



Lerøy Seafood Group ASA

# Q3 2017

## November 9th

CEO Henning Beltestad  
CFO Sjur S. Malm



## Agenda

- 1 Highlights
- 2 Key financial figures
- 3 Outlook

## Q3 2017

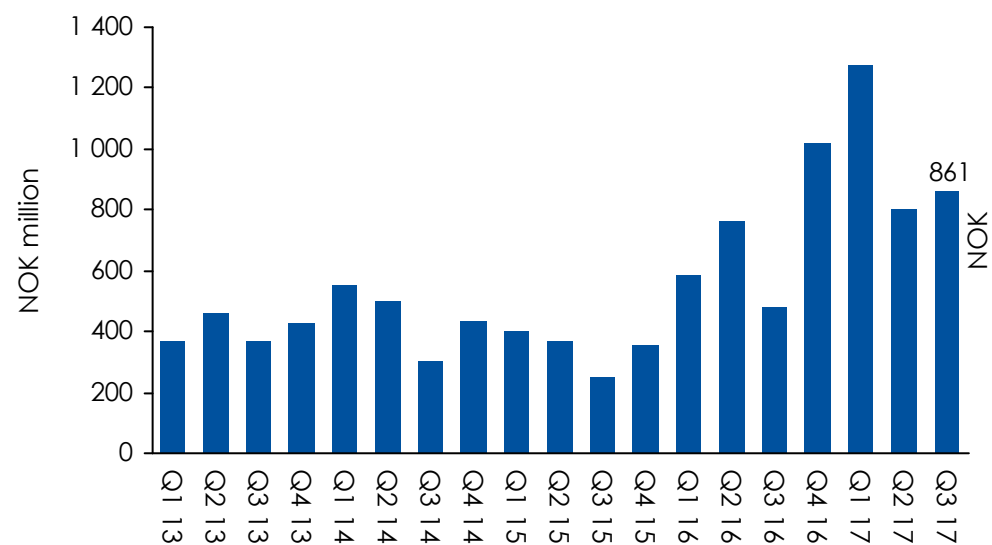
- EBIT before FV adj. NOK 861 million
- Harvest volume 46 024 GWT
- EBIT/kg all incl. (excl. EBIT Havfisk & LNWS) of NOK 17.4
- Contract share of 30%
- NIBD NOK 2 733 million
- Harvest guidance 160 000 GWT for 2017



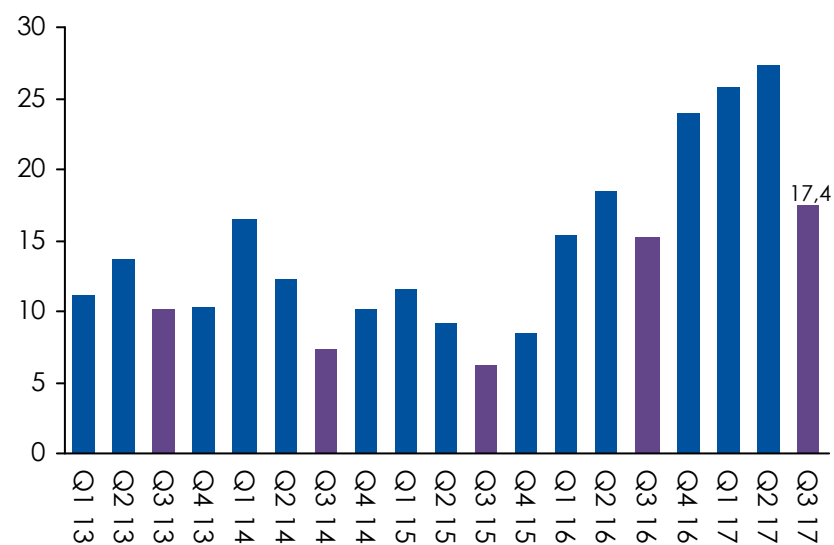


# Quarterly historic figures

### EBIT\*



### EBIT/kg\*\*, all inclusive



\*before biomass adjustment

\*\*before biomass adjustment excl. EBIT contribution from Wild Catch



## Lerøy Seafood Group ASA

Farming

Wild catch

VAP, Sales and  
Distribution

## Q3: Farming highlights

- Spot prices below last year
  - NSI Q3/17 NOK 56.8 vs NOK 60.8 in Q3/16 (-7%)
  - Down NOK 11/kg q-o-q, and down NOK 4/kg y-o-y
- Trout price achievement in line with salmon
- Contract prices above spot
- Cost (RFS) in line with Q2/17
- Biomass at sea
  - End Q3/17 at 108,441 LWT vs 100,565 LWT end Q3/16 (+8%)



## Farming volumes:

	Licences	Smolt cap.	2012 GWT	2013 GWT	2014 GWT	2015 GWT	2016 GWT	2017E GWT	2018E GWT
Lerøy Aurora AS*	26	11,5	20 000	24 200	26 800	29 200	30 000	40 000	38 000
Lerøy Midt AS	57	22,0	61 900	58 900	68 300	71 400	52 200	65 000	67 000
Lerøy Sjøtroll	63	22,6	71 600	61 700	63 200	57 100	68 000	55 000	62 000
<b>Total Norway</b>	<b>146</b>	<b>56,1</b>	<b>153 400</b>	<b>144 800</b>	<b>158 300</b>	<b>157 700</b>	<b>150 200</b>	<b>160 000</b>	<b>167 000</b>
Villa Organic AS**					6 000				
Norskott Havbruk (UK)***			13 600	13 400	13 800	13 500	14 000	16 000	13 500
<b>Total</b>			<b>167 100</b>	<b>158 200</b>	<b>178 100</b>	<b>171 200</b>	<b>164 200</b>	<b>176 000</b>	<b>180 500</b>

- \*) Included harvested volume from Villa Organic after split July 2014  
 \*\*) LSG's share of Villa Organic's volume in H1 2014, not consolidated  
 \*\*\*) LSG's share, not consolidated

## Q3: Wild Catch

- Strong first three quarters 2017
  - Catch volume based on annual quotas, time of catch may vary from year to year
    - Catch volume in Q3/17 of 17,029MT compared to 17,189MT in Q3/16.
    - Relatively high share of haddock (14% of catch Q3/17 vs 6% of catch Q3/16)
    - Remaining quota for 2017 about 15,000MT, compared to 12,000 MT end Q3/16.
  - Compared to Q3/16. Positive price development for cod (up 2% y-o-y) and haddock (up 26% y-o-y). Saithe prices down 26% y-o-y
- Third quarter the most challenging quarter for Lerøy Norway Seafoods, with significant negative impact on profitability



## Remaining quotas Havfisk/Wild Catch

	Catch volume Q3/17	Catch volume Q3/16	Catch volume YTD 2017	Catch volume YTD 2016	Remaining quota 2017	Remaining quota 2016
Cod	7 662	8 592	21 154	22 050	8 470	7 834
Haddock	2 464	977	11 894	10 131	3 586	2 092
Saithe	3 436	3 445	12 862	8 773	2 977	2 096
Shrimps	165	177	1 161	1 432		
Other	3 303	3 998	7 313	7 992		
<b>Total</b>	<b>17 029</b>	<b>17 189</b>	<b>54 384</b>	<b>50 377</b>	<b>15 033</b>	<b>12 023</b>

## Q3: VAP, Sales and Distribution

- Volatile prices a challenge and opportunity
- Quarterly operating margin of 2.6% compared to 2.3% in Q3/16. Positive development in key operations
- Position as full fletched seafood supplier has been enhanced significantly over the previous year





# Agenda

- 1 Highlights
- 2 Key financial figures
- 3 Outlook





## Key financial figures, Q3 2017

<i>(NOKm)</i>	Q3 2017	Q3 2016	▲%
Revenue	4 373	4 268	2 %
Other gains and losses	0	0	
EBITDA	1 008	612	65 %
Depreciation & amortisation	146	131	
<b>EBIT*</b>	<b>861</b>	<b>481</b>	<b>79 %</b>
Income from associates*	80	75	
Net finance	-42	-22	
<b>Pre-tax profit*</b>	<b>899</b>	<b>534</b>	<b>68 %</b>
EPS (NOK)*	1,14	0,64	79 %
Harvested Volume (GWT)	46 024	31 744	45 %
ROCE* (%)	23,9 %	17,9 %	
EBIT/kg all incl. excl. WildCatch* (NOK)	17,4	14,8	

\* Before biomass adjustment



## Key financial figures, YTD 2017

<i>(NOKm)</i>	YTD 2017	YTD 2016	▲%
Revenue	14 057	12 345	14 %
Other gains and losses	8	0	
EBITDA	3 379	2 185	55 %
Depreciation & amortisation	439	359	
<b>EBIT*</b>	<b>2 939</b>	<b>1 826</b>	<b>61 %</b>
Income from associates*	242	157	
Net finance	-149	-82	
<b>Pre-tax profit*</b>	<b>3 033</b>	<b>1 901</b>	<b>60 %</b>
EPS (NOK)*	3,78	2,35	61 %
Harvested Volume (GWT)	115 487	111 039	4 %
ROCE* (%)	27,5 %	21,2 %	
EBIT/kg all incl. excl. WildCatch* (NOK)	25,5	16,4	

\* Before biomass adjustment



## Balance sheet

«Wild Catch» segment consolidated from 1. September 2016

(NOKm)	30.09.2017	30.09.2016	▲ %
Intangible assets	8 039	7 229	11 %
Tangible fixed assets	4 745	4 281	11 %
Financial non-current assets	1 038	725	43 %
<i>Total non-current assets</i>	13 821	12 236	13 %
Biological assets at cost	3 602	3 469	4 %
Fair value adjustment of biomass	1 711	920	86 %
Other inventory	893	753	18 %
Receivables	2 334	2 078	12 %
Cash and cash equivalents	3 034	1 944	56 %
<i>Total current assets</i>	11 573	9 165	26 %
<b>Total assets</b>	<b>25 394</b>	<b>21 400</b>	<b>19 %</b>
Equity	14 468	12 367	17 %
<b>Equity ratio</b>	57,0 %	57,8 %	-1 %
<b>NIBD</b>	<b>2 733</b>	<b>2 752</b>	-1 %



