# Marine Harvest

Q2 2014 Presentation

# Forward looking statements

This presentation may be deemed to include forward-looking statements, such as statements that relate to Marine Harvest’s contracted volumes, goals and strategies, including strategic focus areas, salmon prices, ability to increase or vary harvest volume, production capacity, expectations of the completion and capacity of our fish feed plant, trends in the seafood industry, including industry supply outlook, exchange rate and interest rate hedging policies and fluctuations, dividend policy and guidance, asset base investments, capital expenditures and net working capital guidance, NIBD target, cash flow guidance and financing update, guidance on financial commitments and cost of debt and various other matters (including developments with respect to laws, regulations and governmental policies regulating the industry and changes in accounting policies, standards and interpretations) on Marine Harvest's business and results. These statements speak of Marine Harvest’s plans, goals, targets, strategies, beliefs, and expectations, and refer to estimates or use similar terms. Actual results could differ materially from those indicated by these statements because the realization of those results is subject to many risks and uncertainties.

Our registration statement on Form 20-F filed with the US Securities and Exchange Commission in 2014 contain information about specific factors that could cause actual results to differ, and you are urged to read them. Marine Harvest disclaims any continuing accuracy of the information provided in this presentation after today.

# Highlights

- Record high profit and volume
  - Operational EBIT NOK 1,220m
  - Harvest volume of 114 thousand tonnes (44% increase)
- Completion of Meridian divestment
- Feed factory initiated production
- Quarterly dividend of NOK 1 per share

# Key financials

| Marine Harvest Group - main figures<br>Unaudited NOK million | Q2. 14 | Q2. 13 | YTD 2014 | YTD 2013 | 2013 |
|---|---|---|---|---|---|
| Operational revenue and other income | **6 563** | 4 445 | 12 431 | 8 180 | 19 230 |
| Operational EBIT 1) | **1 220** | 901 | 2 310 | 1 383 | 3 212 |
| Cash flow from operations | **1 324** | 1 123 | 2 535 | 1 474 | 2 023 |
| Net interest-bearing debt (NIBD) | **6 990** | 5 857 | 6 990 | 5 857 | 7 791 |
| Underlying EPS (NOK) 2) | **2.05** | 1.51 | 3.85 | 2.21 | 5.36 |
| Net cash flow per share (NOK) 3) | **5.00** | 1.64 | 6.75 | 1.45 | -0.38 |
| ROCE 4) | **23.9%** | 16.7% | 22.9% | 15.6% | 18.5% |
| Harvest volume (gutted weight tons, salmon) | **114 176** | 79 438 | 206 419 | 159 473 | 343 772 |
| Operational EBIT - NOK per kg 5) | | | | | |
| Norway | **12.16** | 12.33 | 12.45 | 10.48 | 10.83 |
| Scotland | **12.19** | 13.55 | 12.36 | 11.18 | 12.45 |
| Canada | **11.01** | 14.55 | 15.03 | 9.97 | 10.19 |
| Chile | **5.50** | na | 6.14 | -13.40 | -2.32 |

1) Excluding change in unrealised gain/losses from salmon derivatives, net fair value adjustment of biomass, onerous contracts provision, results from associated companies, restructuring cost, impairment losses of fixed assets/intangibles and other non-operating items

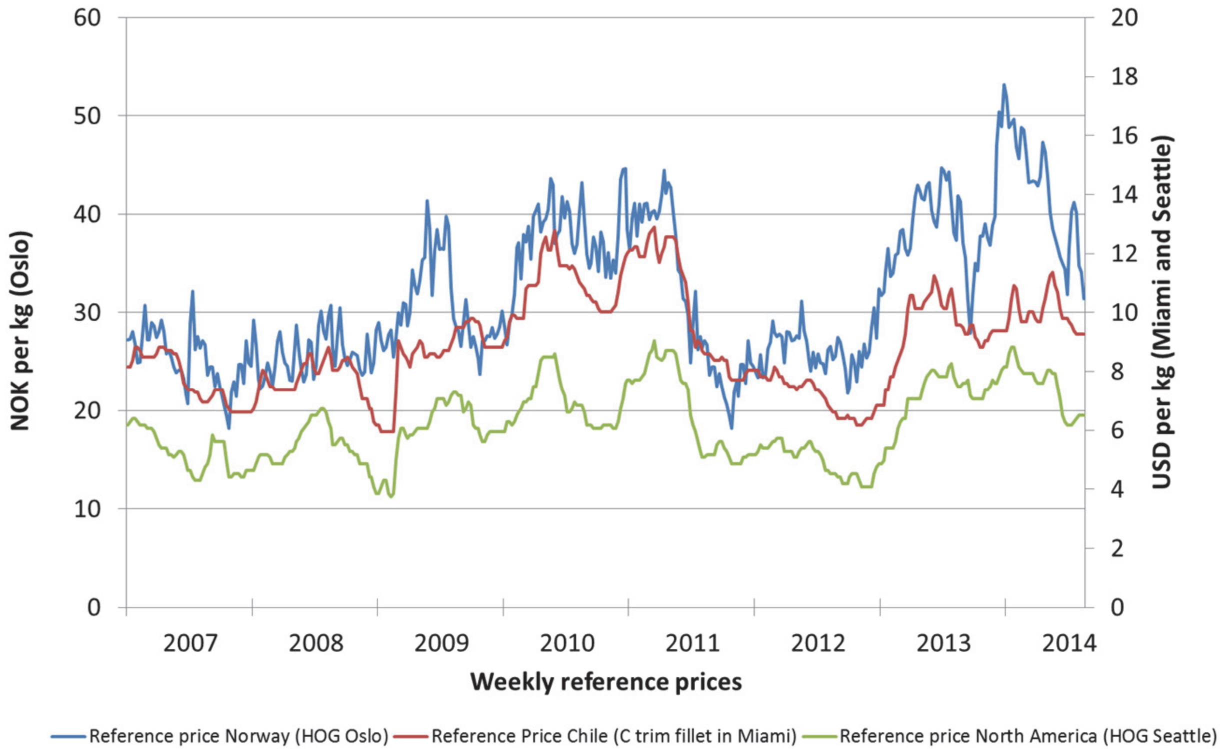
2) Underlying EPS: Operational EBIT adjusted for accrued payable interest, with estimated weighted tax rate - per share

3) Net cash flow per share: Cash flow from operations and investments, net financial items paid and realised currency effects

