Market worth, quota value and the Q ratio of listed fisheries companies on Iceland Stock Exchange

The market worth of the 20 fisheries companies listed on Iceland Stock Exchange amounted to 70.3 billion kr. at year-end 1999. This January their market worth rose by more than 5%, to reach almost 74 billion kr. at the end of the month. In mid-1999 their combined booked equity stood at 33.4 billion kr. The book value of quotas which they had either bought or acquired through mergers amounted to 13.3 billion kr. at the same point. Thus the book value of quotas was equivalent to some 40% of these companies' equity.

The ratio between market worth and equity (Q ratio) was therefore 2.10 at the end of 1999 and 2.2 at the end of the following January. The Q ratio was somewhat lower among fisheries companies than the weighted average of all companies listed on the stock exchange, which was 3.9 at year-end and 4.4 at the end of January.

These companies' total quotas – acquired and officially allocated – were worth 114 billion kr. based on quota prices at the end of the year and their quota levels during the current fishing season. Taking into account the market worth of these companies, their quota ownership and the Q ratio of listed companies in general, it is clear that quota assets are only incorporated to a small degree into assessments of their market worth. It is impossible to state with any certainty the extent to which quotas are actually assessed as part of their market worth, but it can be pointed out that the Q ratio of fisheries companies is lowest among those with no quotas, at around 1, while the highest Q ratio among the 20 listed is 6.5.

Clearly the market has assessed fisheries companies' worth very cautiously in relation to the value of their quota assets. At most the quota value has been assessed at one-third of market worth, but the proportion is probably much lower. Thus quota ownership is not a decisive factor in pricing of shares in the fisheries companies listed on Iceland Stock Exchange.