## Funding

NOK million	2017	2018	2019	2020	2021	Later	Total
To be paid	185	612	744	603	1 482	2 016	5 642
Total	594	612	744	603	1 482	2 016	6 050

	Covenants	Q3 2017
NIBD/EBITDA	<5	0,60
Adj. Equity ratio	>30 %	66.1 %



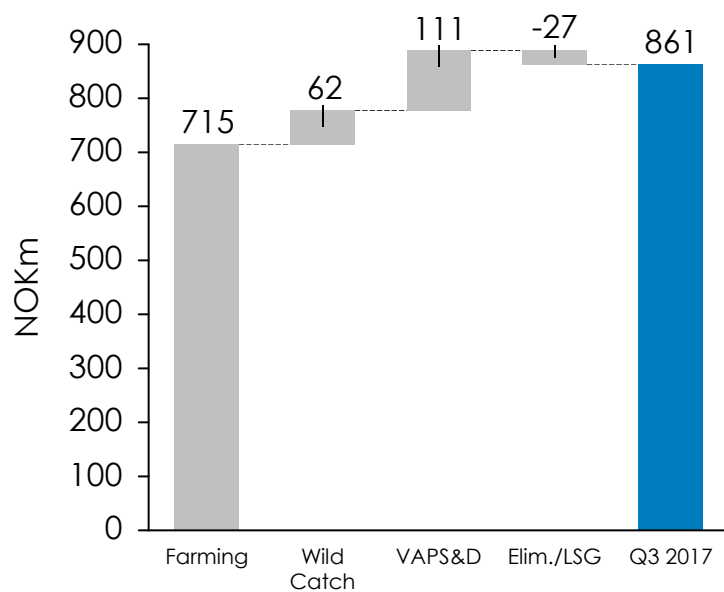
## Cash flow / NIBD

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
EBITDA before fair value adjustment on biological assets	1 008	612	3 379	2 185	3 355
Paid tax	-4	-1	-482	-201	-225
Change in working capital	-128	1	-252	138	-330
Other	0	31	-8	14	-34
<b>Cash from operating activities</b>	<b>876</b>	<b>643</b>	<b>2 637</b>	<b>2 135</b>	<b>2 767</b>
Business combinations and redemption of non-controlling interests	0	-2 286	-1	-2 314	-3 376
Net investments in capex and intangibles	-388	-170	-950	-545	-743
Dividends received	27	25	137	77	104
Other changes in non-current assets	-19	30	-102	32	-2
<b>Cash from investing activities *</b>	<b>-380</b>	<b>-2 401</b>	<b>-916</b>	<b>-2 750</b>	<b>-4 017</b>
Net financial cost	-47	-33	-140	-93	-141
New equity	0	0	0	2 174	2 174
Dividends distributed	0	0	-834	-664	-665
<b>Cash from financing activities</b>	<b>-47</b>	<b>-33</b>	<b>-974</b>	<b>1 416</b>	<b>1 368</b>
Change in NIBD from business combinations	0	-985	0	-985	-985
Other changes (incl.currency effects)	7	18	-46	26	28
<b>Net cash flow / change in NIBD</b>	<b>456</b>	<b>-2 759</b>	<b>700</b>	<b>-157</b>	<b>-839</b>
NIBD at beginning	3 190	-7	3 433	2 595	2 595
Change in NIBD	-456	2 759	-700	157	839
<b>NIBD at end</b>	<b>2 733</b>	<b>2 752</b>	<b>2 733</b>	<b>2 752</b>	<b>3 433</b>

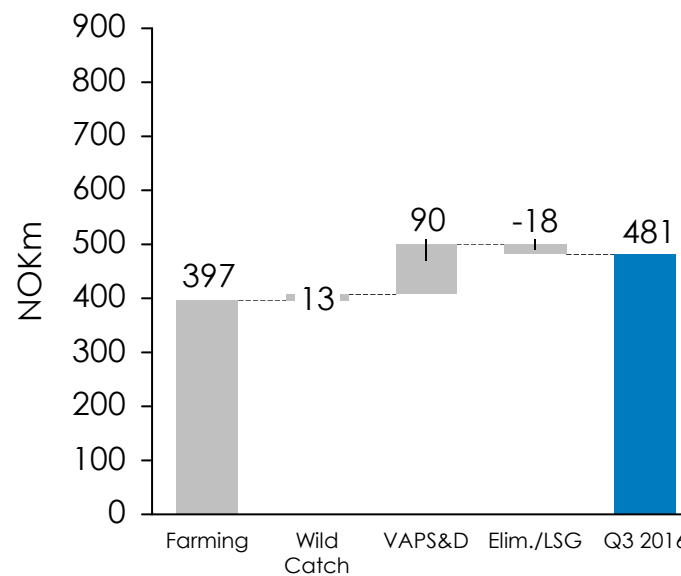
\* The amount may differ from the corresponding amount in the cash flow statement in the quarterly report, as cash acquired through business combination is not included. The change in NIBD from business combination is presented in separate line in this overview.

# EBIT per segment

EBIT\* Q3 2017



EBIT\* Q3 2016



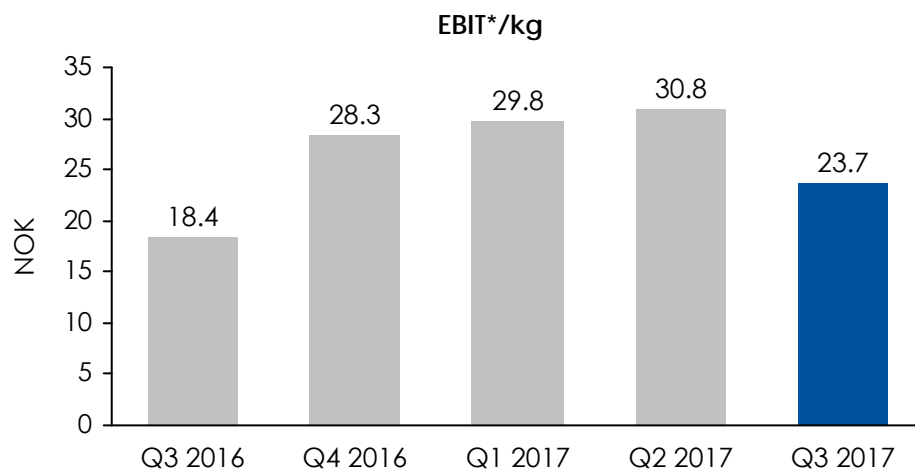
\*before biomass adj.



# Lerøy Aurora

	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Revenue (NOKm)	813	279	2 781	2 270
EBIT* (NOKm)	326	79	752	371
Harvested volume (GWT)	13 768	4 286	27 799	17 465
EBIT/kg* (NOK)	23.7	18,4	27.1	21.2

- Strong production
- Q-o-q fall in RFS cost and further decline expected for Q4/17
- Expected harvest volume in 2017 40,000 GWT
- Expected harvest volume in 2018 38,000 GWT

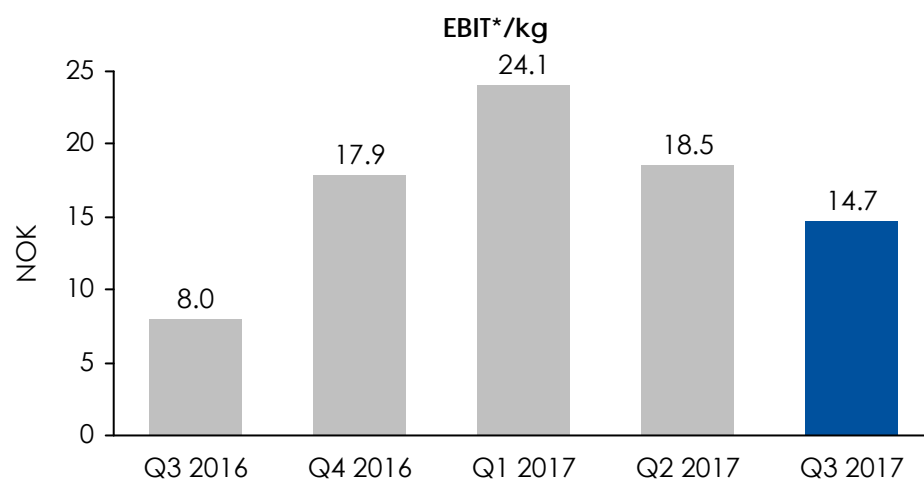


\*before biomass adj.



## Lerøy Midt

	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Revenue (NOKm)	1 037	769	1 790	1 045
EBIT* (NOKm)	272	113	900	560
Harvested volume (GWT)	18 485	14 161	45 758	41 901
EBIT/kg* (NOK)	14.7	8.0	19.7	13.4



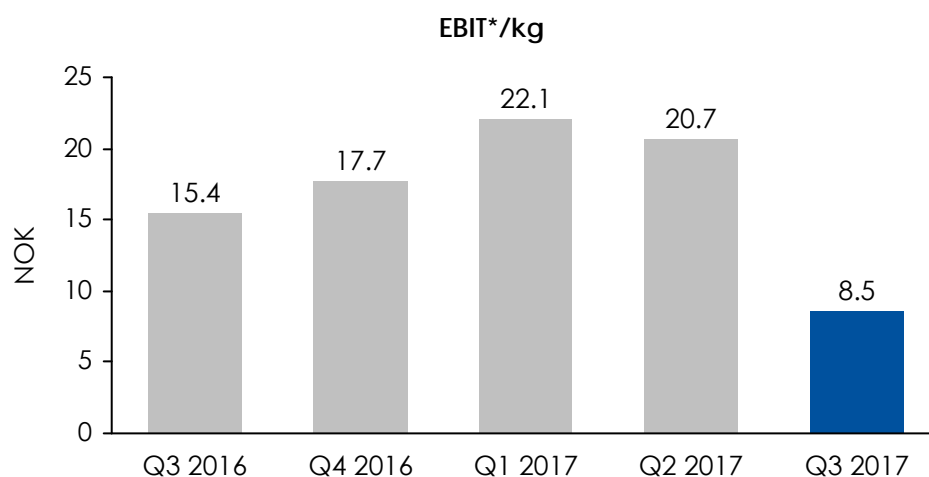
\*before biomass adj.