4) ROCE: Annualised return on average capital employed based on EBIT excluding fair value adjustments of biomass, onerous contracts provision and other non-operating items/ Average NIBD + Equity, excluding fair value adjustments of biomass, onerous contracts provision and net assets held for sale, unless there are material transactions in the period

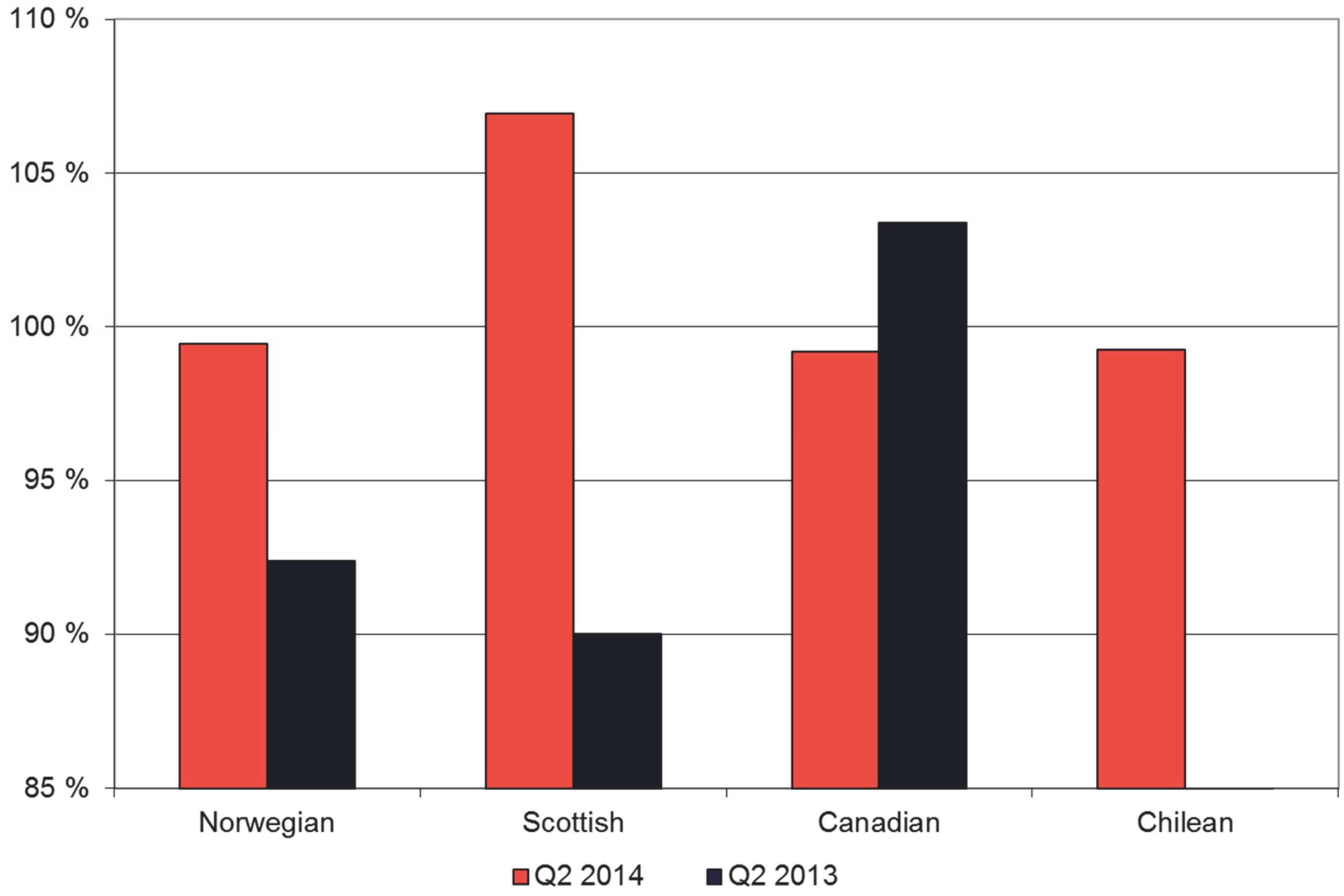
5) Operational EBIT per kg including allocated margin from Sales and Marketing (from own salmon)

# High prices despite strong supply growth




- Prices down as expected compared to Q1 2014
- Global supply growth ~16% compared to Q2 2013
- Quarterly prices stable in Americas and significantly down in Europe vs Q2 2013

# Price achievement by origin

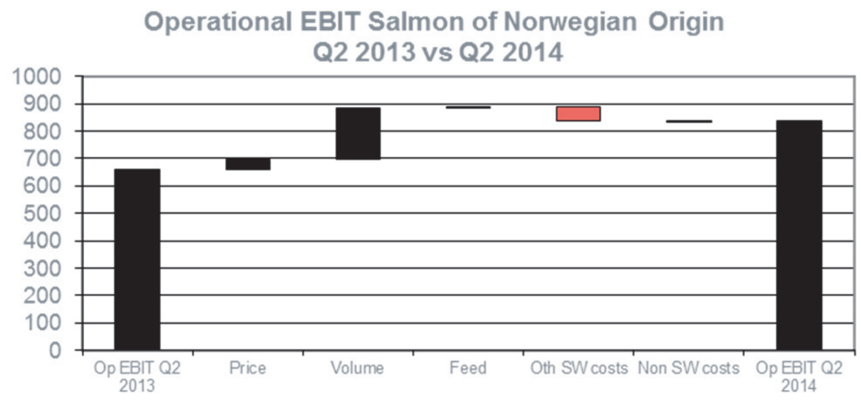



| | Norwegian | Scottish | Canadian | Chilean |
|---|---|---|---|---|
| **Contract share** | 35 % | 44 % | 0 % | 24 % |
| **Superior share** | 92 % | 96 % | 83 % | 83 % |

Note: Q2 2014 average price achievement is measured versus reference prices in all markets (Norway/Faroes (NOS), Scotland (NOS+ NOK 1.48), Canada (UB Seattle), Chile (UB Miami)

