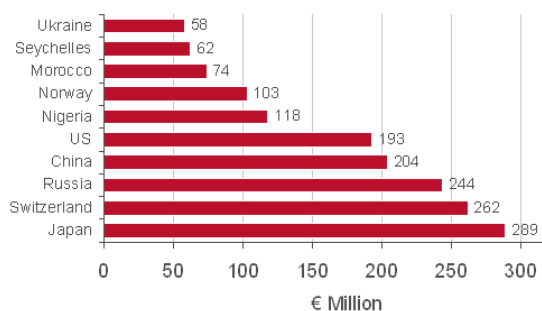


Source: Eurostat

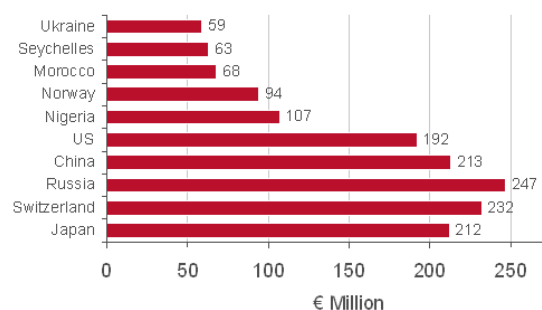
MAIN TRADING PARTNERS OF THE EU-27 - EXPORT

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Top Ten Importing Countries from EU-27 2006



Top Ten Importing Countries to EU-27 Jan-Nov. 2007



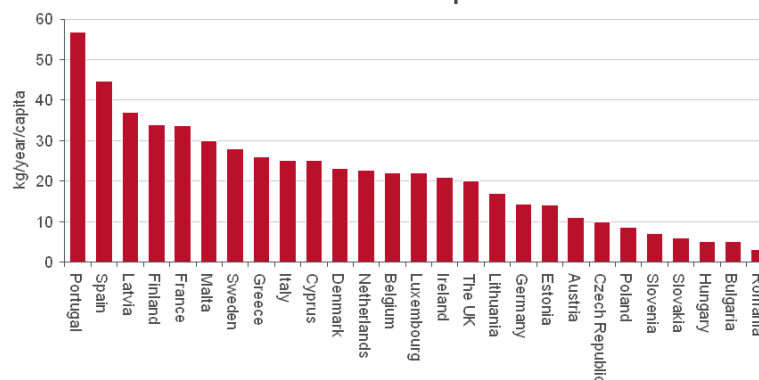
Source: Eurostat

SEAFOOD – CONSUMPTION

PORTUGAL TOPS SEAFOOD CONSUMPTION

- In 2005, seafood consumption in Portugal was by far the highest in the EU or 56.9 kg/year/per capita*
- Spain ranks number two with a consumption of 45 kg/year/per capita*
- Germany, France, the UK, Italy and Spain with a population of 83, 63, 61, 58 and 40 million respectively are by far the largest markets for seafood in the EU
- The average seafood consumption in the EU-27 in 2005 was 22 kg/year/per capita*

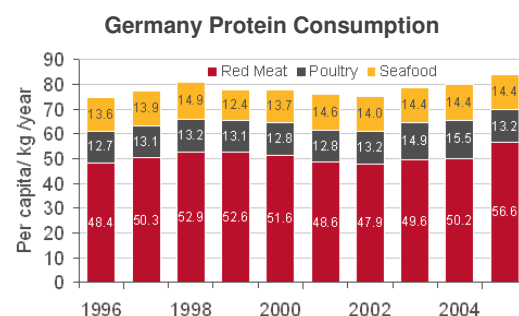
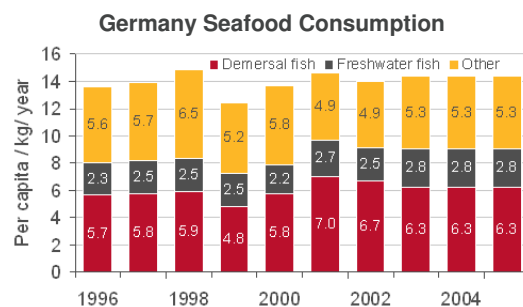
EU-27 Seafood Consumption 2005