- Positive development in production, and a significant improvement y-o-y
- Significant q-o-q fall in RFS cost and further decline expected for Q4/17
- Expected harvest volume in 2017 is 65,000 GWT
- Expected harvest volume in 2018 is 67,000 GWT



# Lerøy Sjøtroll

	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Revenue (NOKm)	779	720	2 578	2 692
EBIT* (NOKm)	118	205	722	661
Harvested volume (GWT)	13 771	13 297	41 930	51 672
EBIT/kg* (NOK)	8.5	15.4	17.2	12.7



- Positive development in trout, and falling RFS q-o-q.
- Significant challenges on some salmon sites late in quarter, with early harvest of several sites, with negative impact on production and profitability
- Situation has normalised, but will have impact on production volume and cost for Q4/17. Still, a significant drop in q-o-q RFS cost is expected for Q4/17
- Expected harvest volume for 2017 is 55,000 GWT
- Expected harvest volume for 2018 is 62,000 GWT

\*before biomass adj. including EBIT from Norsk Oppdrettsservice



## Wild Catch (Havfisk/LNWS)

	Q3 2017	Q3 2016	YTD 2017	YTD 2016
EBITDA (NOKm)	91		392	25
EBIT (NOKm)	62		307	13

<b>Havfisk, catch volume</b>	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Cod	7 662	8 592	21 154	22 050
Haddock	2 464	977	11 894	10 131
Saithe	3 436	3 445	12 862	8 773
Shrimps	165	177	1 161	1 432
Other	3 303	3 998	7 313	7 992
<b>Total</b>	<b>17 029</b>	<b>17 189</b>	<b>54 384</b>	<b>50 377</b>

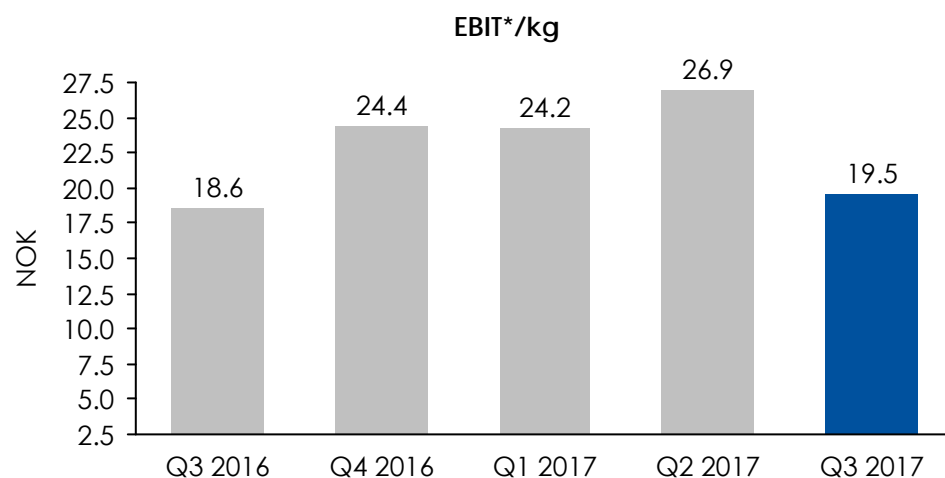
<b>Havfisk, prices</b>	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Cod	25,5	25,0	26,4	24,9
Haddock	17,5	13,9	18,6	14,0
Saithe	11,2	15,2	11,5	16,0

- Consolidated from 1. September 2016
- Continued strong development in Havfisk, record profitability YTD driven by high catch rates and increasing catch volume.
- Havfisk profitability level for Q3/17 on par with Q3/16.
- Third quarter is the most challenging quarter of the year in Lerøy Norway Seafoods. Low season, with low volumes, gives significant negative profitability in the quarter.



## Norskott Havbruk (associate)

	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Revenue (NOKm)	632	512	1 603	1 366
EBIT* (NOKm)	184	151	554	333
Harvested volume (GWT)	9 429	8 148	23 784	22 284
EBIT/kg* (NOK)	19.5	18.6	23,3	15,0



\*before biomass adj

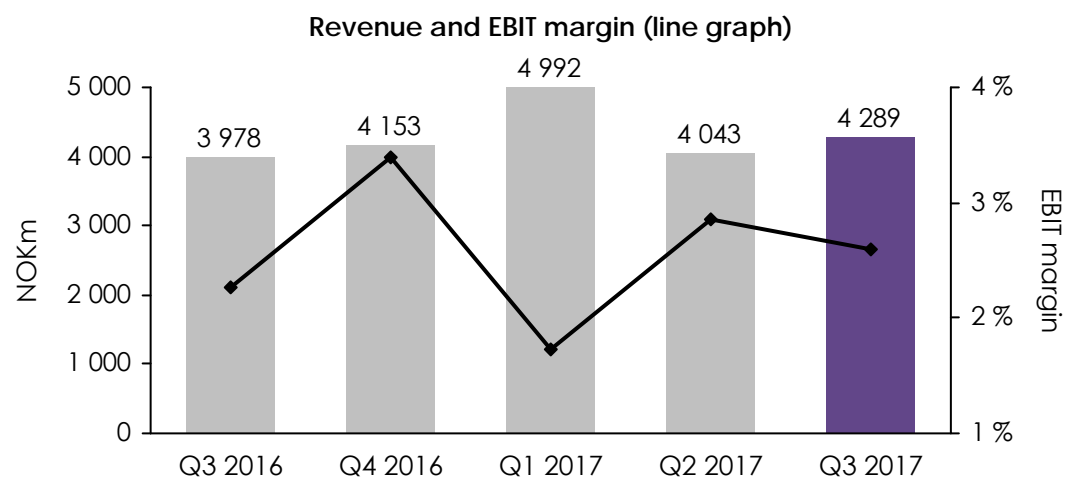
- Strong operational results in the quarter
- Results negatively impacted by challenges at some sites with early harvest, impacting harvest volumes in 2017 and 2018
- Normal biological performance on the majority of sites with good harvest weights
- Contract share 41%
- Expected harvest volume for 2017: 32,000GWT
- Expected harvest volume for 2018: 27,000GWT



## VAPS&D – VAP, Sales and Distribution

	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Revenue (NOKm)	4 289	3 978	13 324	11 849
EBIT (NOKm)	115	97	313	258
EBIT margin	2.6 %	2.3 %	2.3 %	2.2 %

- Positive impact from more whitefish, and significant potential in further development of the whitefish segment as well as “fish cuts”.
- Volatile prices a challenge, and an opportunity
- High focus on product development, seeing positive development in key markets





## Agenda

- 1 Highlights
- 2 Key financial figures
- 3 Outlook



## Atlantic salmon – Supply in tons WFE

	2012	Change 11-12	2013	Change 12-13	2014	Change 13-14	2015	Change 14-15	2016	Change 15-16	2017	Change 16-17	2018	Change 17-18
Norway	1 183 100	17,7 %	1 143 600	-3,3 %	1 199 000	4,8 %	1 234 200	2,9 %	1 171 100	-5,1 %	1 205 900	3,0 %	1 299 400	7,8 %
United Kingdom	159 400	3,0 %	157 800	-1,0 %	170 500	8,0 %	166 300	-2,5 %	157 400	-5,4 %	174 800	11,1 %	176 400	0,9 %
Faroe Islands	70 300	24,9 %	72 600	3,3 %	82 700	13,9 %	75 600	-8,6 %	77 300	2,2 %	82 100	6,2 %	82 400	0,4 %
Ireland	15 600	-2,5 %	10 600	-32,1 %	12 300	16,0 %	15 700	27,6 %	15 800	0,6 %	18 000	13,9 %	17 500	-2,8 %
Iceland	3 250	170,8 %	3 350	3,1 %	4 400	31,3 %	3 600	-18,2 %	8 100	125,0 %	13 100	61,7 %	20 000	52,7 %
<b>Total Europe</b>	<b>1 431 650</b>	<b>16,0 %</b>	<b>1 387 950</b>	<b>-3,1 %</b>	<b>1 468 900</b>	<b>5,8 %</b>	<b>1 495 400</b>	<b>1,8 %</b>	<b>1 429 700</b>	<b>-4,4 %</b>	<b>1 493 900</b>	<b>4,5 %</b>	<b>1 595 700</b>	<b>6,8 %</b>
Chile	364 000	64,7 %	468 100	28,6 %	582 900	24,5 %	598 200	2,6 %	504 400	-15,7 %	551 500	9,3 %	599 600	8,7 %
Canada	136 500	14,2 %	115 100	-15,7 %	95 000	-17,5 %	135 200	42,3 %	142 500	5,4 %	137 800	-3,3 %	146 000	6,0 %
USA	19 600	7,1 %	20 300	3,6 %	24 000	18,2 %	20 200	-15,8 %	22 000	8,9 %	22 300	1,4 %	21 000	-5,8 %
Australia	40 000	11,1 %	39 000	-2,5 %	42 000	7,7 %	54 400	29,5 %	50 900	-6,4 %	59 000	15,9 %	59 500	0,8 %
Others	8 100	62,0 %	11 200	38,3 %	15 200	35,7 %	13 700	-9,9 %	12 500	-8,8 %	12 100	-3,2 %	13 600	12,4 %
<b>Total Others</b>	<b>568 200</b>	<b>42,1 %</b>	<b>653 700</b>	<b>15,0 %</b>	<b>759 100</b>	<b>16,1 %</b>	<b>821 700</b>	<b>8,2 %</b>	<b>732 300</b>	<b>-10,9 %</b>	<b>782 700</b>	<b>6,9 %</b>	<b>839 700</b>	<b>7,3 %</b>
<b>Total World-wide</b>	<b>1 999 850</b>	<b>22,4 %</b>	<b>2 041 650</b>	<b>2,1 %</b>	<b>2 228 000</b>	<b>9,1 %</b>	<b>2 317 100</b>	<b>4,0 %</b>	<b>2 162 000</b>	<b>-6,7 %</b>	<b>2 276 600</b>	<b>5,3 %</b>	<b>2 435 400</b>	<b>7,0 %</b>