# Norway

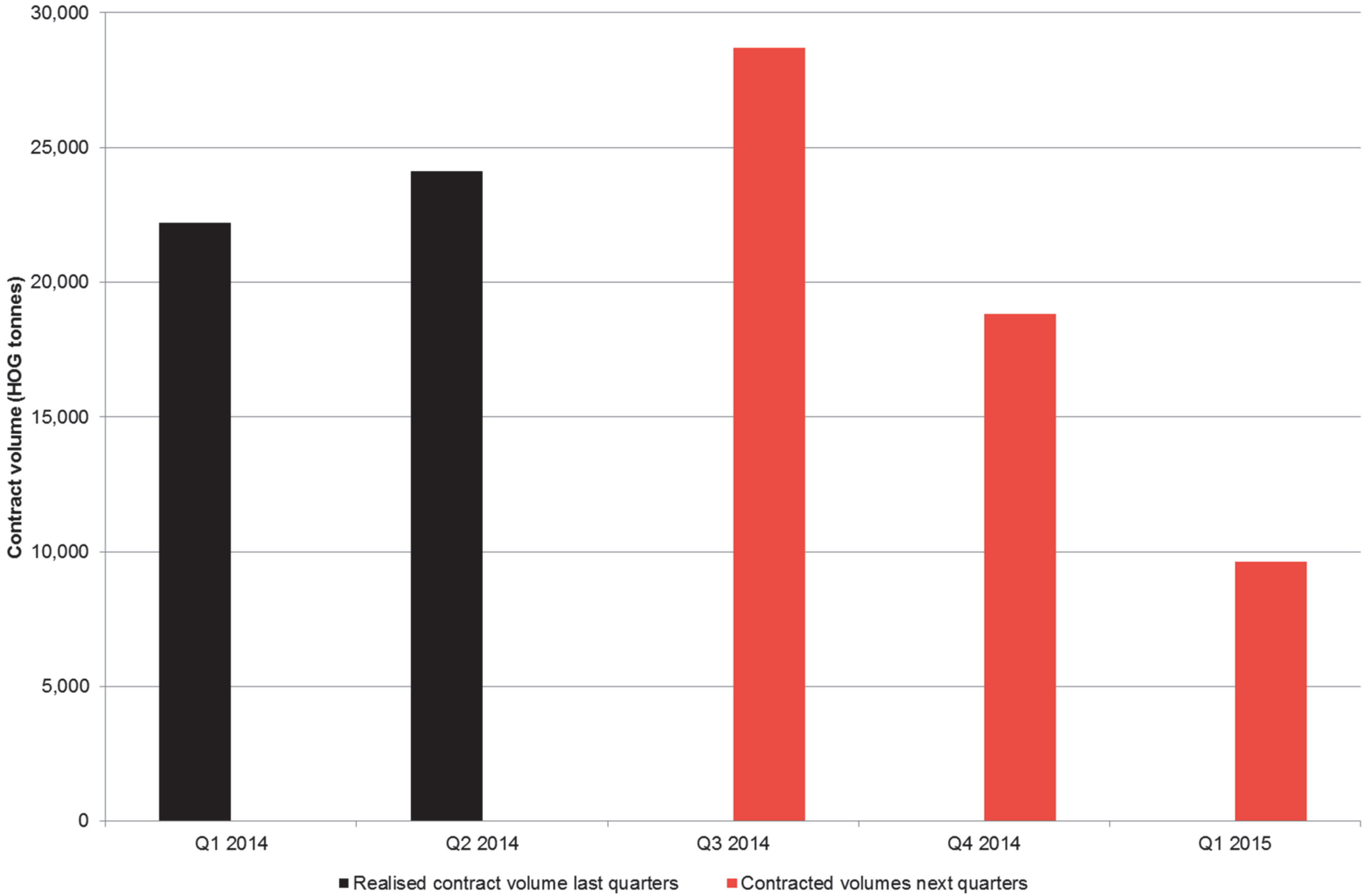
| SALMON OF NORWEGIAN ORIGIN | | |
|---|---|---|
| NOK million | Q2. 14 | Q2. 13 |
| **Operational EBIT** | **835** | **660** |
| Harvest volume | 68 674 | 53 545 |
| **Operational EBIT per kg** | **12.16** | **12.33** |
| - of which MH Markets | 0.93 | 1.07 |
| - of which MH VAP Europe | -0.03 | 0.12 |
| - of which Morpol | 0.32 | na |
| Exceptional items incl in op. EBIT | -105 | -34 |
| Exceptional items per kg | -1.53 | -0.63 |
| *Price achievement/reference price* | *99 %* | *92 %* |
| *Contract coverage* | *35 %* | *40 %* |
| *Superior share* | *92 %* | *83 %* |




- 28% increase in volume and price achievement close to market
- Cost appreciation compared to Q2 2013
- High sea water temperatures stressed biology and reduced growth
- High sea lice awareness

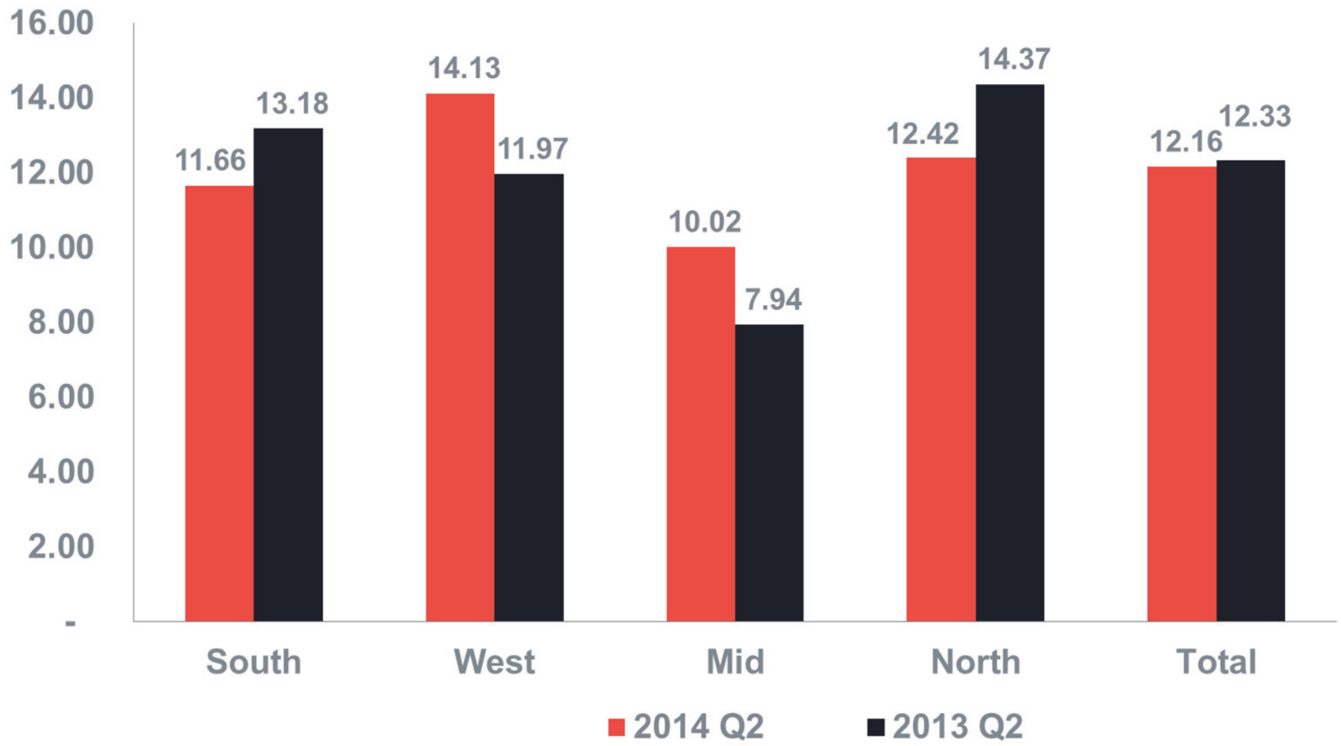
Note: Details on Nova Sea listed in appendix

