

STRONG BEGINNING PUTS PELAGOS IN PROMISING POSITION

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Pelagos is the Faroe Islands' newest pelagic fish processing plant — and likely the world's most advanced — built on the latest computer and robotics technology for automation and top quality production. Pelagos opened for business in the summer of 2014.

We deliver frozen products of the following species:

- Atlantic Mackerel
- Atlanto-Scandian Herring
- Blue Whiting
- Capelin

The owners and founders of Pelagos include some major participants in the Faroese seafood industry:

- Framherji — owner and operator of fishing vessels Fagrabergr, Akraberg, Stápin; major shareholder of cold storage facility Bergfrost; major shareholder of fishing company and seafood processor Faroe Origin; shareholder in sales company Ice Fresh Seafood;
- Havsbrún, the Faroe Islands' largest processing facility and one of the main fishmeal and salmon feed producers in the North Atlantic, owned by Bakkafrost, the Faroe Islands' leading salmon producer and exporter;
- Palli hjá Mariannu, owner and operator of pelagic factory vessels Norðborg and Christian í Grótinum; main shareholder in sales company North Pelagic;
- Enni, a local investment company in Fuglafjørður, founded by a number of service providers to the seafood industry alongside other businesses and individuals.

Fuglafjørður's state-of-the-art pelagic processing plant received its first catch in mid 2014 and has performed above expectations in its first 20 months—demonstrating “ability to deliver top quality products at competitive prices”.

DURING ITS first full year of production, in 2015, the new Pelagos freezing plant at Fuglafjørður processed just about 50,000 tonnes of mackerel, herring, capelin, blue whiting and silver smelt. According to CEO Jóhan Páll Joensen, a slightly lower volume would be sufficient to turn a profit.

Coinciding with a recovery in the blue whiting stock, the recent upturn of Atlanto-Scandian herring and, even more so, Atlantic mackerel, have raised catch quotas and had a major impact on pelagic fisheries and related business in the Faroe Islands.

One tangible result of these developments was the opening of Pelagos, a highly advanced pelagic processing plant for food fish, in the summer of 2014. Fuglafjørður has for many years served as a hub in the pelagic fishing industry, both domestically and internationally. With the giant fishmeal factory and feed producer Havsbrún located there alongside several service providers relevant to the industry—including, amongst others, the Bergfrost coldstore, the Vónin fishing gear manufacturer, and the Faroe Bunkers



fueling station—the Port of Fuglafjørður was not a difficult choice.

Indeed, plans for adding a freezing plant to the business environment were nothing new—the idea had surfaced on several occasions in the past, making perfect sense in light of the infrastructure already in place there. Havsbrún has received pelagic fish for industrial reduction for animal feed since 1966. And with the recent pelagic boom coupled with political pressure on fishing fleets to land catches of mackerel, herring and blue whiting for food production when possible, rather than industrial reduction, the freezing plant became the next logical step for Fuglafjørður, taking the number of large facilities of this type in the Faroe Islands to three, the other two located at Kollafjørður and Tvøroyri.

Together with Havsbrún, today owned by aquaculture major Bakkafrost, the owners of fishing companies Framherji and CIG joined hands with a group of local investors to build the new plant.

“The growing mackerel fishery in the Faroe Islands provided a window of opportunity and then things started to move quickly,” Mr. Joensen said.

According to estimates, the total amount of output necessary to make Pelagos profitable is in the region of 45,000 tonnes per year, Mr. Joensen added.

“Catches are highly concentrated around late summer and autumn. January through March is also a productive period, although



MARIA OLSEN

Workers at the Pelagos processing lines; Tummas T landing her catch to Pelagos (below); Christian í Grótinum delivering fresh pelagic fish (opposite).

try, located in Eastern Europe including Russia, Asia and Africa.

The Faroe Islands is one of the few European countries currently with access to the Russian market. The European market, meanwhile, is difficult at the moment.

“Because of trade wars, the European Union is being flooded with supply that would otherwise have gone to Russia,” Mr. Joensen said. “These are no small volumes, and Norway, Iceland and the EU member states have all been blocked from the Russian market. On the other hand, the Faroes is doing very well in Russia.”

Part of the client outreach strategy is to meet people at the annual Seafood Expo Global in Brussels and in this connection representatives from Pelagos have had contacts with several international buyers, typically canneries and smokehouses.

“Last year [2015] we could be more confident than the year before as the plant had been operating for almost a year, although we had already established strong working relationships with buyers. Our ability to deliver has now been demonstrated, and that is important. So buyers know that we can supply them with top-quality products at competitive prices and on time.”



less reliably so. Given enough supply, this facility has the capacity to process well over 50,000 tonnes due to its very efficient machinery.”

COMPETITIVE

Most of the employees at Pelagos are controllers and inspectors who help make sure the highly automated processing system works according to plan with every fish passing through the conveyor belt in good shape and condition.

Landing, grading, sorting, processing, freezing, packaging—everything is robotized.

“Our processing plant was the most advanced on the market at the time it was built,” Mr. Joensen noted.

A good part of the catch landed to Pelagos comes from the Fagrabergr, a purse seiner/pelagic trawler owned by Framherji, as well as the Norðborg and the Christian í Grótinum, the two pelagic factory trawlers owned by CIG. A number of other vessels, both Faroese and foreign—mostly from Iceland, Scotland and Ireland—also supply catch to the freezing plant.

The frozen produce from Pelagos is shipped to buyers in the seafood indus-