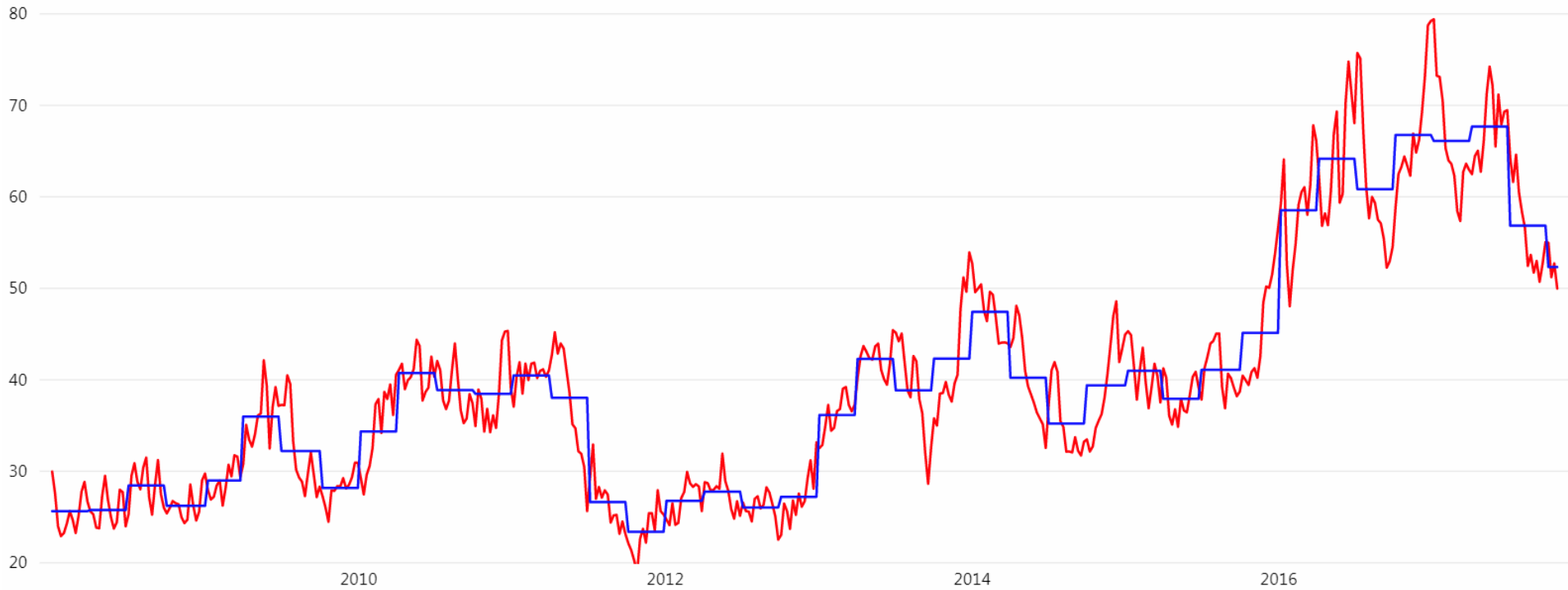
Figures as per 03.11.2017

Source: Kontali

SPOT prices, fresh Atlantic salmon  
cross-section, FCA Oslo  
as of week 43-2017 (Superior quality).


Quarter	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Q1	26	29	34	40	27	36	47	41	59	66
Q2	26	36	41	38	28	42	40	38	64	68
Q3	28	32	39	27	26	39	35	41	61	57
Q4	26	28	38	23	27	42	39	45	67	52
<b>Totalt</b>	<b>27</b>	<b>31</b>	<b>38</b>	<b>32</b>	<b>27</b>	<b>40</b>	<b>41</b>	<b>41</b>	<b>63</b>	<b>62</b>

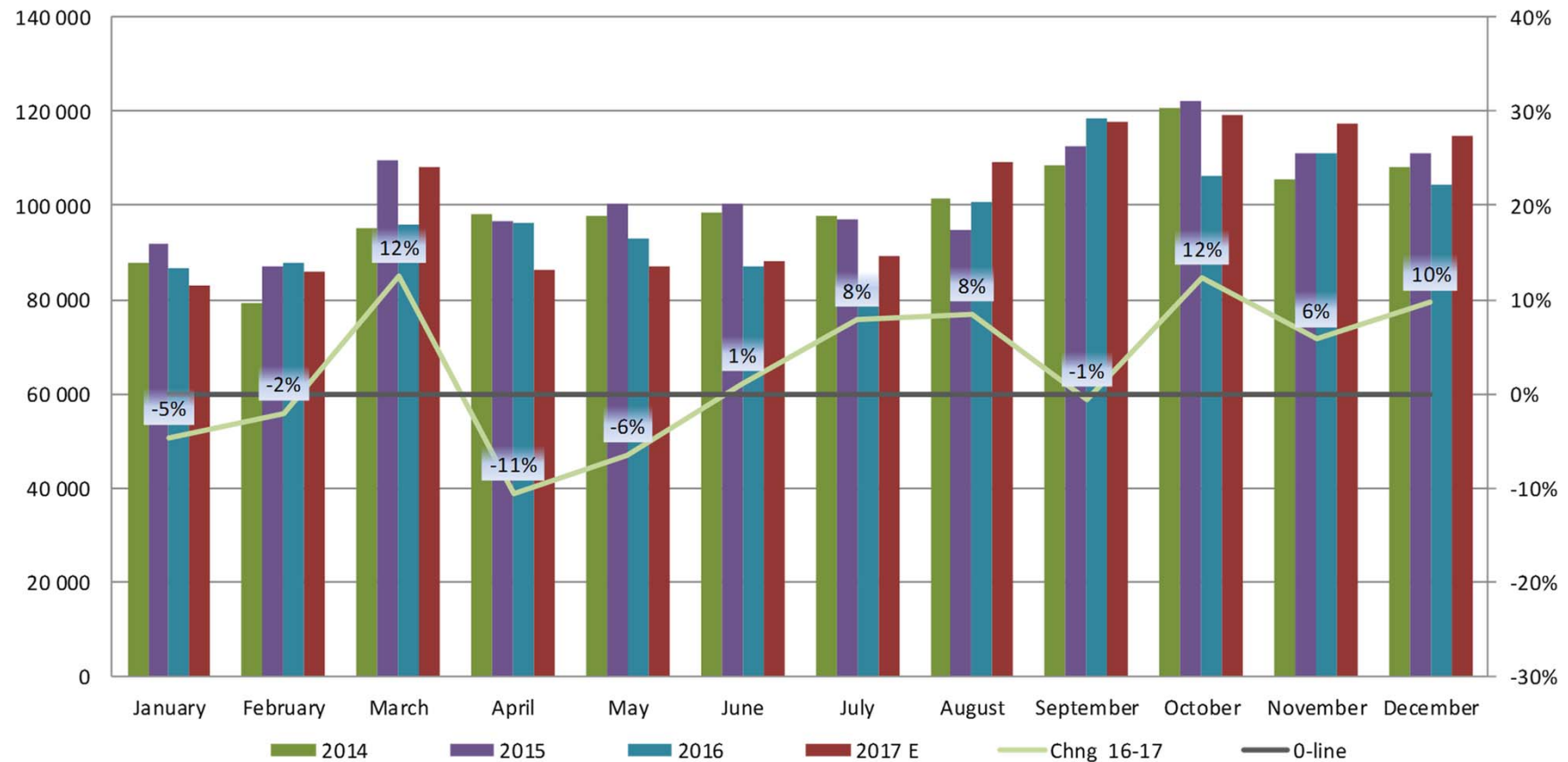
● Weekly Price NSI FCA Oslo ● Quarterly Price NSI FCA Oslo





# Atlantic salmon - Harvest Quantities Norway 2017 in tons WFE

Harvest qty, YTD Oct:   
973 800 +1,9% (955 500)