# Norway: Sales contract portfolio




Note: Marine Harvest Norway's fixed price/fixed volume contracts with third party customers and MH's processing entities. MH's processing entities covers a large proportion of their sales exposure through third party end product contracts.

# Norway: Operational EBIT/kg per region

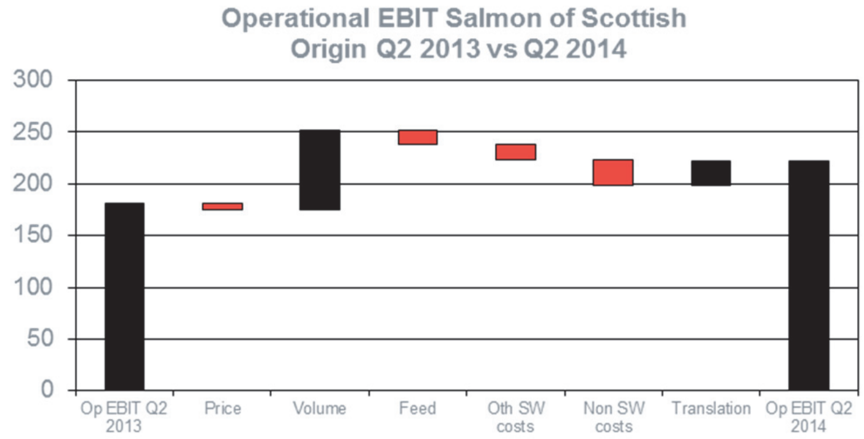



| | | | | | |
|---|---|---|---|---|---|
| **Harvest volume** | 15 776 | 19 349 | 16 165 | 17 385 | 68 674 |
| **Superior share** | 93 % | 95 % | 92 % | 87 % | 92 % |

Including contribution from Sales and Marketing

# Scotland

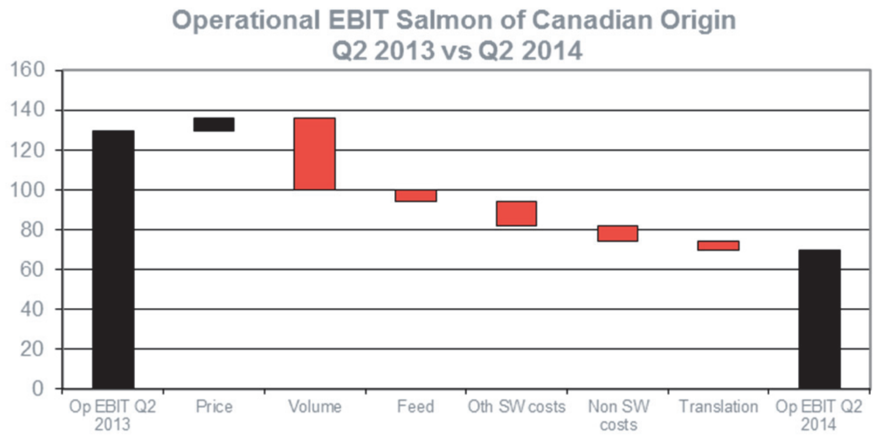
| SALMON OF SCOTTISH ORIGIN<br>NOK million | Q2. 14 | Q2. 13 |
|---|---|---|
| **Operational EBIT** | **223** | **181** |
| Harvest volume | 18 274 | 13 329 |
| **Operational EBIT per kg** | **12.19** | **13.55** |
| - of which MH Markets | 2.86 | 1.62 |
| - of which MH VAP Europe | -0.08 | -0.01 |
| - of which Morpol | 0.13 | na |
| Exceptional items incl in op. EBIT | 0 | 0 |
| Exceptional items per kg | 0.00 | 0.00 |
| *Price achievement/reference price* | *107 %* | *90 %* |
| *Contract coverage* | *44 %* | *58 %* |
| *Superior share* | *96 %* | *95 %* |




- 37% volume increase at strong price achievement
- Increased costs
  - Feed raw materials
  - Sea lice mitigation costs
  - Preventive AGD measures
- Good status of biology at present

# Canada

| SALMON OF CANADIAN ORIGIN<br>NOK million | Q2. 14 | Q2. 13 |
|---|---|---|
| **Operational EBIT** | **71** | **130** |
| Harvest volume | 6 459 | 8 932 |
| **Operational EBIT per kg** | **11.01** | **14.55** |
| - of which MH Markets | 0.60 | 2.37 |
| - of which MH VAP Europe | 0.00 | 0.00 |
| - of which Morpol | 0.00 | na |
| Exceptional items incl in op. EBIT | -2 | -4 |
| Exceptional items per kg | -0.25 | -0.49 |
| *Price achievement/reference price* | *99 %* | *103 %* |
| *Contract coverage* | *0 %* | *5 %* |
| *Superior share* | *83 %* | *88 %* |




- 28% volume decrease with price achievement at par with market
- Increased costs
  - Longer than normal production cycle due to low oxygen levels
  - High feed raw material costs
  - Lower fixed cost dilution

# Chile

| SALMON OF CHILEAN ORIGIN<br>NOK million | Q2. 14 | Q2. 13 |
|---|---|---|
| **Operational EBIT** | **90** | **- 59** |
| Harvest volume | 16 425 | 0 |
| **Operational EBIT per kg** | **5.50** | **na** |
| - of which MH Markets | 0.47 | na |
| - of which MH VAP Europe | 0.00 | na |
| - of which Morpol | 0.00 | na |
| Exceptional items incl in op. EBIT | 0 | -8 |
| Exceptional items per kg | 0.00 | na |
| *Price achievement/reference price* | *99 %* | *na* |
| *Contract coverage* | *24 %* | *na* |
| *Superior share* | *83 %* | *na* |