Note: *measured in whole weight equivalent
Source: FAOSTAT, University of Portsmouth, CIA World Factbook

GERMANY – SEAFOOD CONSUMPTION

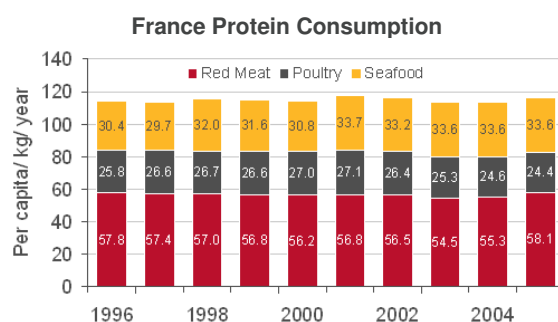
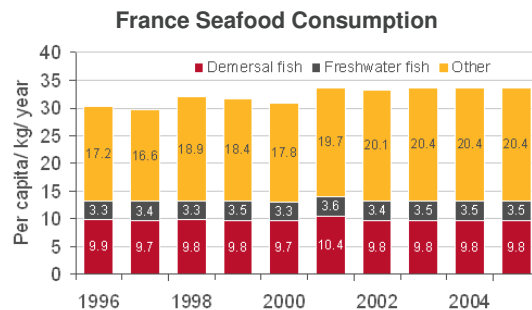
- Seafood consumption in Germany has been relatively stable in recent years and in 2005 it was 14.4 kg/year/per capita*
- The most popular species are Alaska pollock (18% of total consumption), herring (18%), Atlantic and Pacific salmon (13%) and tuna (11%)
- Seafood consumption is estimated to have increased by 0.3 kg/year/per capita* in 2006
- Frozen fish products accounted for 32% of total seafood consumption in 2005, followed by canned fish preparations (30%), crayfish and molluscs (14%) and fresh fish (11%)
- Total protein consumption in 2005 was 84.2 kg/year/per capita*, up by 13% since 1996
- Germany's overall protein consumption per capita increased by 8% between 2000-2005
- In 2005, seafood accounted for 17% of Germany's total protein consumption



Note: *measured in whole weight equivalent
Source: FAOSTAT, GAIN

FRANCE – SEAFOOD CONSUMPTION

- Seafood consumption in France has been relatively stable since 2001, but since 1996 it has increased by 11% up to 33.7 kg/year/per capita*
- In 2005, seafood consumption at-home accounted for 71% of total seafood consumption while food service accounted for 29%
- The most popular species is salmon comprising 2 kg/year/per capita*. France is the largest market for salmon in Europe
- Among other popular species are cod, haddock, Alaska pollock, whiting, tuna, scallops and hake
- Overall protein consumption in France has been relatively stable since 1996 at around 116 kg/year/per capita*
- In 2005, seafood accounted for 29% of the total protein consumption

