

Against the stream

Kristian B Matthiasson

Arnarlax

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Introduction



- Arnarlax
- Salmon farming in Iceland
- Look to Finnmark
- What is different now?
- How can we continue to build up this industry?



Who am I?

- CEO and main owner of Arnarlax
- Former CEO of Leines Seafood and chairman of Salmus Akva
- I live in Bildudalur, the Capital of the West-fjords
- I have a wife, 3 kids, stationwagon, but no dog...thankfully
- I have the exciting project of building up Arnarlax and producing the worlds finest salmon in one of the worlds toughest conditions.



Arnarlax HF



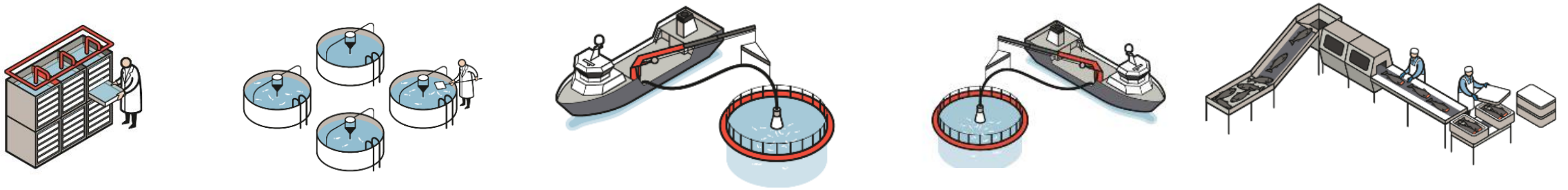
Arnarlax is an vertical integrated salmon farmer situated in Bildudalur on the West-Fjords of Iceland.

We have a licence to produce 3.000MT of salmon on a yearly basis, but we are expecting an increase up to 10.000MT in Q1 2016.

We currently have two sites stocked and are planning to stock our 3rd site in June 2016.



The Arnarlax Value Chain



- Arnarlax controls all part of the operation from roes to finished product in box
- The production cycle from roe to finished product is 32 months
- All equipment certified after NS-9415
- Live transfer of harvest fish