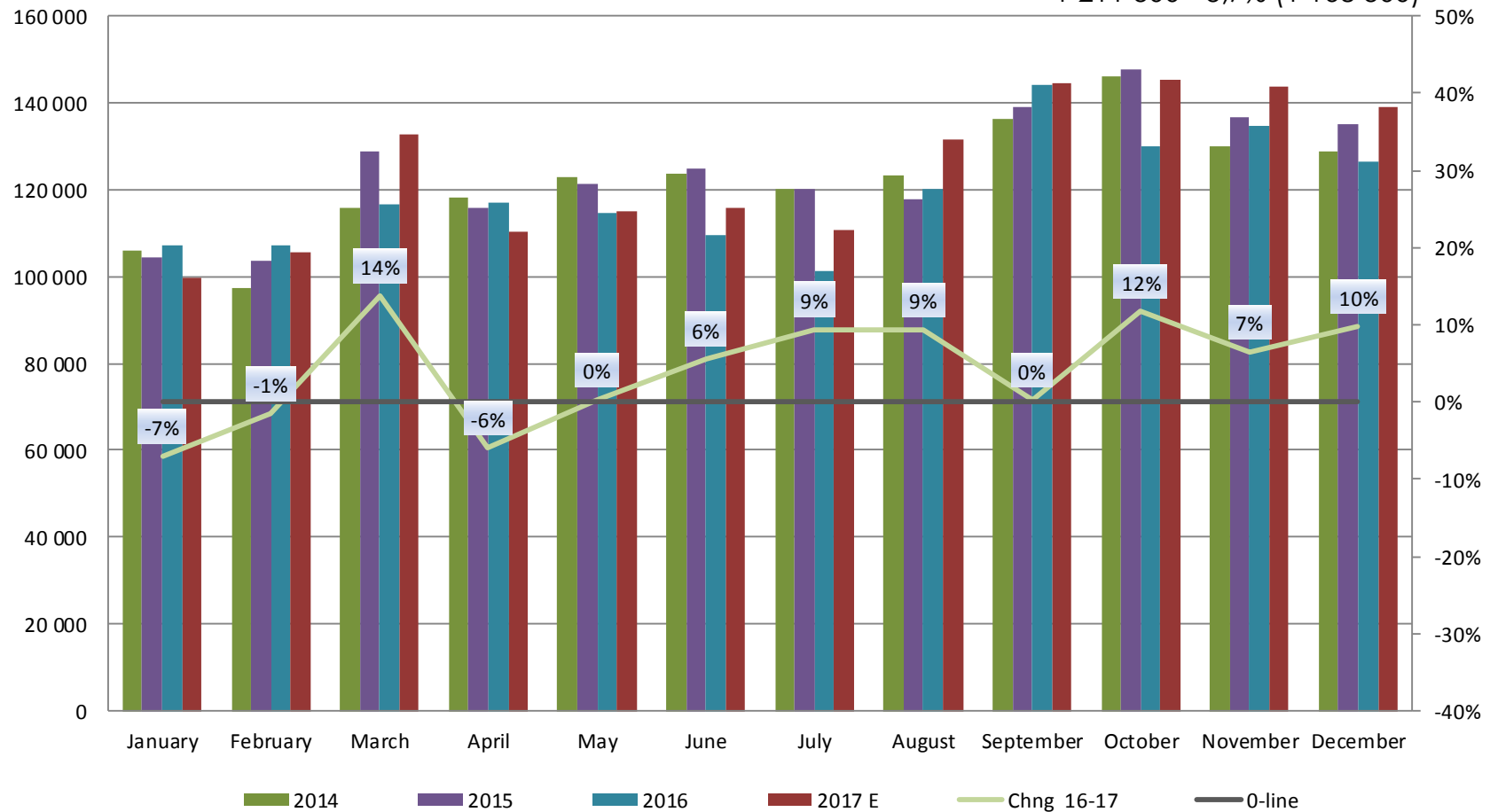
Figures as per 03.11.2017  
Source: Kontali



# Atlantic salmon - Harvest Quantities Europe 2017

in tons WFE


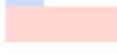
Harvest qty, YTD Oct:  
1 211 300 +3,7% (1 168 300)

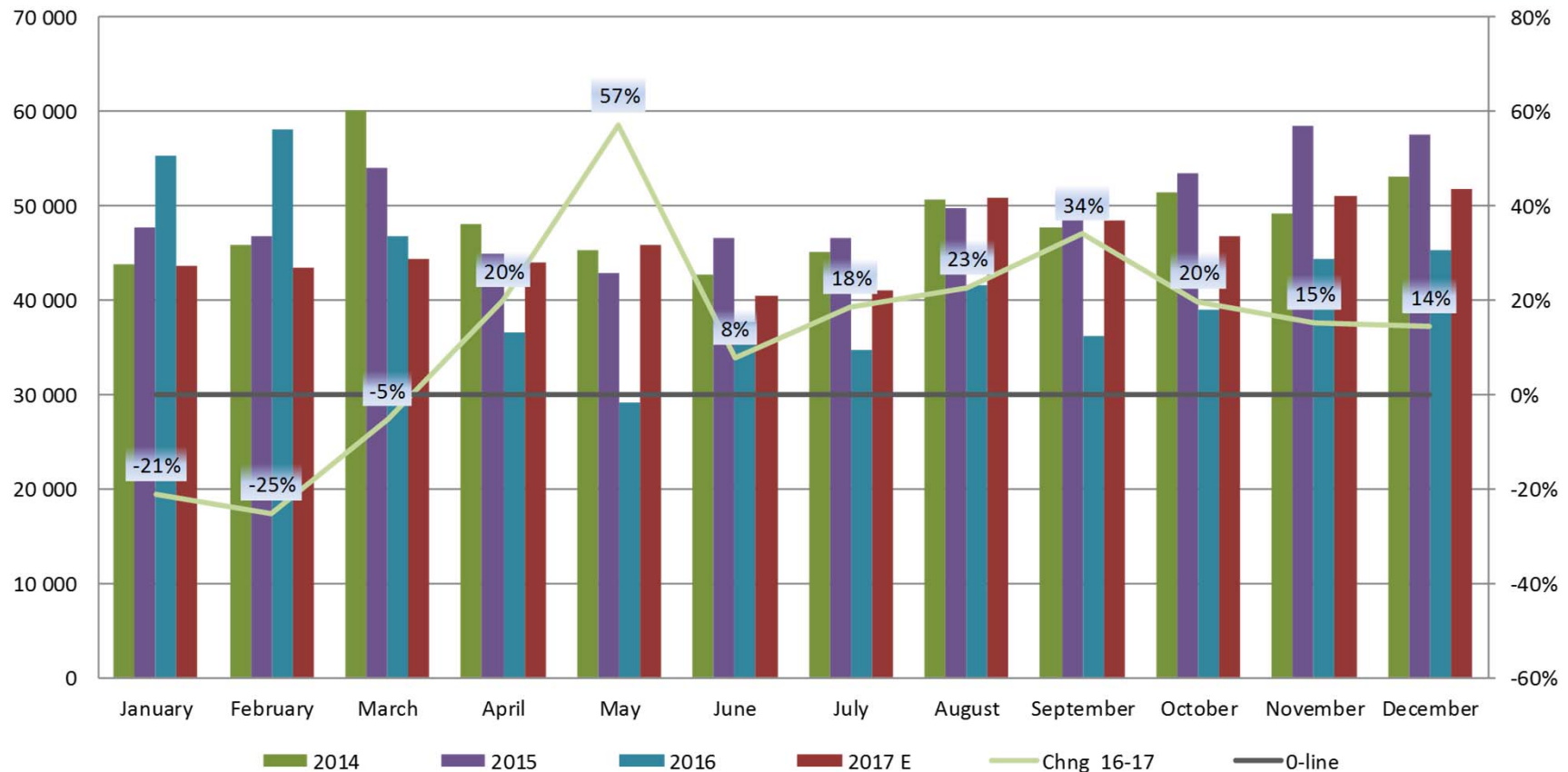


Figures as per 03.11.2017  
Source: Kontali



# Atlantic salmon - Harvest Quantities Chile 2017 in tons WFF

Harvest qty, YTD Oct:   
448 800 +8,2% (414 900) 



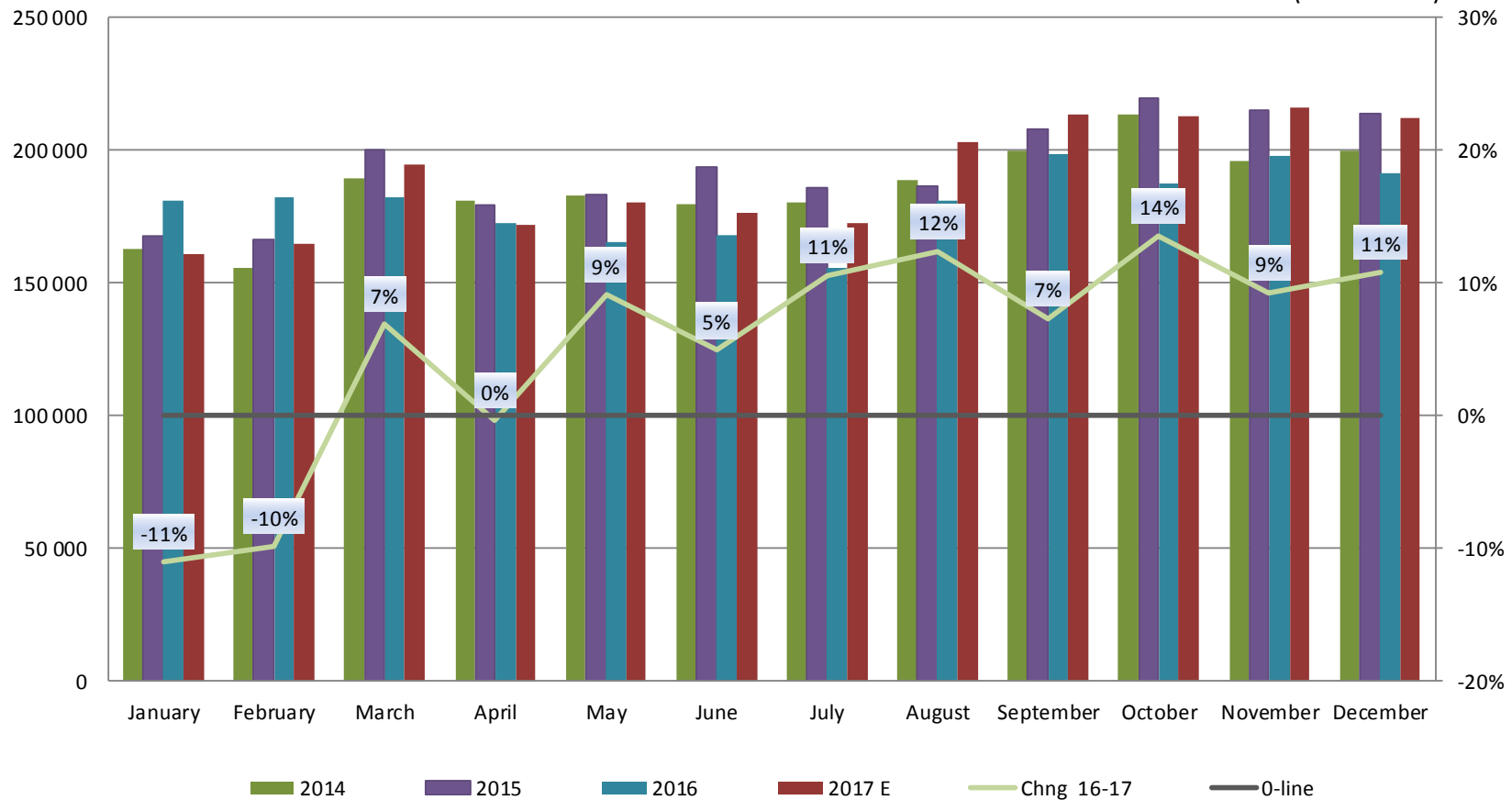
Figures as per 03.11.2017  
Source: Kontali