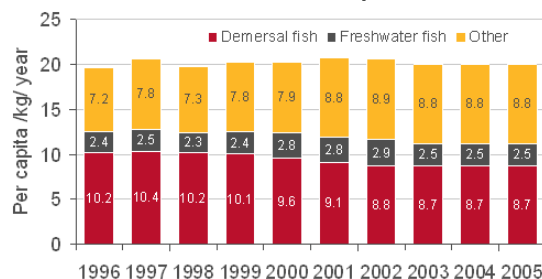


Note: *measured in whole weight equivalent
Source: FAOSTAT, GAIN

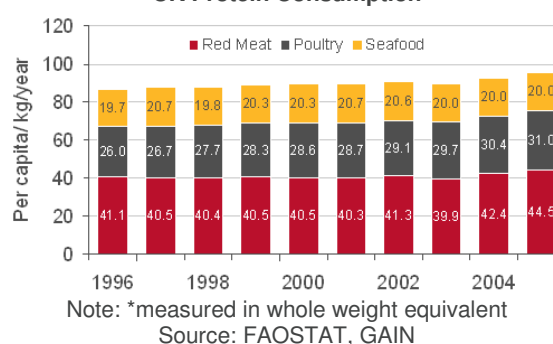
UK – SEAFOOD CONSUMPTION

- In 2005, seafood consumption in the UK was 20 kg/year/per capita*
- In retail, chilled/fresh seafood is the most popular and fastest growing category with salmon as the main species, followed by haddock and cod
- Within the retail chilled/fresh sector, shrimp is the single most increasing species
- The frozen category is also an important category within retail, representing some 50% of total seafood sales (in volume)
- Overall protein consumption in 2005 was 95.5 kg/year/per capita* up by 10% since 1996
- In 2005, seafood accounted for 21% of total protein consumption

UK Seafood Consumption



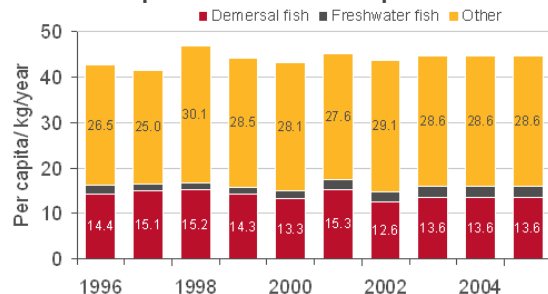
UK Protein Consumption



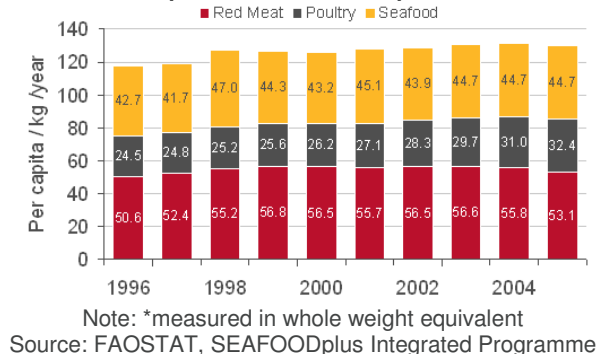
SPAIN – SEAFOOD CONSUMPTION

- In 2005, seafood consumption in Spain was 44.7 kg/year/per capita*, 5% higher than it was in 1996
- People in Spain tend to prefer whole fresh fish instead of prepared convenience seafood products
- The most popular species in Spain are tuna (24% of total seafood consumption), hake (23%), salmon (9%), cod (9%) and mackerel (6%)
- At-home seafood consumption accounts for around 80% of all consumption
- Seafood consumption is very regional and consumers are considered price sensitive
- Total protein consumption in 2005 was 130.2 kg/year/per capita*, up by 11% since 1996
- In 2005, seafood accounted for 34% of total protein consumption

Spain Seafood Consumption

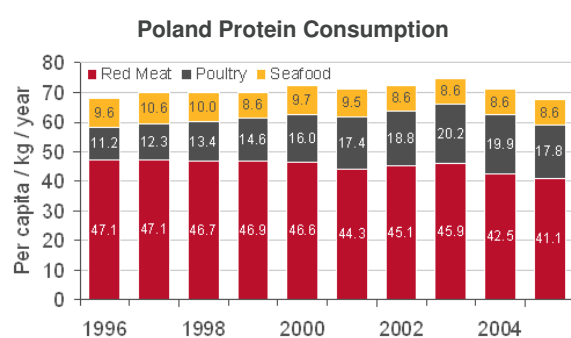
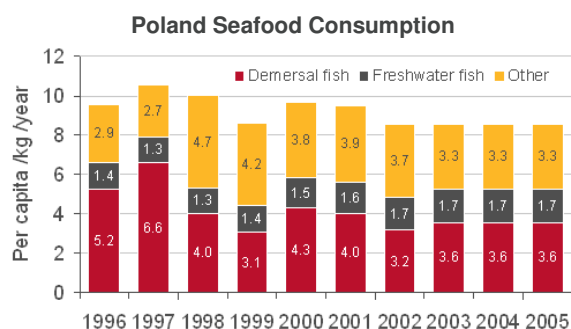