Successfactors for Arnarlax Part I

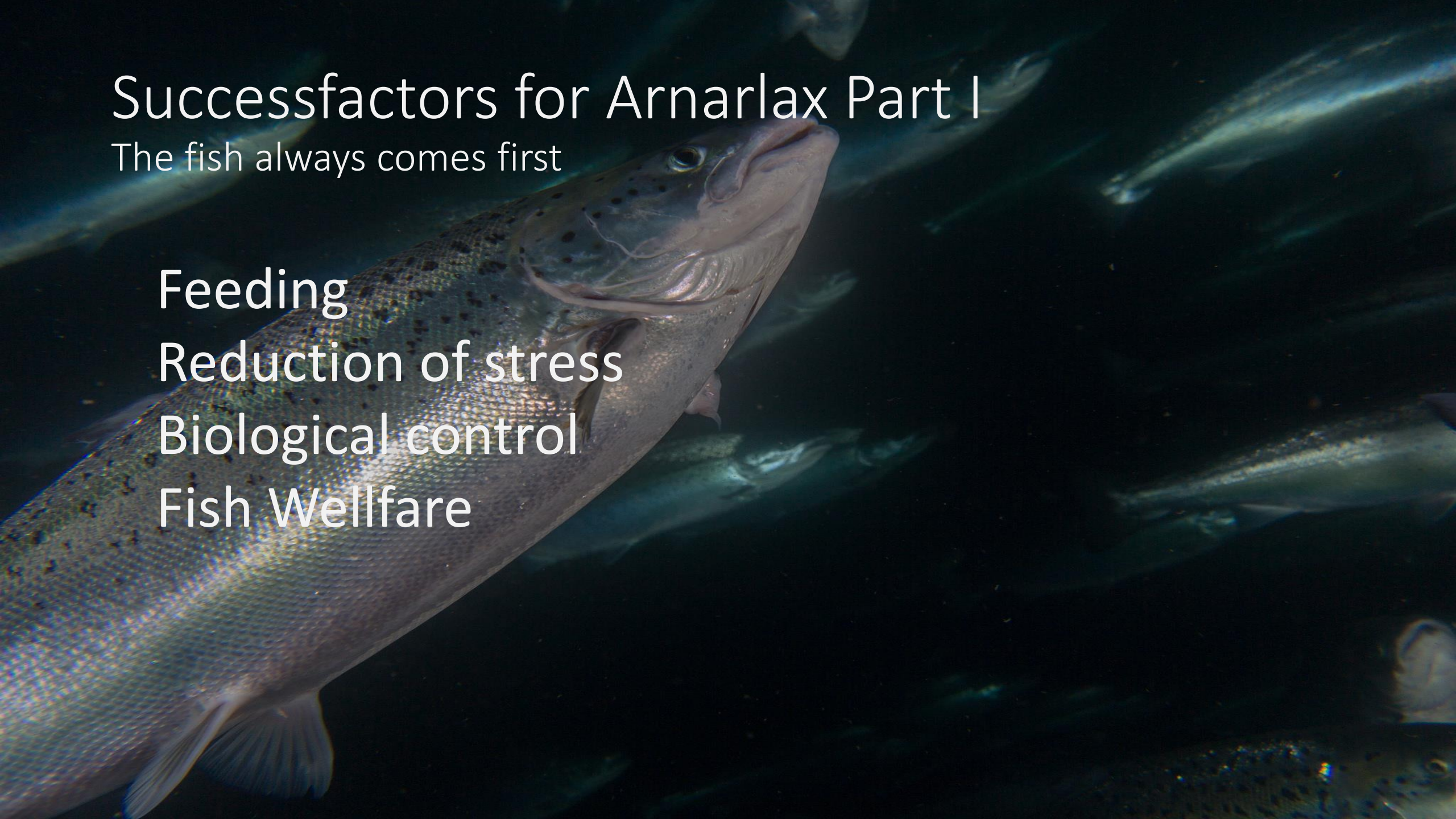
The fish always comes first

Feeding

Reduction of stress

Biological control

Fish Welfare

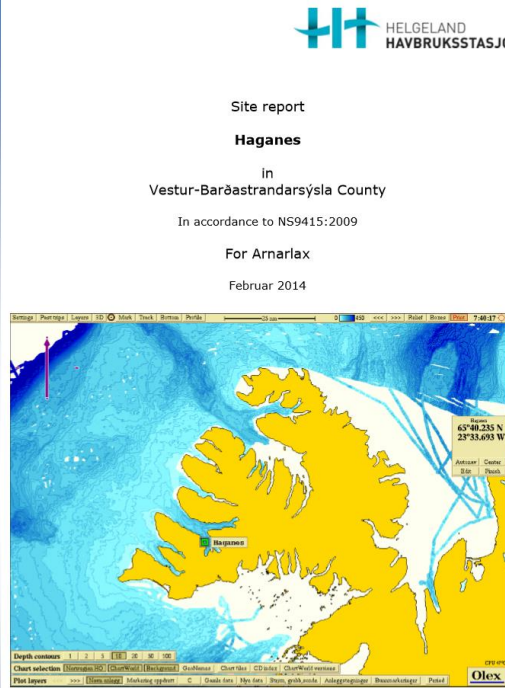


Successfactors for Arnarlax part II

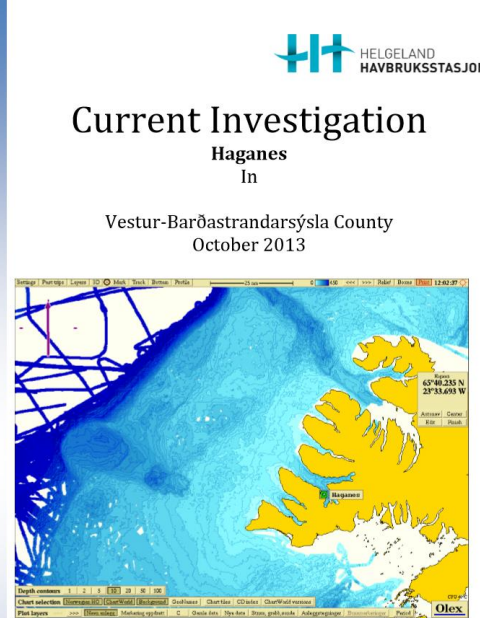
Helgeland Havbruksstasjon – Where to farm our fish?



Helgeland Havbruksstasjon AS



Helgeland Havbruksstasjon AS



- We had no money, but decided to get professional help in choosing best locations in Arnarfjordur.
- We have very exposed locations in regards to wind and current
- But they are optimal for farming salmon
- We need stronger and more expensive equipment,
- But we never have problems with oxygen or other critical factors.

