



CEO
Jan Fossberg

CFO
Vidar Skaar

VILLA ORGANIC AS

Q 2 2010

Agenda

- **Highlights Q2 2010**
- **Group Financials**
- **About Villa**
- **Outlook**

Highlights Q2 2010

- **Growth according to plan in Finnmark**
- **No harvest in second quarter**
- **Capital expansion of NOK 35 mill towards shareholders successfully accomplished**
- **Improved financial platform with total NOK 95 mill to secure future growth**
- **New contract prices for Q3 and Q4 in place, securing positive outlook for 2010**

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Villa Organic (group) Key Financial figures (1 000 NOK)						
	Q2 2010	Per Q2 2010	Q2 2009	Per Q2 2009	FY 2009	FY 2008,
Total Income	91 704	223 641	46 995	99 506	315 176	357 362
EBITDA	1 782	27 400	-17 601	-13 806	22 501	-23 217
EBIT	-4 420	15 285	-23 035	-23 527	4 088	-47 514
Profit/loss before tax	-9 711	5 402	-18 702	-25 206	-16 688	-65 375
Harvest Volume (HOG) Finnmark tons	-	3 311			5 315	
Harvest Volume (HOG) Romsdal tons	-				837	
Harvest Volume (HOG) Total tons	-	3 311	-		6 152	
EBIT NOK/kg		4,62	-		0,66	
Balance Sheet:						
Fixed Assets		292 670		245 555	281 513	240 117
Current Assets		369 177		307 119	312 425	218 488
Total Assets		661 846		552 674	593 938	458 605
Equity		209 665		174 798	204 608	138 920
Long Term Liabilities		246 080		255 929	249 320	269 405
Current Liabilities		206 101		121 947	140 010	50 280
Total Equity and Liabilities		661 846		552 674	593 938	458 605
Equity Ratio		32 %		32 %	34 %	30 %

Incomestatementet per Q2 Villa Organic

	Q2 2010	Per Q2 2010	Q2 2009	Per Q2 2009	FY 2009	FY 2008
Operating Income	90 782	221 612	46 051	98 562	311 769	242 021
Other Income	922	2 029	943	943	3 407	115 341
Total Income	91 704	223 641	46 994	99 505	315 176	357 362
				0		
Changes in Inventory	71 095	35 527	31 923	39 383	-89 829	175 438
Cost of goods	-133 924	-178 969	-75 200	-114 815	293 831	121 198
Wages	-11 015	-23 199	-7 263	-15 058	39 239	37 027
Other operating costs	-16 078	-29 600	-14 059	-22 826	49 433	46 915
EBITDA	1 782	27 400	-17 605	-13 811	22 502	-23 216
				0		
Depreciation	-6 203	-12 115	-5 430	-9 716	18 413	24 298
EBIT	-4 421	15 285	-23 035	-23 527	4 089	-47 514
				0		
				0		
Net financial items	-4 593	-9 884	-4 333	1 679	20 778	17 862
Profit/loss before tax	-9 014	5 401	-18 702	-25 206	-16 689	-65 376

Comments:

- Significant improvement in turnover and profit/loss compared with the same period in 2009
- The result per 30.06 is in line with expectations
- Good result from trading activities

Balance per 31.06.10

	30.06.2010	31.12.2009
ASSETS		
Total Intangible Assets	108 761	108 854
Total Fixed Assets	173 526	153 558
Total Financial Fixed Assets	10 383	19 100
Total non-current assets	292 670	281 512
Total Current Assets	369 177	312 426
Total Assets	661 846	593 938
EQUITY AND LIABILITIES		
Total Equity	209 665	204 609
Total Long Term Liabilities	246 080	249 320
Total Current Liabilities	206 101	140 009
Total Liabilities	452 181	389 329
Total Equity and Liabilities	661 846	593 938

Comments:

- Equity ratio per Q1 was 31,7%
- Net interest bearing debt NOK 331 mill nok.
- Compliance with all loan covenants



Villa has significant unused credit facilities

Overview of interest-bearing debt and facilities

NOK 225m facility

- 3 year NOK 175 credit facility with Sparebanken Midt-Norge
- Draw-down based on borrowing base, defined by certain balance sheet items
- NOK 94m of facility drawn by Q2 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 year NOK 10 credit facility with Sparebanken Møre
- Draw-down based on inventory and accounts receivables in Villa Sales
- NOK 10m of facility drawn by Q2 2010

NOK 25 Credit facility

- NOK 25 credit facility with SG finans
- Draw-down based on equipment such as boats, pens etc
- Facility drawn by end of July

NOK 35 Credit facility

- NOK 35 credit facility with Innovation Norway, Finnmark
- Draw-down based on Harvesting plant in Kirkenes and Smolt facility
- The credit facility was subject to an equal increase in equity
- No facility drawn by Q2 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:

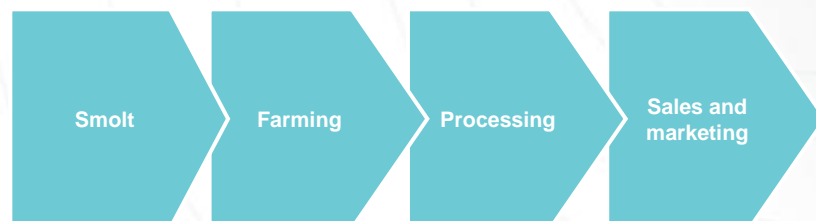
- 1 smolt site
- 2 farming sites
- 4 licences
- 37% ownership in processing facility



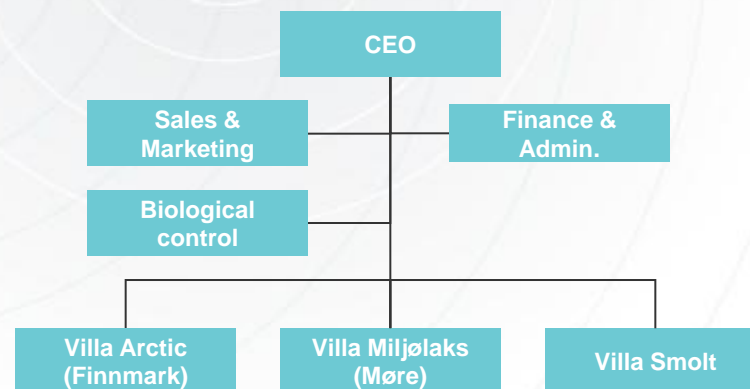
Finnmark:

- 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 Q2 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	3.500	4.500

Thank You!

