Structural constraints driving salmon prices

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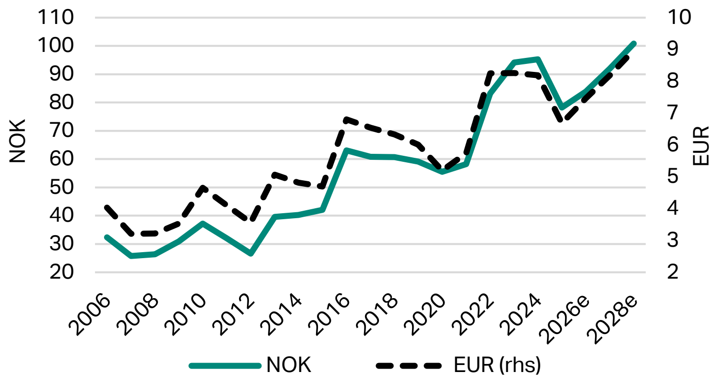
We expect that limited supply growth will support salmon prices over the next three years. Historically, prices have remained resilient during adverse economic conditions. However, geopolitical and political risks temper our outlook. We therefore assume an average price for Norwegian salmon of NOK 83/kg in 2026, NOK 84/kg in 2027 and NOK 85/kg in 2028.

Barriers to entry are increasing due to restrictions on the number of licences in regions suitable for salmon farming and limits on the maximum biomass permitted per licence. Moreover, large investments are required to scale up production, while positive cash flows usually take about three years to emerge. These barriers, partly biological, partly regulatory, and partly financial, explain the sector's high profitability. We believe that the increasing costs and investments needed to satisfy environmental requirements and improve salmon welfare (the sea lice problem in particular) will lead to increasing consolidation in the sector.

SUPPLY DRIVES PRICE CYCLICALITY

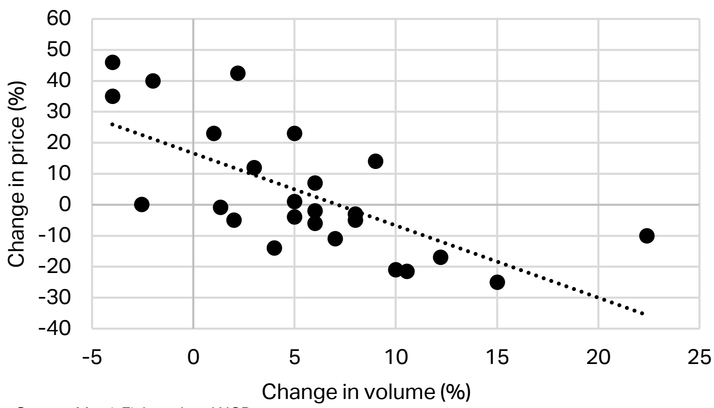
A regression model using data from 2014–2025 (excluding the 2020/2021 pandemic) and focusing on projected global supply changes forecasts a salmon price of NOK 83–97 per kg through 2028, assuming supply growth of 1.3%–1.9% over the same period. However, we take a more conservative view of the price level due to heightened risks from increased import tariffs and global unrest.

Figure 1. Atlantic salmon prices in NOK and EUR, 2006–2028e



Based on data from Fish Pool and NCR estimates. HOG-Head on gutted . e-estimate

Figure 2. Regression changes in global salmon volumes and prices, 2001–2025



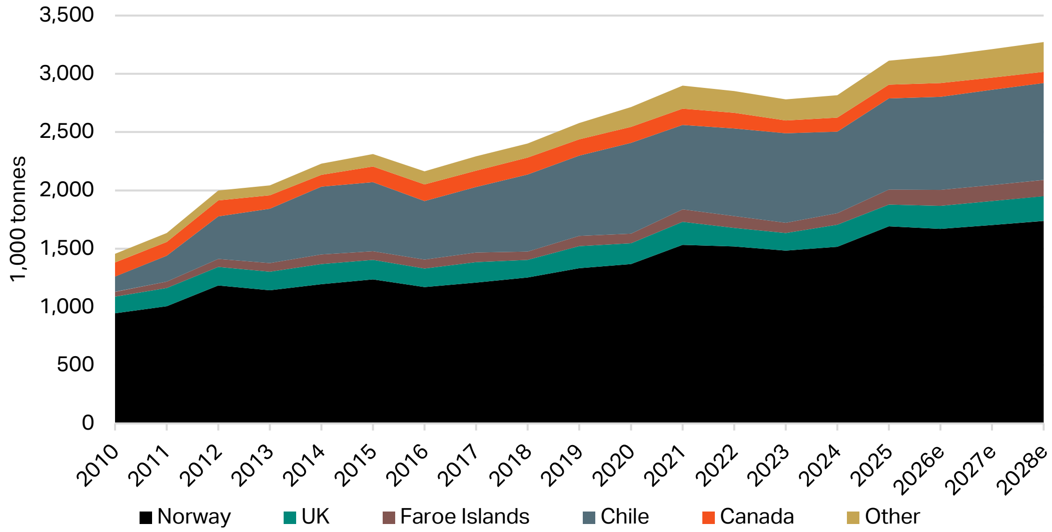
Source: Mowi, Fishpool and NCR.