Successfactors for Arnarlax part III

Sægrímur vs Gardar Jorundsson



Name: Sægrímur

Description: An old rusty Icelandic fishing boat

Mission: Transforming this into a fully functional, modern salmon farming boat

Why: It was so cheap!

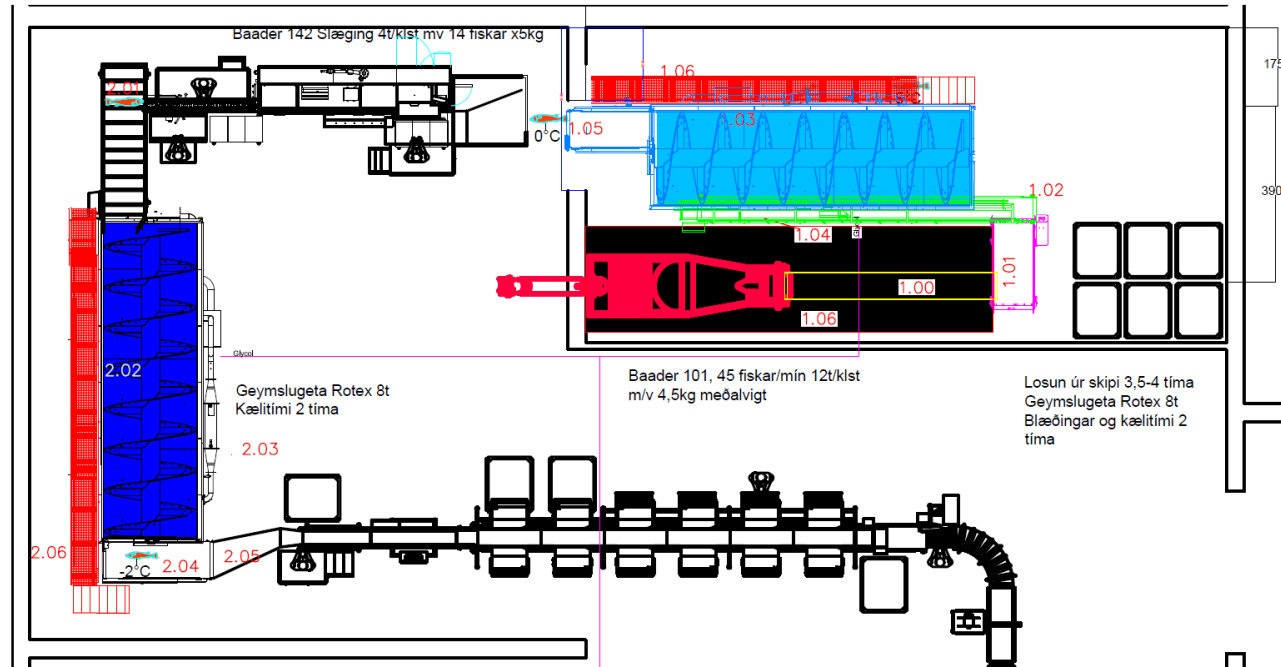


Gardar Jorundsson

- Our most important tool
- A solid work horse
- Used in all parts of our operation from installation of sites to transporting feed
- Point being: Using professional equipment intended for salmon farming