- Positive results in the quarter due to high market prices
- Costs remain high – USD 4.7 per kg HOG in box
- Introduction of the sea lice drug Salmosan has temporarily relieved some of the pressure on biology
- Consolidations required in the region

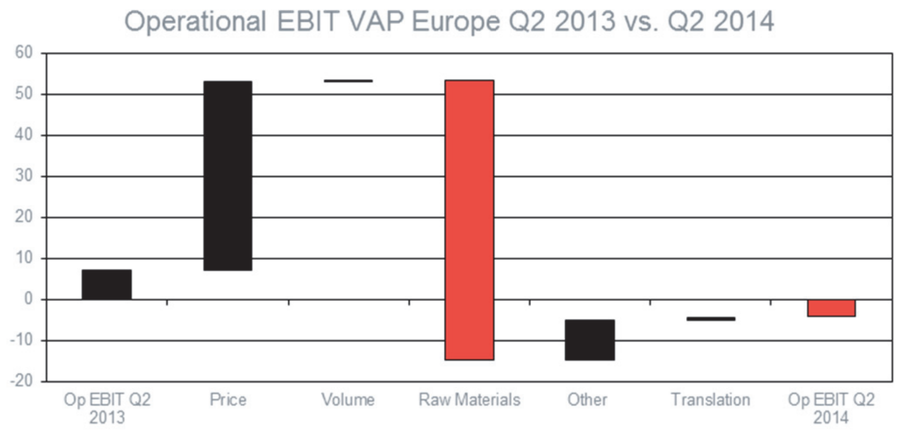
# Ireland and Faroes

| SALMON OF IRISH ORIGIN<br>NOK million | Q2. 14 | Q2. 13 |
|---|---|---|
| **Operational EBIT** | **13** | **10** |
| Harvest volume | 1 296 | 1 407 |
| **Operational EBIT per kg** | **9.94** | **7.23** |
| - of which MH Markets | -0.02 | -0.02 |
| - of which MH VAP Europe | -0.09 | 0.09 |
| - of which Morpol | 0.00 | na |
| Exceptional items incl in op. EBIT | 0 | 0 |
| Exceptional items per kg | 0.00 | 0.00 |
| *Price achievement/reference price* | *na* | *na* |
| *Contract coverage* | *95 %* | *93 %* |
| *Superior share* | *94 %* | *88 %* |

| SALMON OF FAROESE ORIGIN<br>NOK million | Q2. 14 | Q2. 13 |
|---|---|---|
| **Operational EBIT** | **36** | **37** |
| Harvest volume | 3 048 | 2 225 |
| **Operational EBIT per kg** | **11.72** | **16.41** |
| - of which MH Markets | 0.84 | 0.91 |
| - of which MH VAP Europe | 0.00 | 0.00 |
| - of which Morpol | 0.00 | na |
| Exceptional items incl in op. EBIT | 0 | 0 |
| Exceptional items per kg | 0.00 | 0.00 |
| *Price achievement/reference price* | *99 %* | *99 %* |
| *Contract coverage* | *11 %* | *11 %* |
| *Superior share* | *95 %* | *93 %* |

# Value Added Products Europe (VAP Europe)

| MH VAP EUROPE<br>NOK million | Q2. 14 | Q2. 13 |
|---|---|---|
| Operating revenues | 1 226 | 1 045 |
| **Operational EBIT** | **- 4** | **7** |
| Operational EBIT % | -0.3% | 0.7% |
| Volume sold (tons product weight) | 15 210 | 14 805 |
| Exceptional items | 0 | 0 |
| *Volume share salmon* | *63 %* | *61 %* |
| *Revenue share salmon* | *70 %* | *68 %* |
| *Gross margin share salmon* | *61 %* | *65 %* |




- Another weak quarter pending completion of restructuring programme
- Challenging market conditions in France
- Decision to integrate VAP and Morpol in MH Consumer Products
  - Fresh
  - Chilled
  - Frozen

# Morpol

| MORPOL PROCESSING NOK million | Q2. 14 | Q2. 13 |
|---|---|---|
| Operating revenues | 1 040 | na |
| **Operational EBIT** | **24** | **na** |
| Operational EBIT % | 2.3% | na |
| Volume sold (tons product weight) | 11 365 | na |
| Exceptional items | 0 | na |
| *Volume share salmon* | *91 %* | na |
| *Revenue share salmon* | *88 %* | na |

- Positive results despite challenging raw material prices
- 10% volume reduction compared to Q2 2013
  - Highly elaborated products most exposed to end price sensitivity
- Positive outlook for 2H 2014

Please see historic figures for Morpol in appendix

# Fish feed successfully initiated

- 220 thousand tonnes capacity – 60% of MHG requirement in Norway(1)
- Currently reached ~2/3 capacity utilisation
- Expectation of break-even in Q3 2014

Notes: (1) Based on 2014 harvest volume estimate

# Second Quarter 2014
# Financials, Harvest Volumes and Markets

# Profit and Loss

| Marine Harvest Group<br>NOK million | Q2. 14 | Q2. 13 | YTD Q2. 14 | YTD Q2. 13 | 2013 |
|---|---|---|---|---|---|
| **Operational revenue and other income** | **6 563** | **4 445** | **12 431** | **8 180** | **19 230** |
| **Operational EBIT** 1) | **1 220** | **901** | **2 310** | **1 383** | **3 212** |
| Unrealised gains on salmon derivatives | -1 | -31 | 1 | -14 | -30 |
| Fair value adjustment on biological assets | - 887 | 139 | -1 095 | 783 | 1 795 |
| Onerous contracts provisions | 60 | - 81 | 147 | - 99 | - 125 |
| Restructuring costs | - 45 | - 238 | - 44 | - 238 | - 273 |
| Non-operational items | - 168 | - 74 | - 168 | - 74 | - 74 |
| Income/loss from associated companies | 29 | 15 | 43 | 57 | 222 |
| Impairment losses | 1 | - 4 | 1 | - 3 | - 65 |
| **EBIT** | **210** | **627** | **1 196** | **1 795** | **4 662** |
| Net financial items | -596 | -375 | -574 | -541 | -1,204 |
| **Earnings before tax** | **- 387** | **252** | **622** | **1 254** | **3 457** |
| **Profit or loss for the period** | **- 142** | **94** | **623** | **847** | **2 522** |
| Underlying EPS (NOK) 2) | 2.05 | 1.51 | 3.85 | 2.21 | 5.36 |
| Net cash flow per share (NOK) 3) | 5.00 | 1.64 | 6.75 | 1.45 | -0.38 |
| Operational EBIT margin | 18.6% | 20.3% | 18.6% | 16.9% | 16.7% |
| Harvest volume, HOG tonnes (salmonids) | 114 176 | 79 438 | 206 419 | 159 473 | 343 772 |
| Operational EBIT per kg incl margin from Sales and Marketing 5) | 11.14 | 11.95 | 11.55 | 9.28 | 9.75 |
| ROCE 4) | 23.9 % | 16.7 % | 22.9 % | 15.6 % | 18.5 % |