The average annual growth rate in global Atlantic salmon harvesting has been 3% since 2020. However, we have seen significant volatility in volumes and prices recent years. Supply growth in 2026 was exceptional, reaching 10.5%. This reflects a normalisation after three years of negative supply growth. Supply of superior-quality salmon increased notably, as the superior share rose from 81% in 2024 to 88%, resulting in 20% growth in supply of superior salmon. This resulted in supply growth exceeding market absorption, leading to an 18% decline in the spot price for superior salmon. On this background, expectation of 10% price increase in 2026 is relatively moderate.

In Norway, licences are now nearly fully utilised, and biomass declined 0.9% year-over-year as of end-Jan. 2026 (with a 4.7% decrease in the number of individuals). We believe that the expected harvesting growth in Norway for 2026 has already occurred in the first few months. In Chile, biomass increased by 4.2% in the period, despite a 0.3% decrease in the number of individuals.

Just over half of the global salmon supply is farmed in Norway, with Chile as the second largest producer (25% in 2025). Although Chile benefits from more favourable salmonid growth temperatures and shorter production cycles, it has faced greater biological challenges than other regions, resulting in higher production volatility. Based on available estimates, we expect average annual global supply growth of 1.7% through 2028 (1% in Norway and 2% in Chile). The strongest growth is anticipated in the UK (4%) and 'other' regions (7%), where Iceland is a major contributor.

Figure 3. Global salmon harvest (wild fish equivalents), 2010-2028e

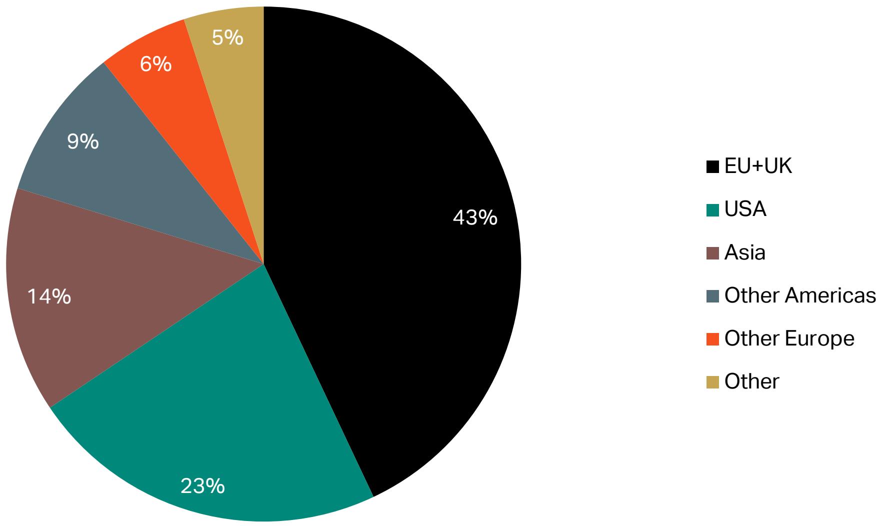


Source: Kontali Analyse, Mowi, and NCR. e-estimate

CHANGING CONSUMPTION PATTERNS DRIVE DEMAND

Global demand for Atlantic salmon has been rising, supported by increased interest in healthy food and a growing middle class in developing countries. Global fish consumption has doubled since 1998, with a further 80% increase projected by 2050. The US market for Atlantic salmon has been particularly strong, aided by a strong dollar. US demand rose by 10.2% in 2025, in line with global trends, despite higher tariffs. The impact of the new flat 15% tariff on the market remains uncertain. In 2025, Chilean salmon exports to the US increased, benefiting from a lower tariff (10%) compared to European exports (15%). The Chinese market recorded the strongest growth in 2025, up by 45.7%, driven by higher retail demand, especially for home delivery. Europe remains the largest market for Atlantic salmon, accounting for nearly 50% of volumes. However, as a mature market, volume growth was moderate at 5.6% in 2025.