Successfactors for Arnarlax part IIII

Harvesting

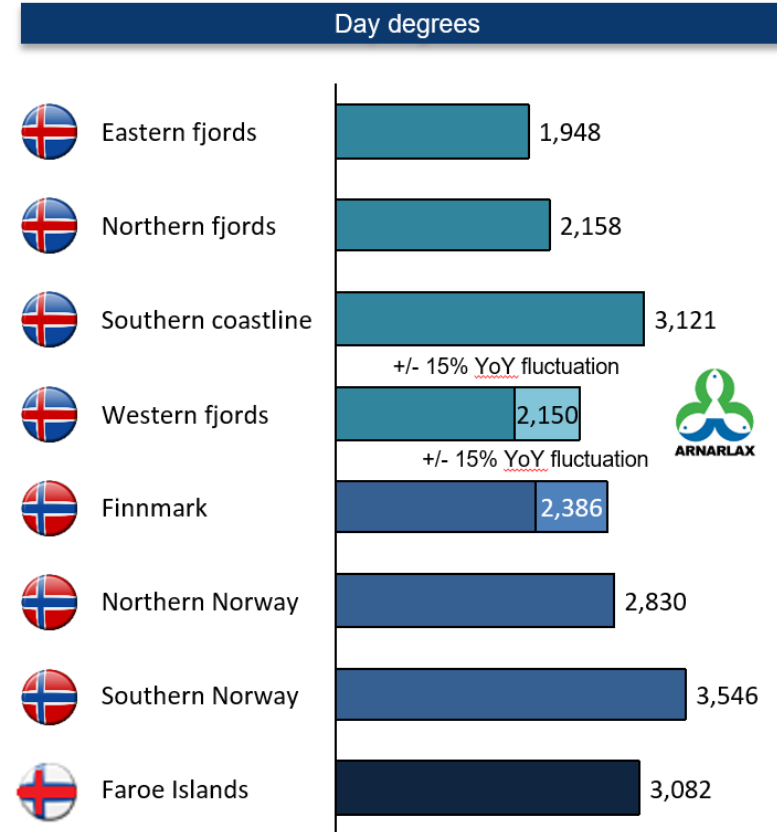


Salmon farming in Iceland

What met us when we first arrived...



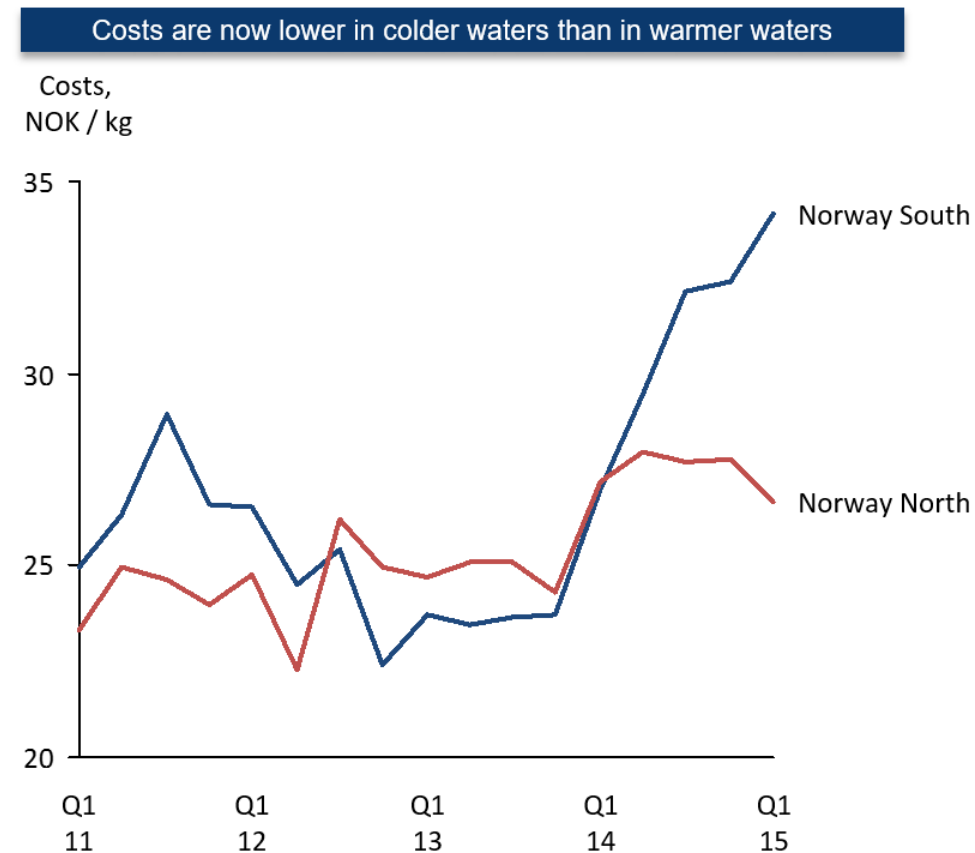
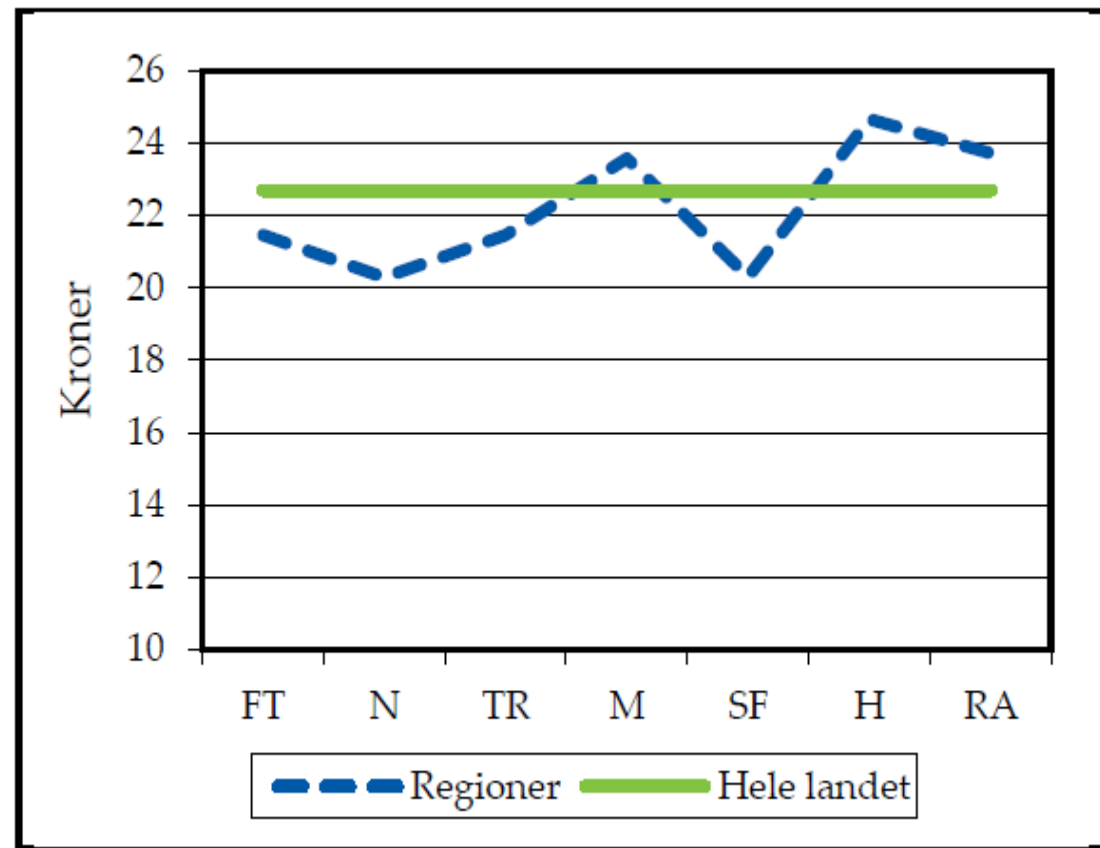
Look to Finnmark