Spain Protein Consumption



POLAND – SEAFOOD CONSUMPTION

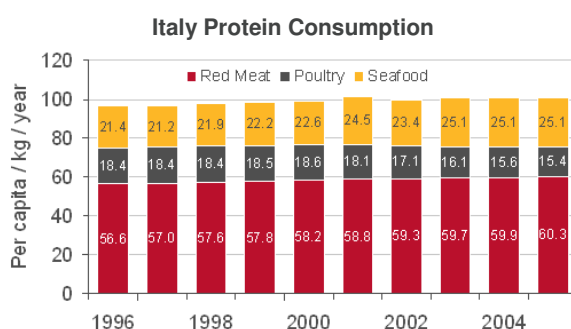
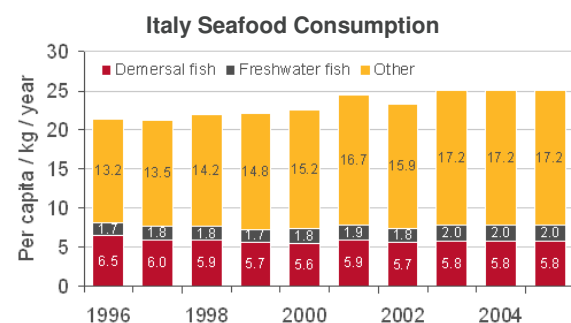
- In 2005, seafood consumption in Poland was 8.6 kg/year/per capita*, down by 9% since 1996
- Herring and mackerel are the most sold fish species, mostly as canned products
- Smoked salmon has also been a popular species but consumption is now moving more towards fresh salmon
- Total protein consumption in 2005 was 67.5 kg/year/per capita*, almost the same as in 1996
- As a proportion of total protein consumption, seafood represents 13%. Among the EU-27 countries, this is the lowest proportion



Note: *measured in whole weight equivalent
Source: FAOSTAT, SEAFOODplus Integrated Programme

ITALY – SEAFOOD CONSUMPTION

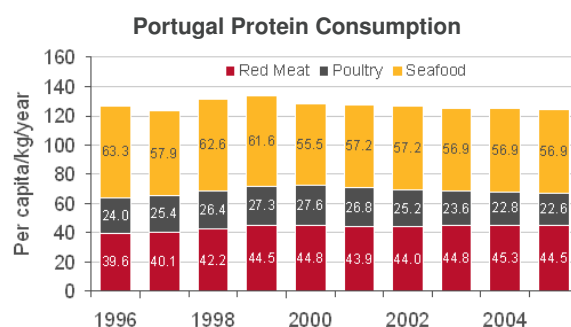
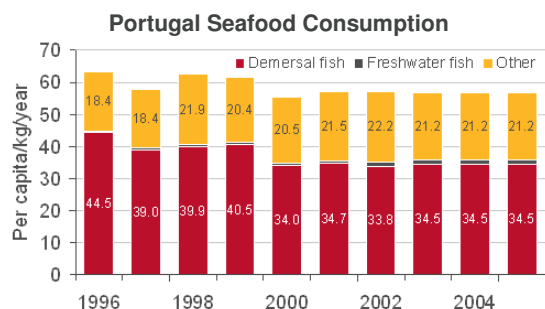
- In 2005, seafood consumption in Italy was 25.0 kg/year/per capita*, an increase of 17% since 1996 and of more than 50% since 1988
- The strongest demand is for whitefish
- Raw trout is showing the strongest growth, 20% year-on-year in 2005, followed by smoked salmon the consumption of which grew by 11% in the same period
- Fresh seafood constitutes 53% of total seafood consumption, canned 20%, frozen portioned 15%, frozen bulk 8% and dried/smoked/salted 4%
- Total protein consumption in 2005 was 100.8 kg/year/per capita*, up by 4% since 1996
- As a proportion of total protein consumption, seafood represents 25%