Figure 4. Global salmon demand, 2025



Source: Mowi.

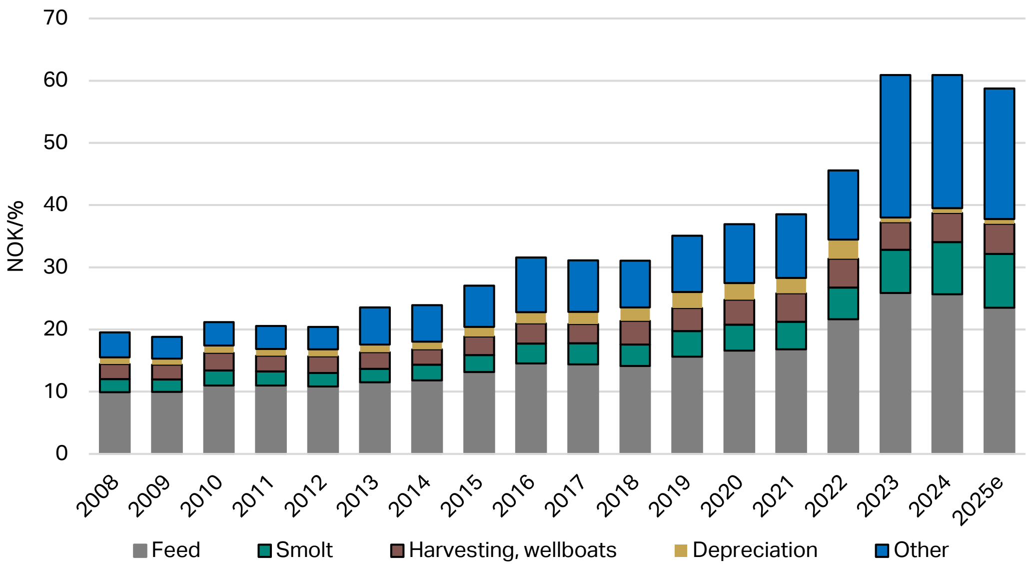
While we have identified only a low correlation between global economic growth and international salmon prices, the low prices observed in the early stages of the COVID-19 pandemic indicate that external shocks can have a significant impact. However, we do not believe the conflict in Iran constitutes an external shock. The war is affecting salmon exports from Europe to Asia, but we expect alternative trade routes to emerge if the conflict persists.

COST DEFLATION RECENT YEARS

Industry operating costs per kg of harvested salmon rose by an average of about 8% annually over the last 10 years. Feed represents nearly 40% of operating costs and increased by 6% annually during this period. However, prices for feed ingredients (fishmeal, fish oil, vegetable meal and vegetable oil) have declined by about 30% since their peak in 2023, which is expected to help reduce operating costs for harvested salmon in 2026. "Other costs" account for roughly one-third of total costs (see Figure 5), with about one-third of this category related to fish health and biological expenses. These costs have increased by approximately 12% annually. New vaccines against winter wounds and improved lice shielding technology are expected to help contain these costs.

Positively, we note that salmon farming has been less affected by raw material inflation than farmed alternatives due to its higher feed conversion ratio. In salmon farming, one kg of feed yields 0.56 kg of edible flesh, compared with 0.39 kg for poultry, 0.19 kg for pork, and 0.07 kg for beef.

Figure 5. Norway salmon producers' operating costs per kg, 2008-2025e



Source: the Norwegian Directorate of Fisheries, NCR estimates.

We believe that rising costs and investments required to meet environmental standards and improve salmon welfare will drive further consolidation in the sector. Additionally, the resource rent tax poses a greater burden for smaller salmon farmers, who lack the scale, financial flexibility, and integrated value chains that help larger companies absorb the tax. The system is also complex and administratively demanding, so smaller operators, with fewer resources and less capacity to offset investments or optimise production, are more affected than large, vertically integrated producers.

SalMar, Mowi and Alsaker Group have been active buyers of Norwegian salmon farmers in recent years, while Lerøy Seafood has signalled a more proactive approach at its recent capital markets day.

Figure 7. NCR ratings on Norwegian seafood companies

Issuer	Primary industry	Long-term issuer rating	Outlook
Austevoll Seafood ASA	Salmon farming/Pelagic	BBB-	Stable
Lerøy Seafood Group ASA	Salmon farming	BBB+	Stable
Mowi ASA	Salmon farming	BBB+	Stable
SalMar ASA	Salmon farming	BBB+	Negative

See NCR's company reports for details.

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