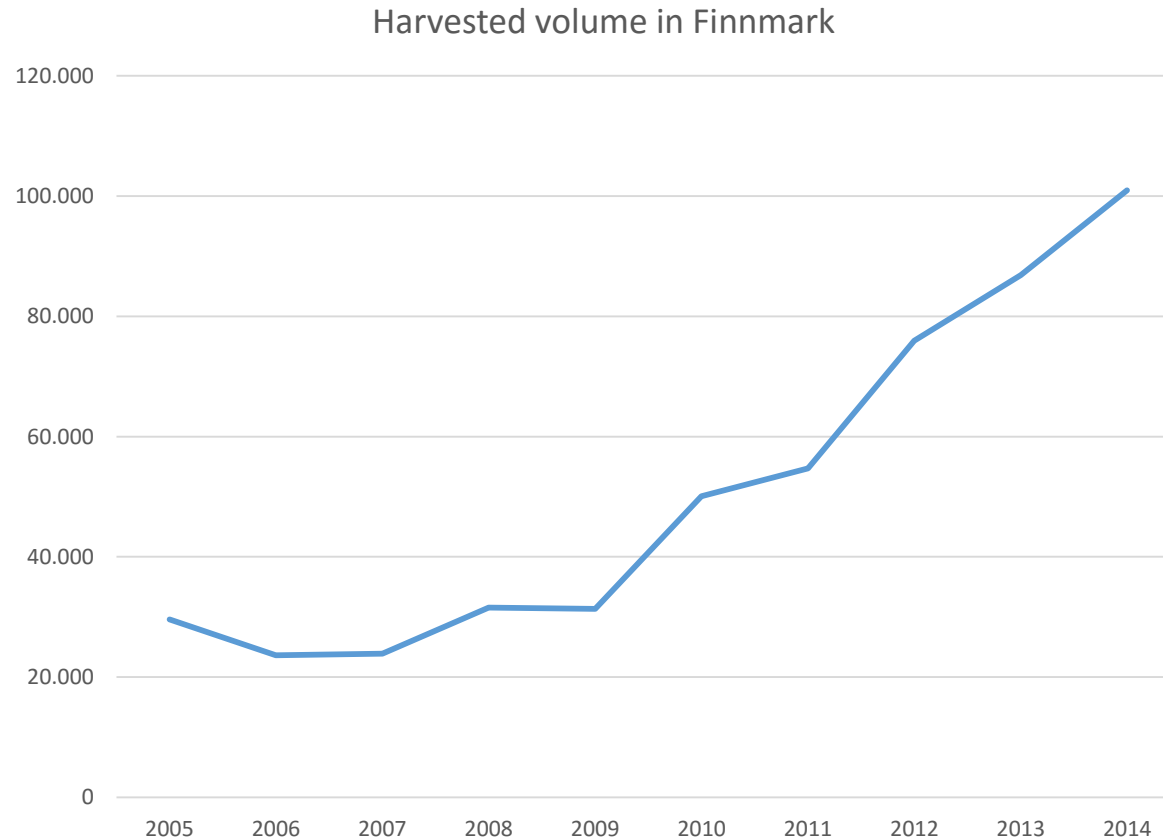
Source: University of Akureyri (Iceland), Managers