1) Excluding change in unrealised gain/losses from salmon derivatives, fair value adjustment of biomass, onerous contracts provision, results from associ companies, restructuring cost and write-downs of fixed assets/intangibles and other non-operating items
2) Underlying EPS: Operational EBIT adjusted for accrued payable interest, with estimated weighted tax rate
3) Net cash flow per share: Cash flow from operations and investments, net financial items paid and realised currency effects
4) ROCE: Annualised return on average capital employed based on EBIT excluding fair value adjustments of biomass, onerous contracts provision and othe non-operating items/ average NIBD + Equity, excluding fair value adjustments of biomass, onerous contracts provision and net assets held for sale, unless there are material transactions in the period
5) Operational EBIT per kg including allocated margin from Sales and marketing (from own salmon)

# Financial Position

| Marine Harvest Group<br>NOK million | 30.06.2014 | 30.06.2013 | 31.12.2013 |
|---|---|---|---|
| Non-current assets | 16 820 | 15 090 | 16 497 |
| Current assets | 14 789 | 11 142 | 16 172 |
| Assets held for sale | 43 | 0 | 1 059 |
| **Total assets** | **31 651** | **26 232** | **33 728** |
| | | | |
| Equity | 14 477 | 12 399 | 16 346 |
| Non-current liabilities | 12 677 | 10 233 | 12 051 |
| Current liabilities | 4 498 | 3 600 | 5 140 |
| Liabilities held for sale | 0 | 0 | 190 |
| **Total equity and liabilities** | **31 651** | **26 232** | **33 728** |
| | | | |
| Net interest-bearing debt | 6 990 | 5 857 | 7 791 |
| NIBD/Equity | 48.3% | 47.2% | 47.7% |
| Equity ratio | 45.7% | 47.3% | 48.5% |

- NIBD/Equity within target of less than 50%

# Cash Flow and Net Interest Bearing Debt

| **Marine Harvest Group**<br>NOK million | **Q2. 14** | **Q2. 13** | **YTD Q2. 14** | **YTD Q2. 13** | **2013** |
|---|---|---|---|---|---|
| **NIBD beginning of period** | **-7 511** | -6 314 | -7 791 | -5 381 | -5 381 |
| Operational EBITDA | **1 445** | 1 078 | 2 761 | 1 730 | 3 975 |
| Change in working capital | **63** | 95 | 61 | - 201 | -1 749 |
| Taxes paid | **- 58** | - 10 | - 153 | - 27 | - 116 |
| Other adjustments | **- 126** | - 41 | - 133 | - 29 | - 87 |
| **Cash flow from operations** | **1 324** | **1 123** | **2 535** | **1 474** | **2 023** |
| Capex | **- 334** | - 445 | - 709 | - 856 | -1 902 |
| Cash from disposal of assets held for sale | **1 173** | 0 | 1 173 | 0 | 0 |
| Other investments | **63** | 98 | 65 | - 577 | - 572 |
| **Cash flow from investments** | **902** | **- 347** | **529** | **-1 433** | **-2 473** |
| Net interest and financial items paid | **- 112** | - 120 | - 198 | - 253 | - 531 |
| Other items | **485** | 437 | 425 | 484 | - 162 |
| Bonds converted to equity | **0** | 0 | 0 | 0 | 1 783 |
| Dividend distributed | **-1 953** | - 348 | -2 463 | - 348 | - 825 |
| NIBD from consolidation of Morpol | **0** | 0 | 0 | 0 | -1 681 |
| Net equity paid-in / Purchase own shares | **0** | 0 | 0 | 0 | 0 |
| Translation effect on interest-bearing debt | **-126** | - 287 | - 28 | - 400 | - 543 |
| **NIBD end of period** | **-6 990** | **-5 857** | **-6 990** | **-5 857** | **-7 791** |
| Debt distribution [1]: | | | | | |
| EUR | 67 % | 68 % | 67 % | 68 % | 62 % |
| USD | 14 % | 14 % | 14 % | 14 % | 14 % |
| GBP | 4 % | 2 % | 4 % | 2 % | 4 % |
| Other currencies | 15 % | 16 % | 15 % | 16 % | 20 % |

(1) Debt distribution including effect of cross currency swaps.
(2) Currency effect on debt in Q2 is NOK 126 million.

# 2014 Cash Flow Guidance

- 2014 cash flow estimates
  - Working capital buildup NOK 800m
    - Requirements for commencing operations in feed plant
    - Organic growth farming – Scotland and Canada
    - Strong seasonal buildup in 2H 2014
  - Capital expenditures NOK 1,700m
    - NOK 1,000m – Maintenance
    - NOK 500m – Structural investments – organic growth and strengthen assets
    - NOK 200m - Feed plant in Norway
  - Interest expenses NOK 360m (run rate of ~NOK 300m)
  - Tax payables NOK 250m

- Quarterly dividend of NOK 1 per share

- 2014 NIBD target set to NOK 7 500 million (NOK 15 per kg Farming)

Due to seawater growth patterns, WC is highly seasonal
Slow seawater growth in 1H leads to working capital release and high seawater growth in 2H leads to working capital build up

# Overview of financing

- Agreement on terms for refinancing of bank facilities
  - EUR 425m Facility Agreement
  - Maturity – Q4 2019
  - Lenders: DNB, Nordea, Rabobank and ABN Amro
  - Covenants:
    - 35% equity ratio
  - Accordion option for parties to agree increased size of facility by EUR 425m
  - Completion expected ultimo 2014

- Convertible bond
  - EUR 350 issued in May 2013
    - Tenor 5 years, annual coupon 2.375%(1), conversion price EUR 9.0846
  - EUR 375 issued in April 2014
    - Tenor 5 years, annual coupon 0.875%(1), conversion price EUR 10.9622