Note: *measured in whole weight equivalent
Source: FAOSTAT, GAIN

PORTUGAL – SEAFOOD CONSUMPTION

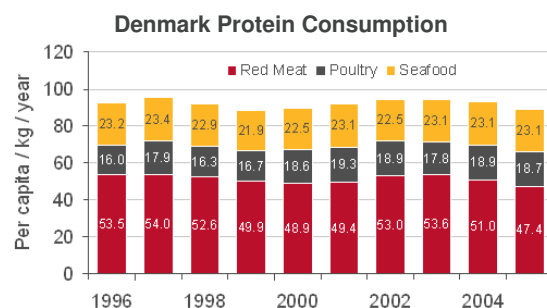
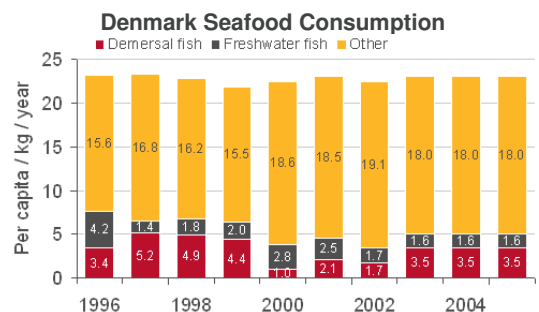
- Seafood consumption per capita in Portugal is the highest in the EU-27 or 56.9 kg/year/per capita*. Despite this, consumption has decreased by 10% since 1996
- Of the demersal-fish species, cod and hake are the most popular representing some 60% and 34% of total demersal-fish consumption in 2005, respectively. In 2006, cod represented 63% and hake 31%
- Salted dry cod is one of the most popular seafood product in Portugal
- Fresh seafood is the single most popular product form representing 60% of the total market
- The retail sector dominates seafood sales with an 88% share against the 12% share of foodservice
- Total protein consumption in 2005 was 124 kg/year/per capita*, down by 2% since 1996
- As proportion of total protein consumption, seafood represents 46%. Among the EU-27 countries, this is by far the highest proportion



Note: *measured in whole weight equivalent
Source: FAOSTAT, GAIN, Telmo Azevedo Fernandes

DENMARK – SEAFOOD CONSUMPTION

- In 2005, seafood consumption in Denmark was 23 kg/year/per capita*, almost the same as it was in 1996
- Around 5% of all seafood is sold directly as fresh fish
- In 2005 supermarket's share in total seafood sales is estimated to be around 50% up from 15% few years ago. In the next five years their share is projected to increase to 80%
- Total protein consumption in 2005 was 89 kg/year/per capita*, down by 3.8% since 1996
- As a proportion of total protein consumption, seafood represents 26%



Note: *measured in whole weight equivalent
Source: FAOSTAT, GAIN

FRANCE THE LARGEST MARKET FOR SEAFOOD

- France is the single largest market for seafood within the EU-27, followed by Spain, Italy, the UK and Germany

EU-27 - Seafood market size in 2005 ('000 MT)*

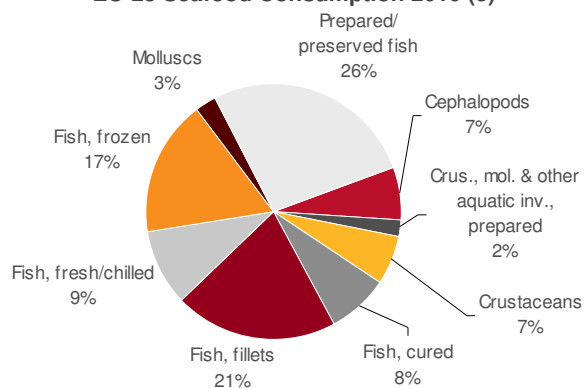
France	2,119	Sweden	255	Lithuania	61
Spain	1,786	Belgium	229	Hungary	50
Italy	1,453	Finland	180	Bulgaria	37
The UK	1,220	Denmark	127	Slovakia	33
Germany	1,193	Czech Republic	103	Cyprus	20
Portugal	603	Austria	90	Estonia	18
Netherlands	373	Latvia	85	Slovenia	14
Poland	332	Ireland	84	Malta	12
Greece	278	Romania	67	Luxembourg	10
Total EU - 27 Market size				10,832	