But what about cost?

They have to be much higher in colder waters!!



What about value creation?



- Only in 2014 Finnmark exported salmon for 4.000.000.000 NOK
- 700 direct workers in salmon farming in Finnmark. If we include indirect workers we can double or triple that number.
- Meaning; In the west fjords we have the potential to create up to 2100 workplaces
- IF we were utilizing our potential and producing 100.000MT of salmon we would increase our total seafood export value of 35%

But what about Iceland?



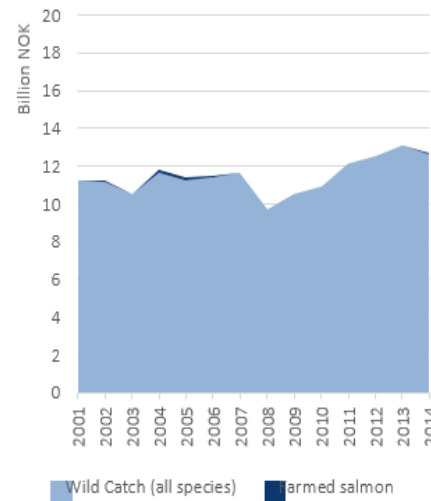
Source: Landssamband Fiskeldisstöðva, Markó Partners.

Protection areas

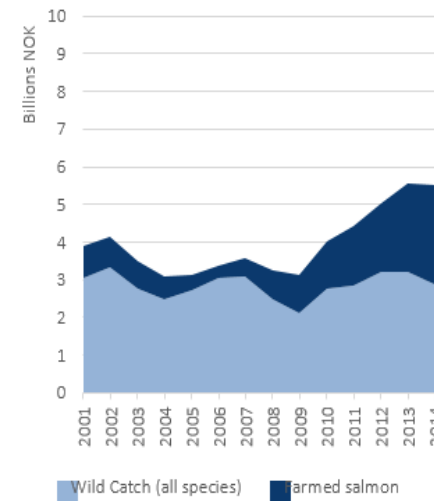
To protect sport fishing, large areas of coastline have been zoned as off limits for salmon aquaculture (Regulation n. 226/2001 specifying Areas where Farming of Fertile Salmon is Prohibited).