# Atlantic salmon - Harvest Quantities WW 2017

in tons WFE

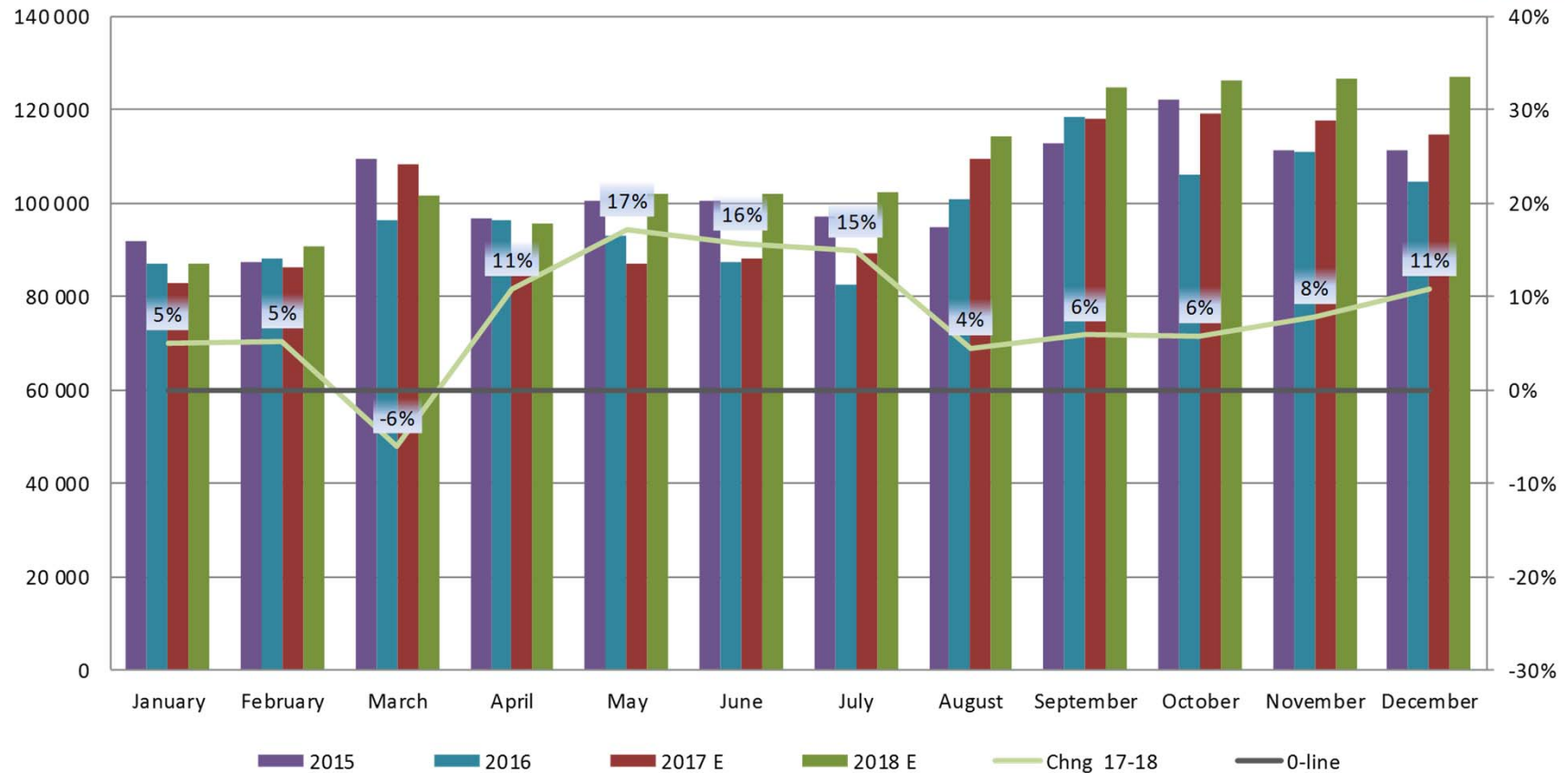
Harvest qty, YTD Oct:  
1 848 800 +4,3% (1 773 100)



Figures as per 03.11.2017  
Source: Kontali



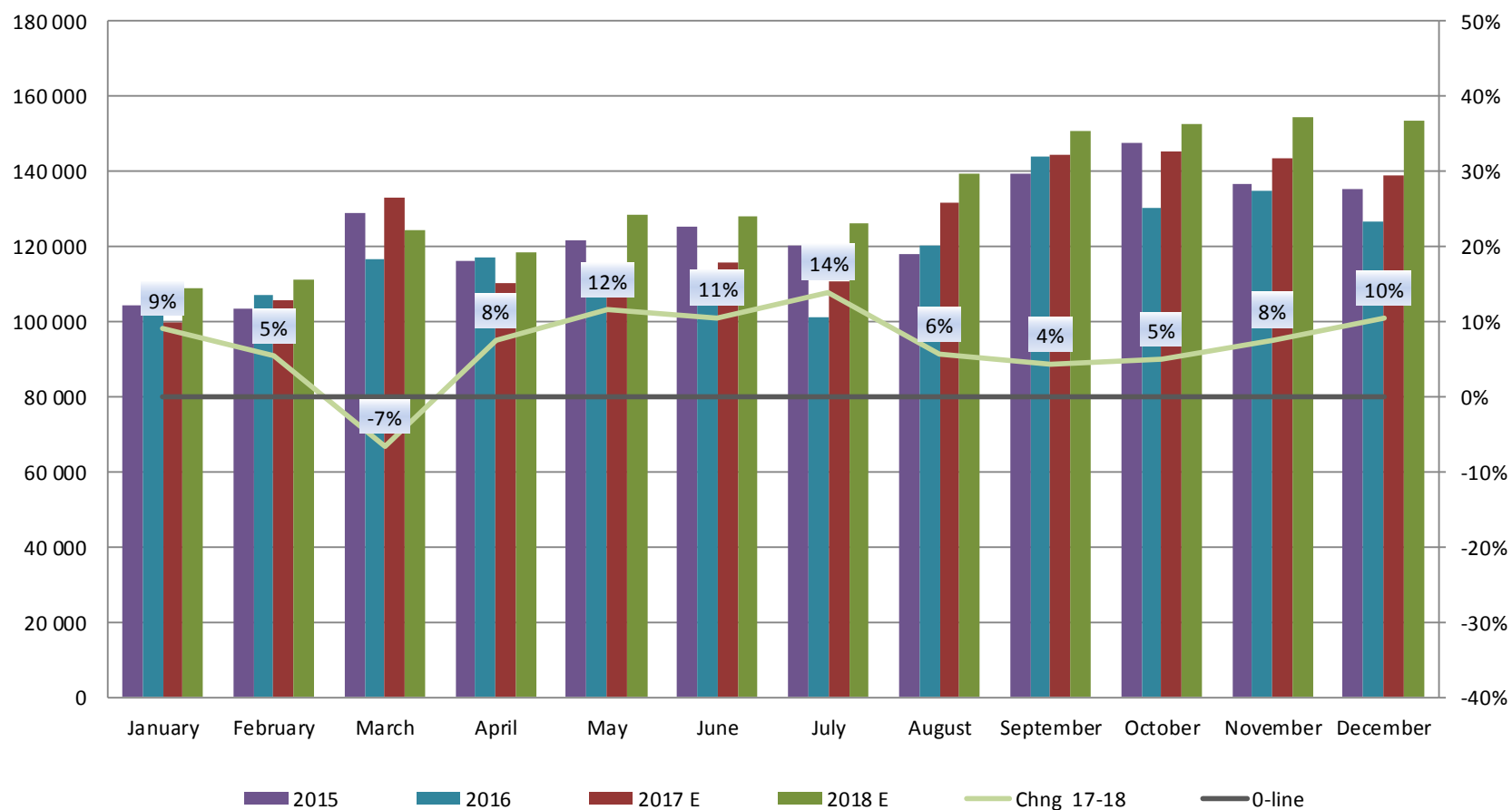
# Atlantic salmon - Harvest Quantities Norway 2018 in tons WFE