Note: *based on per capita consumption and population
Source: FAO, CIA World Factbook

EU SEAFOOD CONSUMPTION 2010

- According to FAO's study on European seafood consumption in 2010, there is going to be an overall increase in all commodity groups, except for frozen fish. Prepared/preserved fish will continue to increase in the European market as a result of a change in dining habits and spread of supermarket/retail chains
- Crustaceans will also gain more market share due to increasing aquaculture and falling prices.

EU-28 Seafood Consumption 2010 (e)

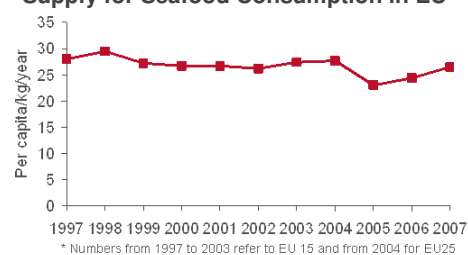


Source: FAO

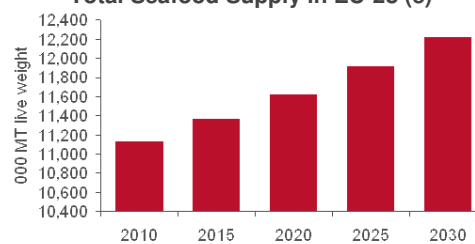
THE EU SEAFOOD CONSUMPTION

- As a result of rapidly increasing prices of food commodities, people will consume more aquatic products
- According to a FAO study, consumption in EU-27 countries for the years 2008-2030 will be as follows:
- Increasing: Austria, Belgium, Luxembourg, Denmark, Finland, France, Germany, Greece, Italy, Netherlands, United Kingdom, Czech Republic, Hungary, Poland, Slovenia, Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia
- Decreasing: Ireland, Portugal, Spain, Sweden, Cyprus, Estonia
- The per capita consumption in the EU-25 was 23 kg/year in 2005 and has increased to 26.5 kg. The outlook is promising thanks to the booming aquaculture industry and awareness for healthy food among European consumers

Supply for Seafood Consumption in EU*



Total Seafood Supply in EU-28 (e)



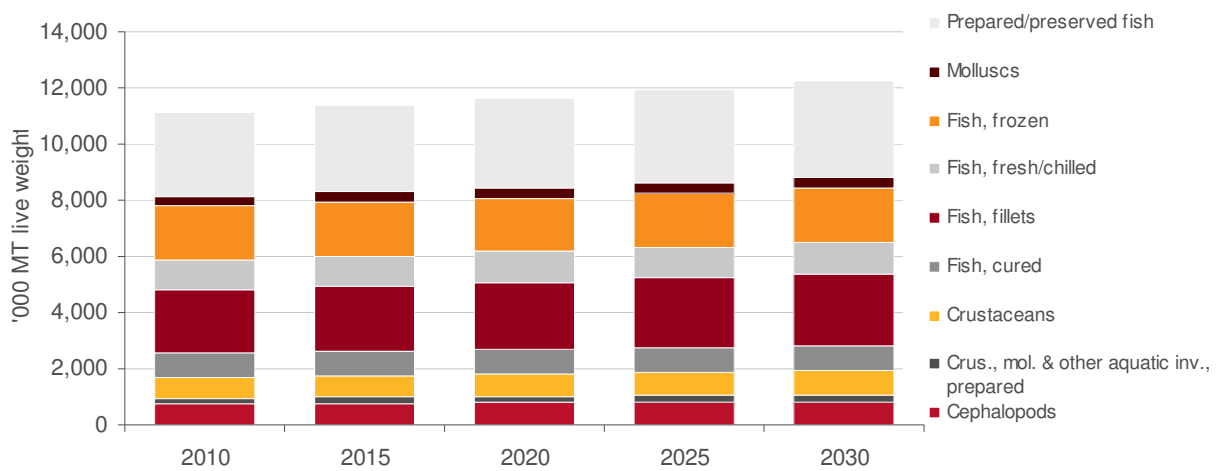
** EU 28 includes EU27 plus Norway, numbers are estimated