- NOK 1,250m bond issued in February 2013
  - Tenor 5 years, NIBOR + 3.5%

Note: (1) Paid semi annually in arrears

# Supply development Q2 2014

| Suppliers | Estimated volumes Q2 2014 | Estimated volumes Q2 2013 | Compared to Q2 2013 Volume | Compared to Q2 2013 % | Est. volumes Q1 2014 |
|---|---|---|---|---|---|
| Norway | 265,300 | 230,000 | 35,300 | 15.3% | 236,000 |
| Chile | 121,700 | 95,900 | 25,800 | 26.9% | 130,800 |
| Scotland | 39,900 | 33,700 | 6,200 | 18.4% | 29,800 |
| North America | 26,800 | 31,500 | -4,700 | -14.9% | 23,600 |
| Faroe Islands | 17,600 | 16,100 | 1,500 | 9.3% | 15,800 |
| Australia | 8,300 | 8,100 | 200 | 2.5% | 10,300 |
| Ireland | 2,900 | 2,500 | 400 | 16.0% | 1,400 |
| Other | 4,500 | 2,600 | 1,900 | 73.1% | 3,300 |
| **Sum** | **487,000** | **420,400** | **66,600** | **15.8%** | **451,000** |
| Europe | 325,700 | 282,300 | 43,400 | 15.4% | 283,000 |
| Americas | 148,500 | 127,400 | 21,100 | 16.6% | 154,400 |

Source: Kontali

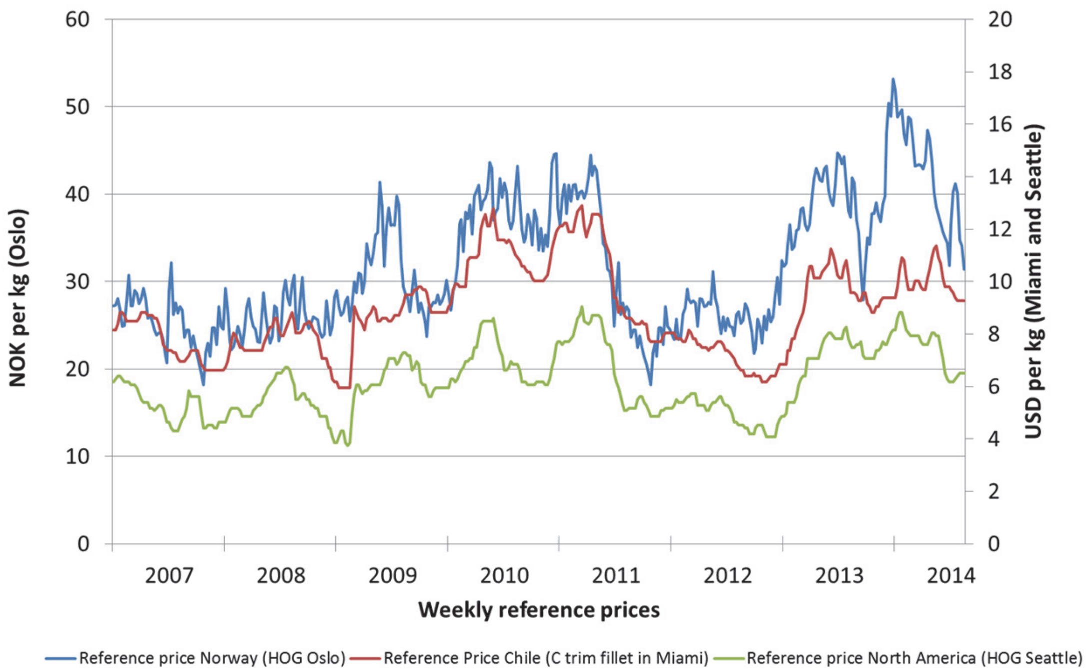
- Strong quarterly supply increase
  - Warm winter shortened production cycle in Norway
    - At expense of subsequent periods
  - Biological conditions in Chile temporarily relieved by sea lice drug
    - Improved growth and yield per smolt

**Note:** (1) Atlantic Salmon (HOG tons)

# Development in reference prices

| Reference prices | Q2 2014 NOK | Change vs Q2 2013 | Q2 2014 Market (4) | Change vs Q2 2013 |
|---|---|---|---|---|
| Norway (1) | NOK 39.31 | -5.3% | EUR 4.79 | -12.1% |
| Chile (2) | NOK 62.02 | 1.4% | USD 10.36 | -1.3% |
| North America (3) | NOK 44.26 | 0.2% | USD 7.39 | -2.5% |

**Notes:**
(1) Average superior HOG price per kg (FCA Oslo)
(2) Average C trim price per kg (Urner Barry Miami 2-3 lb), equivalent to NOK 40.31 and USD 6.74 HOG
(3) Average superior HOG price per kg (Urner Barry Seattle 10-12 lb)
(4) Market price in local currency



# Global volume by market

| Markets | Estimated volumes Q2 2014 | Q2 2013 | Compared to Q2 2013 Volume | % | Est. volumes Q1 2014 | 12 month comparison LTM | PTM |
|---|---|---|---|---|---|---|---|
| EU | 216,200 | 192,200 | 24,000 | 12.5% | 183,200 | 842,000 | 819,000 |
| USA | 89,700 | 85,100 | 4,600 | 5.4% | 88,700 | 341,300 | 328,400 |
| Russia | 30,600 | 31,000 | -400 | -1.3% | 29,500 | 139,100 | 149,000 |
| Brasil | 22,500 | 18,300 | 4,200 | 23.0% | 23,500 | 86,400 | 72,500 |
| China / Hong Kong | 22,400 | 13,900 | 8,500 | 61.2% | 17,200 | 75,400 | 57,200 |
| Japan | 15,500 | 11,900 | 3,600 | 30.3% | 12,700 | 58,800 | 50,900 |
| South Korea/Taiwan | 10,300 | 7,200 | 3,100 | 43.1% | 6,800 | 33,100 | 35,200 |
| Ukraina | 3,600 | 5,700 | -2,100 | -36.8% | 4,100 | 20,500 | 27,900 |
| **Sum main markets** | **410,800** | **365,300** | **45,500** | **12.5%** | **365,700** | **1,596,600** | **1,540,100** |
| Other markets | 82,600 | 65,800 | 16,800 | 25.5% | 68,900 | 316,500 | 271,100 |
| **Total all markets** | **493,400** | **431,100** | **62,300** | **14.5%** | **434,600** | **1,913,100** | **1,811,200** |
| Inflow to US from Europe | 26,600 | 18,800 | 7,800 | 41.5% | 22,500 | 97,700 | 68,900 |
| Inflow to EU from Chile | 12,100 | 13,500 | -1,400 | -10.4% | 10,400 | 44,800 | 39,600 |