Figures as per 03.11.2017  
Source: Kontali



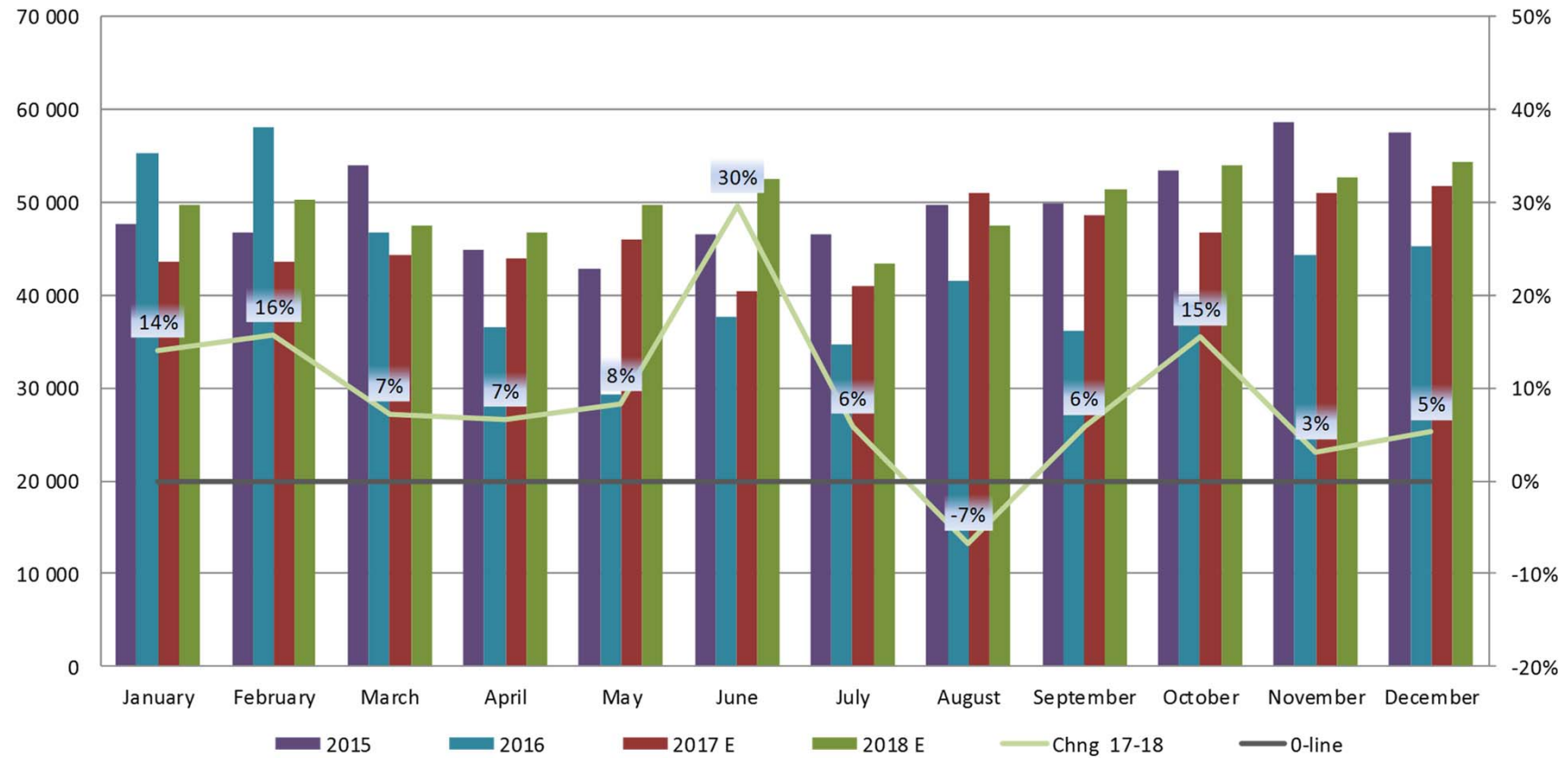
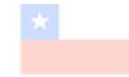
# Atlantic salmon - Harvest Quantities Europe 2018 in tons WFE



Figures as per 03.11.2017  
Source: Kontali



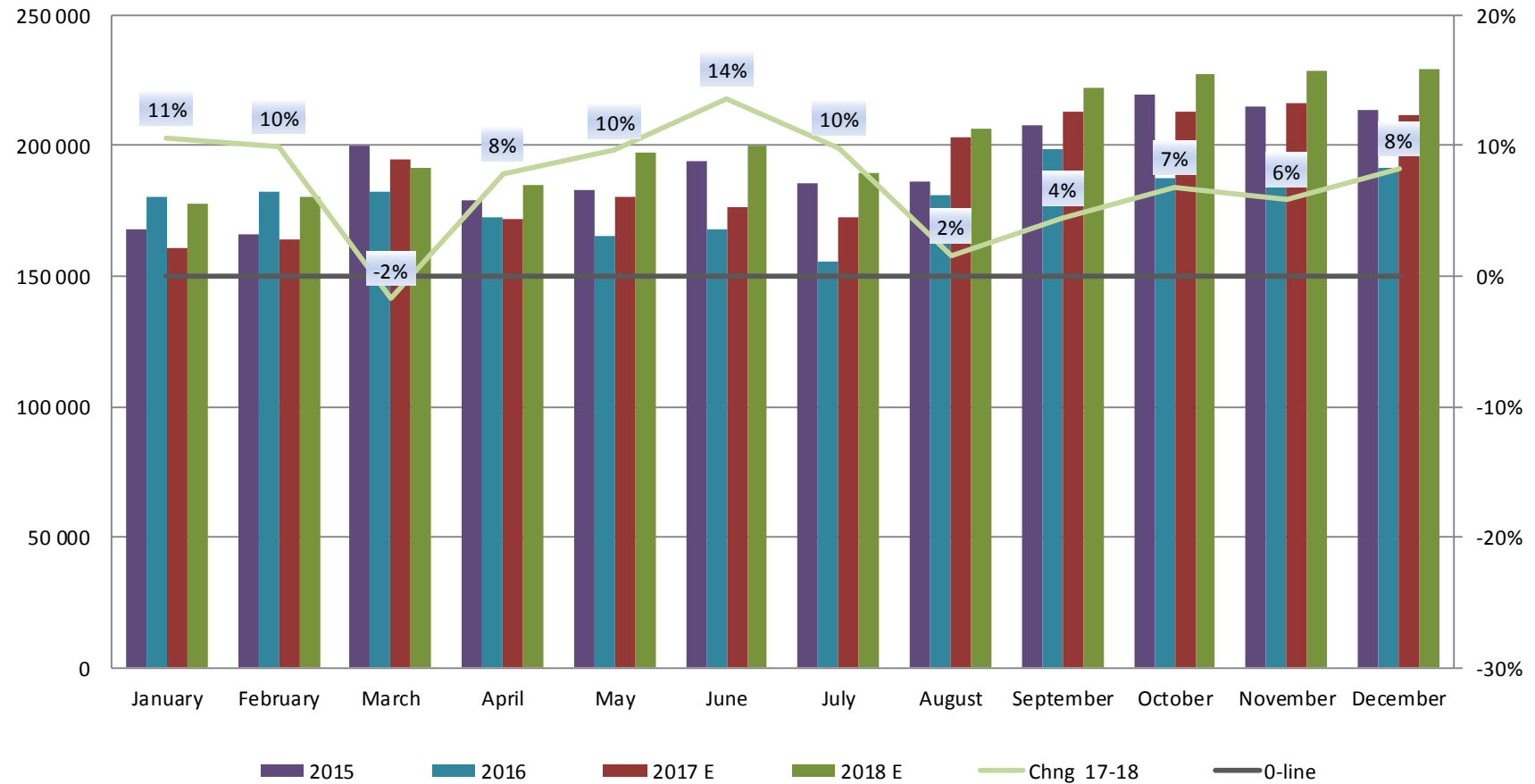
# Atlantic salmon - Harvest Quantities Chile in tons WFE



Figures as per 03.11.2017  
Source: Kontali



# Atlantic salmon - Harvest Quantities WW 2018 in tons WFE



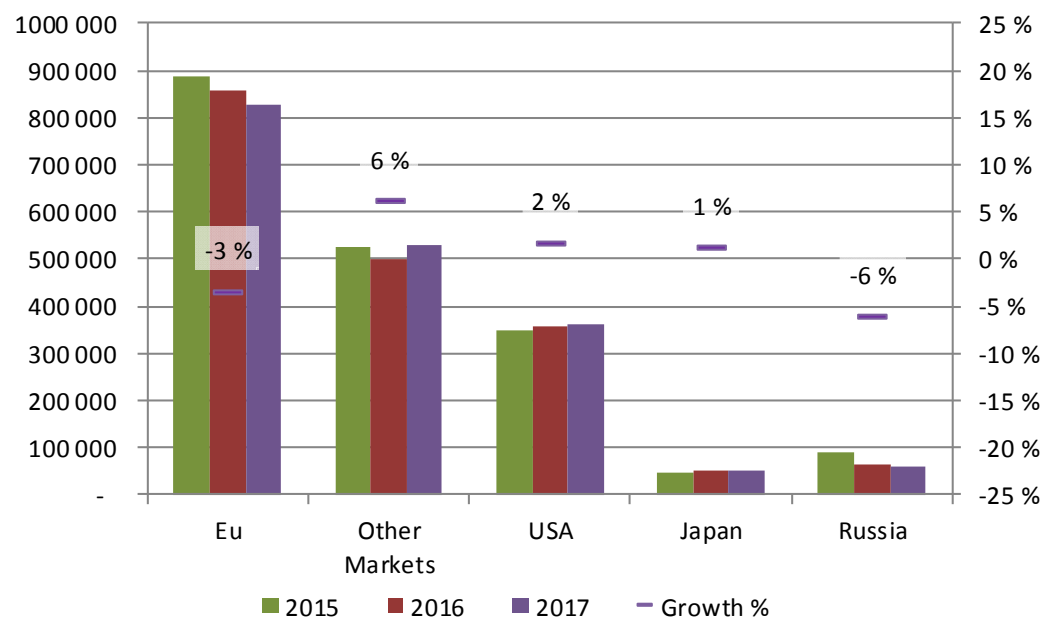
Figures as per 03.11.2017  
Source: Kontali



# Atlantic Salmon Consumption

## YTD October

Market - Salmon	2015	2016	2017	Growth	Growth %
Eu	886 300	858 700	828 800	-29 900	-3 %
Other Markets	525 000	497 400	527 500	30 100	6 %
USA	348 400	356 800	362 800	6 000	2 %
Japan	47 100	51 700	52 300	600	1 %
Russia	88 500	62 400	58 600	-3 800	-6 %
<b>Total Consumption</b>	<b>1 895 300</b>	<b>1 827 000</b>	<b>1 830 000</b>	<b>3 000</b>	<b>0 %</b>