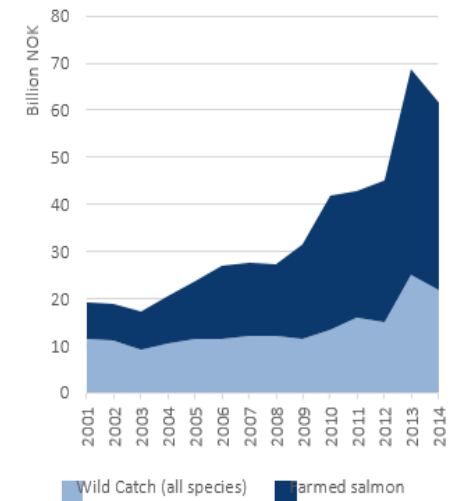
Export value farmed salmon/wild seafood



Export value farmed salmon/wild seafood



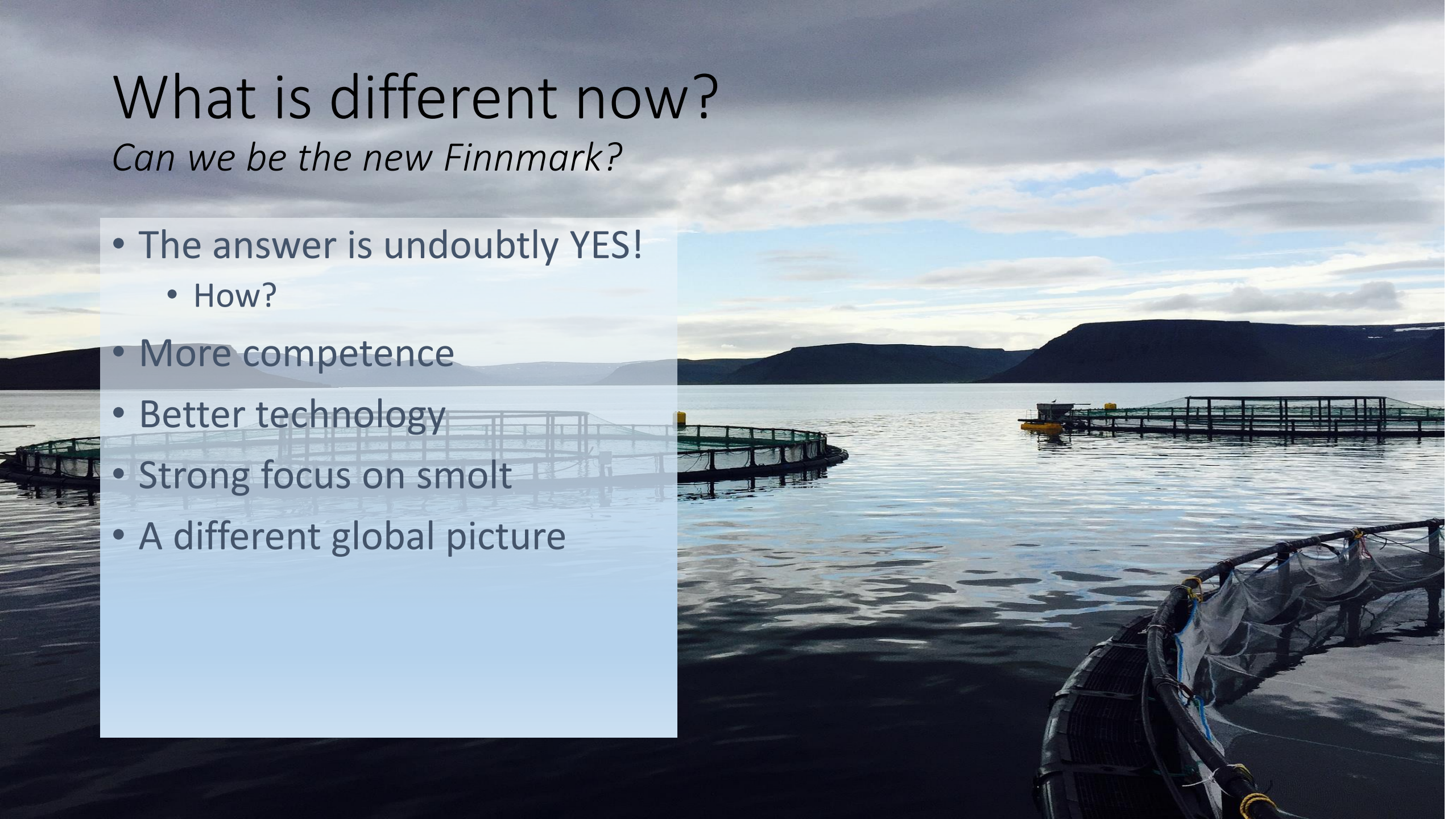
Export value farmed salmon/wild seafood



What is different now?

Can we be the new Finnmark?

- The answer is undoubtedly YES!
 - How?
- More competence
- Better technology
- Strong focus on smolt
- A different global picture



And we have the foundation to build on:

- Long experience and know-how in seafood exports
- Long experience and know-how in fish processing
- Strong brand internationally
- Infront when it comes to machine technology and innovations
- Premium pricing

Þorvaldur Stefánsson

What about the authorities?