Source: FAO, AIPCE

EU SEAFOOD CONSUMPTION 2010-2030

- Consumption 2010–2030
- European consumption will be characterized by three important factors over the next 30 years
- Changing consumption habits (paralleled by the predominance of supermarkets in the retailing sector)
- Ecological concerns
- Quality improvements of the fish processing industry

Seafood consumption by OECD groups of commodities from 2010 to 2030 (estimated)*



Source: FAO, AIPCE

GLITNIR SEAFOOD OVERVIEW

Glitnir has been serving the fishery and fish processing industry for over a century. Today, Glitnir serves the financial needs of leading companies in the fish industry on a global basis, offering industry-specific financial services, from convenient financing and tailor-made advice on financial risk, to finding the right industrial partner in another part of the world.

To ensure a superior service, Glitnir has formed a team of specialist bankers who focus on the Seafood Industry. The team consists of corporate financiers, industry analysts, credit officer and dealers with years of experience within banking and the fish industry, people who are truly at home in both worlds.

LONG TRADITION IN SEAFOOD FINANCING

- Home markets are Iceland and Norway
- Economies that have been heavily dependent on the seafood industry through centuries
- Iceland and Norway are one of the leaders in utilization and technical innovation in the global seafood industry
- Glitnir is a “one stop shopping” Seafood Bank offering the whole range of services:
 - Credits, bonds, equity
 - M&A advisory
 - FX dealings
 - Risk analysis and hedging
 - Brokerage and private banking
- Strategic partners with leading positions in the industry.

GLITNIR SEAFOOD INDUSTRY BUSINESS ORIGATION

- Extensive research on the global seafood industry
- Industry player mapping & networks
- Investment opportunity chasing
- Advisory for players in the global seafood industry, across the whole “value chain”
- Glitnir Seafood Team located in:
 - Iceland & Norway
 - Denmark
 - UK
 - The US
 - Canada
 - China

RATIONALIZING OPPORTUNITIES

- Identifying Opportunities
 - Access to the Whole Value Chain
 - Monitoring of shifts within/between parts of the chain
 - Optimizing value creation
 - Cross-border rationalization of opportunities
- Initiating Changes for Growth
 - Up-stream and down-stream steps to growth
 - Focused on value creation within industry sub-sectors
 - Aid industry players in strategic positioning
 - Maximizing value within concentrated focus

SELECTED DEALS OF GLITNIR

 FOX PAINE Sell-side advisory 2007	 FISHERY PRODUCTS INTERNATIONAL sale to  Sell-side advisory 2007	Copeinca ASA  USD 100 m Private placement and listing 2006/2007
Branco  NOK 44 m Private placement 2007	Marine Vest II  NOK 250 m Private placement 2007	Norway Pelagic  NOK 220 m Private placement 2007
 Advisory Financing Mgmt. Buy-Out 2006	Villa Salmon  NOK 150 m Private placement 2006	F.W. BRYCE, INC. sale to  Advisory Structured Sale 2006
 \$65,000,000 Syndicated Loan 2005	 FISHERY PRODUCTS INTERNATIONAL £21,000,000 Acquisition Financing 2005	 Syndicated loan participation, \$3 million 2005
 Syndicated loan participation, \$3 million 2005	 Bond issuance on the Icelandic Stock Exchange 2005	 Bond issuance on the Icelandic Stock Exchange 2005

DISCLAIMER

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