Figures as per 03.11.2017

Source: Lerøy/Nasdax

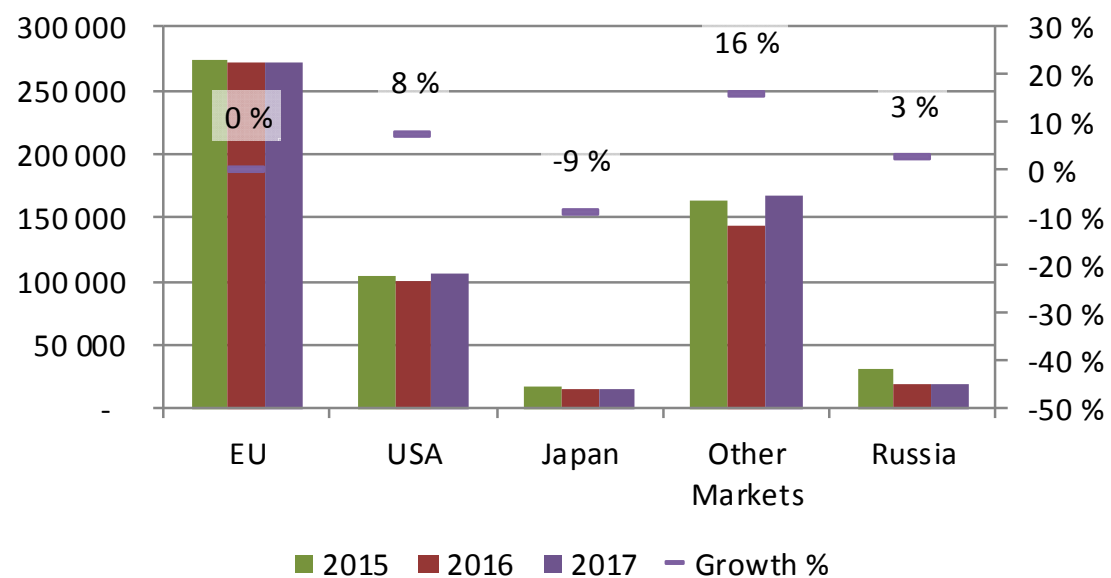


# Atlantic Salmon Consumption

## Q3

### Salmon

Market	2015	2016	2017	Growth	Growth %
EU	274 800	271 700	272 300	600	0 %
USA	103 400	99 400	106 900	7 500	8 %
Japan	16 300	16 200	14 800	-1 400	-9 %
Other Markets	163 500	143 400	166 400	23 000	16 %
Russia	31 900	19 300	19 800	500	3 %
<b>Total Consumption</b>	<b>589 900</b>	<b>550 000</b>	<b>580 200</b>	<b>30 200</b>	<b>5 %</b>

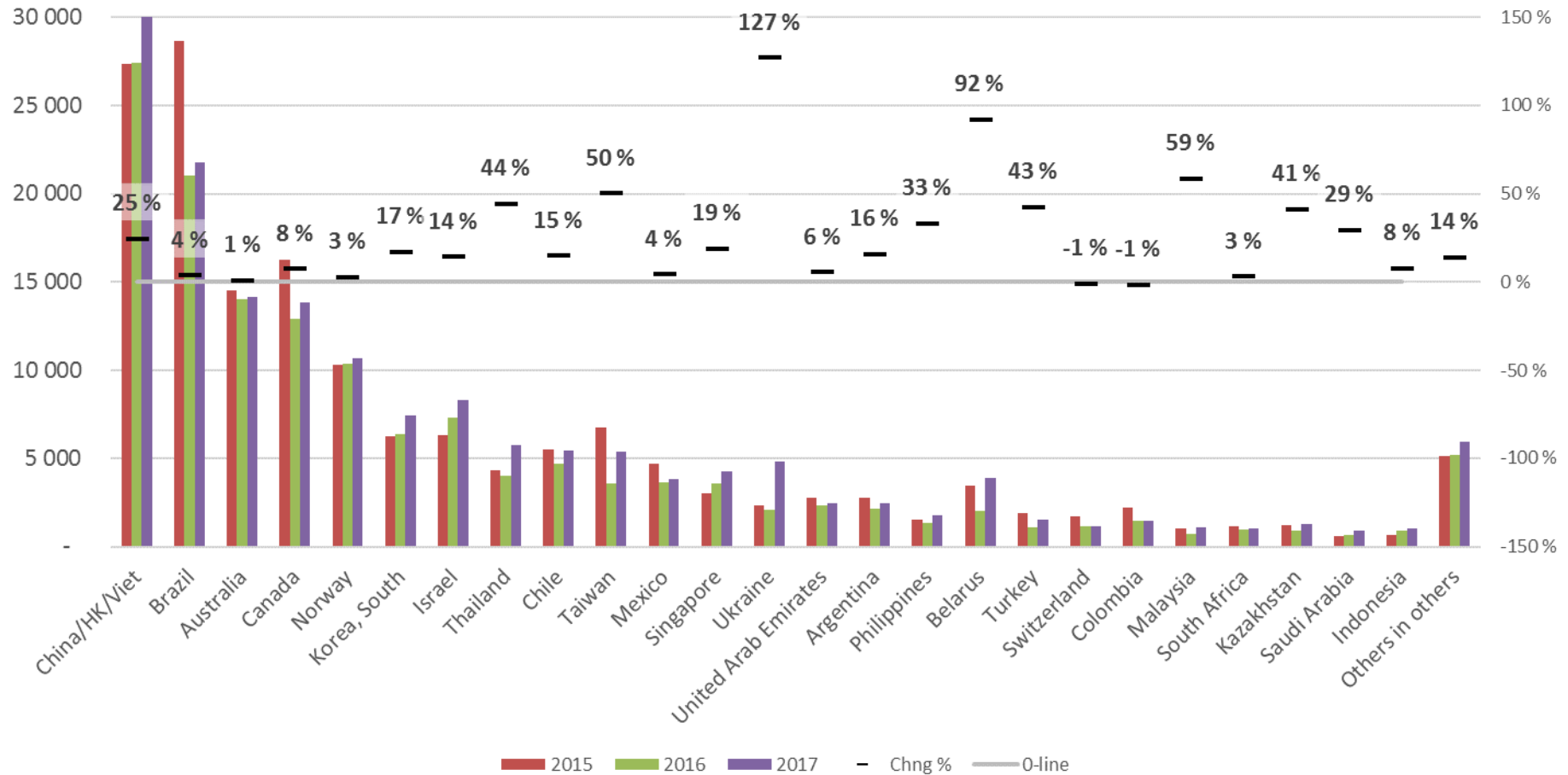


Figures as per 03.11.2017

Source: Lerøy/Nasdaq

# Atlantic Salmon Consumption (Other markets) 2017 Q3

NOK/KG (NSI 3-6) Q3:  
57,10 -7,8 % (61,92)



Figures as per 08.11.2017  
Source: Kontali / Nasdaq



## Outlook

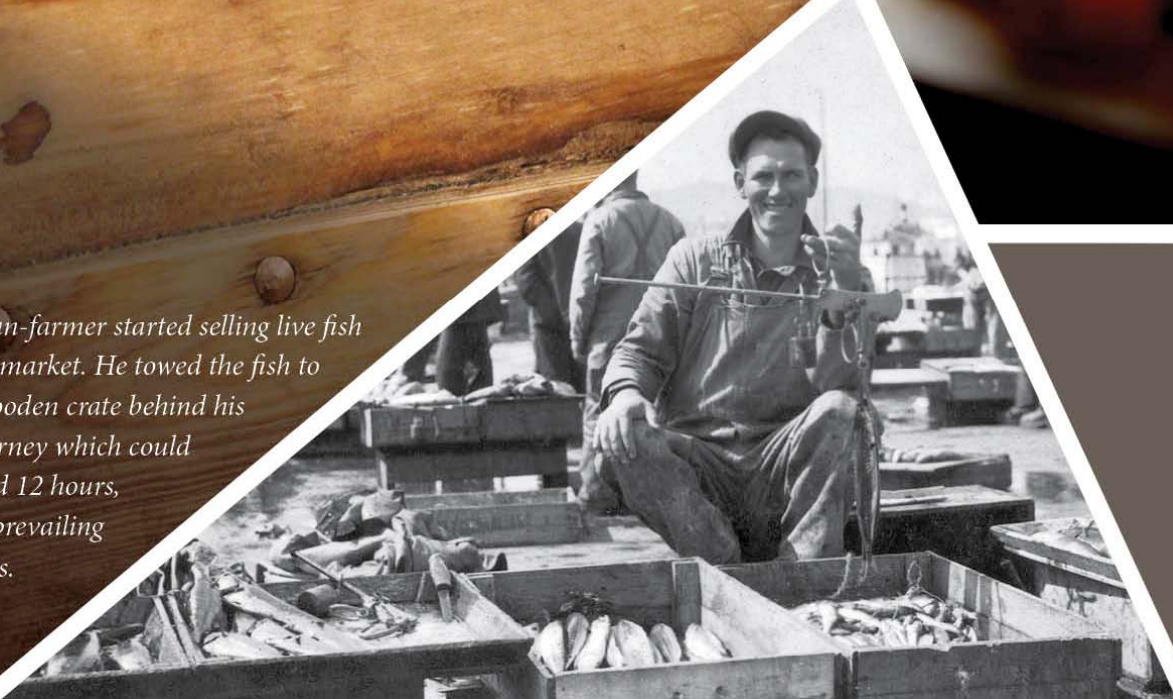
- Continued positive outlook
- Harvest guidance for salmon and trout including associates 176.000 GWT for 2017 and 180.500 for 2018
- Expected contract share for salmon and trout in Q4 ~30%
- Significant potential in whitefish:
  - Expected catch volume up towards 70,000 tonnes in 2017
  - 2018 Quota set for cod down 13%, haddock down 12%, Greenland halibut up 12.5% and redfish up 9%
  - 2018 Quota advice for saithe up 15% north of 62° and up 7% in the North Sea

The logo for Lerøy, featuring the word "LERØY" in white, uppercase, sans-serif font inside a blue rounded rectangle with a white swoosh underneath.

LERØY

A close-up photograph of a wooden crate, showing the grain of the wood and several metal rivets or bolts that hold the structure together.

*In 1899 a fisherman-farmer started selling live fish on the Bergen fish market. He towed the fish to the market in a wooden crate behind his rowing boat, a journey which could take between 6 and 12 hours, depending on the prevailing winds and currents.*

A close-up photograph of a piece of cooked salmon, showing its characteristic pinkish-orange color and flaky texture. The salmon is garnished with small red and green herbs.

Thank  
You!