Have they done anything right in regards to salmon farming?

- Faroes model compared to Norwegian
- Implementation of farming zones
- Removal of 200MT licences
- And allow growth!



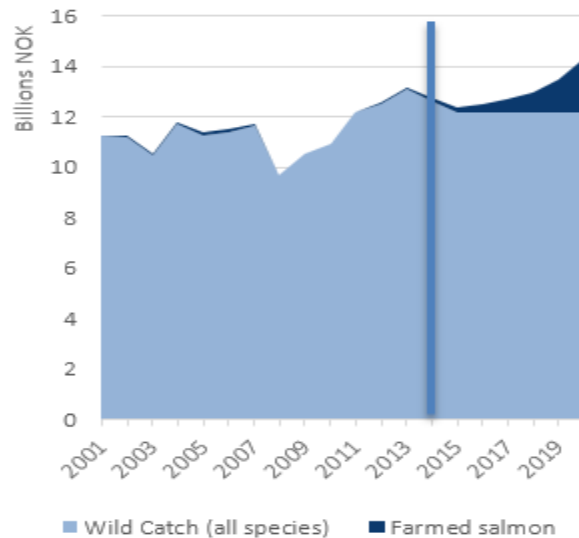
What can the authorities do next?

- Take charge
- Set up a long term plan – Where do we want to be in 2030, 2050 and how are we going to reach our targets
- No compromises on biosecurity
- Set-up high demands and strict legislation
- And increase supervision of this growing industry

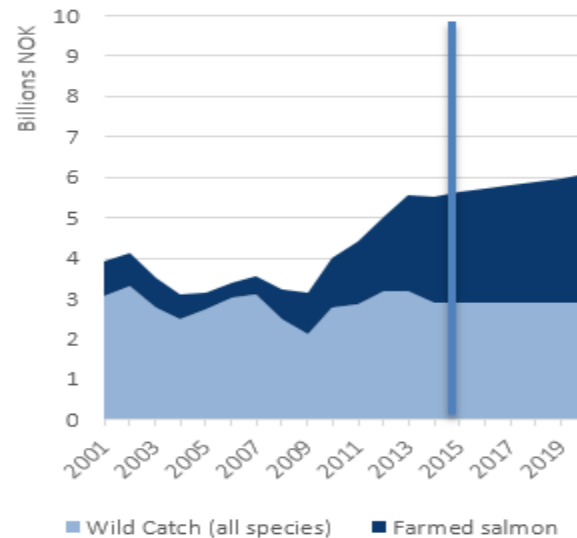
Looking into the crystal ball



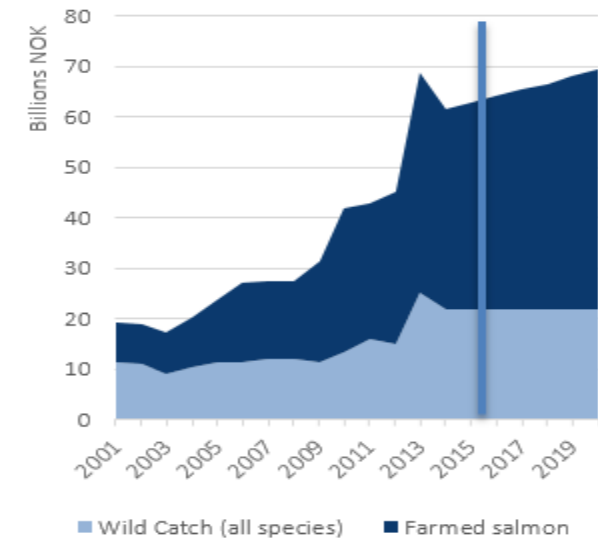
Export value farmed salmon/wild seafood



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Export value farmed salmon/wild seafood



Assumptions 2015-2020: Wild catch stagnant, 3% growth for farmed salmon in Faroe and Norway. Growth in Iceland reflecting 50.000 MT production of farmed salmon by 2020.

Source: Hagstofan Íslands, Statistisk Sentralbyrå, Hagstova Føroya, Markó Partners.

A wide-angle photograph of a calm body of water, likely a fjord or bay, under a clear blue sky. In the background, snow-covered mountains and hills are visible. The water is very still, creating a perfect reflection of the sky and the surrounding landscape. A long, low pier or breakwater extends from the left side into the water. The overall scene is peaceful and majestic.

Thank you