Source: Kontali

- Strong consumer response to lower prices in the EU
- Strong demand in the American market
- Asia and Brazil performed particularly well in the quarter
- Development in Russia remained weak

**Note:** Atlantic Salmon (HOG tons), LTM Last twelve months, PTM Previous twelve months

# Russian sanctions causes short term turbulence

| 2H 2013-1H 2014 | Source of origin | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Norway | Chile | UK | Faroe Islands | Ireland | North America | Australia | Russia | Other / Re-export | Total | % of world market |
| Russia | 100 | 22 | 1 | 3 | 0 | 0 | 0 | 10 | 3 | **139** | **7 %** |

- Salmon sector impacted in short term by recent sanctions from Russia
- All regions apart from Faroes and Chile impacted
- Material redistribution of market flows expected
  - ~100 thousand tonnes supplied by impacted origins last twelve months
  - Chile and Faroes well positioned to take advantage of situation

# Industry supply outlook

| HOG tonnes (thousands) | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | Estimates 2014 Low | Y/Y growth | High | Y/Y growth |
|---|---|---|---|---|---|---|---|---|---|---|
| Norway | 667 | 770 | 850 | 905 | 1065 | 1029 | 1,081 | 5 % | 1,106 | 7 % |
| Chile | 363 | 215 | 117 | 199 | 328 | 421 | 476 | 13 % | 501 | 19 % |
| North America | 125 | 124 | 126 | 124 | 140 | 122 | 117 | -4 % | 122 | 0 % |
| UK | 123 | 130 | 129 | 139 | 143 | 142 | 151 | 6 % | 155 | 9 % |
| Other | 69 | 88 | 89 | 103 | 123 | 124 | 134 | 7 % | 138 | 10 % |
| **Total** | **1,347** | **1,328** | **1,310** | **1,471** | **1,799** | **1,839** | **1,959** | **7 %** | **2,022** | **10 %** |

| HOG tonnes (thousands) | Q3 2008 | Q3 2009 | Q3 2010 | Q3 2011 | Q3 2012 | Q3 2013 | ESTIMATES Q3 2014 Low | Q/Q growth | High | Q/Q growth |
|---|---|---|---|---|---|---|---|---|---|---|
| Norway | 154 | 192 | 208 | 229 | 266 | 258 | 275 | 7 % | 285 | 10 % |
| Chile | 95 | 39 | 25 | 61 | 88 | 100 | 108 | 8 % | 120 | 20 % |
| North America | 32 | 31 | 34 | 33 | 34 | 30 | 33 | 11 % | 35 | 17 % |
| UK | 31 | 34 | 32 | 35 | 38 | 39 | 35 | -9 % | 37 | -5 % |
| Other | 16 | 20 | 21 | 25 | 29 | 30 | 32 | 7 % | 34 | 14 % |
| **Total** | **328** | **316** | **321** | **383** | **454** | **457** | **484** | **6 %** | **511** | **12 %** |

| HOG tonnes (thousands) | Q4 2008 | Q4 2009 | Q4 2010 | Q4 2011 | Q4 2012 | Q4 2013 | ESTIMATES Q4 2014 Low | Q/Q growth | High | Q/Q growth |
|---|---|---|---|---|---|---|---|---|---|---|
| Norway | 196 | 239 | 251 | 285 | 304 | 309 | 305 | -1 % | 320 | 4 % |
| Chile | 106 | 37 | 31 | 64 | 96 | 116 | 112 | -3 % | 125 | 8 % |
| North America | 31 | 31 | 33 | 37 | 38 | 29 | 35 | 23 % | 38 | 33 % |
| UK | 35 | 40 | 36 | 40 | 35 | 41 | 42 | 3 % | 45 | 9 % |
| Other | 21 | 27 | 29 | 32 | 35 | 34 | 38 | 12 % | 40 | 17 % |
| **Total** | **389** | **373** | **381** | **458** | **509** | **528** | **532** | **1 %** | **568** | **7 %** |

- Kontali expects 3% growth in 2015
  - 4% growth in Europe
  - Flat development in the Americas

Actual harvest volumes will be affected by e.g. water temperatures, development in biological growth, biological challenges such as diseases, algae blooms etc. and market developments.

# MHG – 2014 volume guidance

| Salmon species<br>*HOG tons (1000)* | Q1 2013<br>*Actual* | Q2 2013<br>*Actual* | Q3 2013<br>*Actual* | Q4 2013<br>*Actual* | 2013<br>*Actual* | Q1 2014<br>*Actual* | Q2 2014<br>*Actual* | Q3 2014<br>*Estimate* | Q4 2014<br>*Estimate* | 2014<br>*Estimate* |
|---|---|---|---|---|---|---|---|---|---|---|
| Norway | 47 | 54 | 53 | 69 | 222 | 55 | 69 | 64 | 67 | 254 |
| Chile | 8 | 0 | 6 | 14 | 28 | 18 | 16 | 19 | 14 | 67 |
| Canada | 12 | 9 | 6 | 6 | 33 | 6 | 6 | 7 | 9 | 29 |
| Scotland | 10 | 13 | 14 | 12 | 48 | 10 | 18 | 13 | 8 | 50 |
| Other Units | 3 | 4 | 2 | 3 | 12 | 3 | 4 | 4 | 4 | 15 |
| Total | 80 | 79 | 81 | 103 | 344 | 92 | 114 | 106 | 102 | 414 |

- Changes compared to Q1 guidance:
  - Norway down by 10 thousand tonnes
  - Chile up 7 thousand tonnes

Actual harvest volumes will be affected by e.g. water temperatures, development in biological growth, biological challenges such as diseases, algae blooms etc. and market developments.

# Outlook

- Tight market balance expected in the medium and longer term
  - Industry supply response challenging due to sustainability issues
  - Short term market turbulence caused by Russia sanctions
    - Strong contract coverage in 2H 2014
- Norway government linking future growth to sustainability targets
- Stronger performance expected within consumer products
- Committed to industry consolidation in Norway and Chile
- Quarterly dividend of NOK 1 per share

# Appendix

# Contract coverage and sales contract policy

- Q3 2014 contract shares (% of guided volume):
  - Norway 45%
  - Scotland 54%
  - Canada 0%
  - Chile 11%

| SALES CONTRACT POLICY | Min hedging rate (1) | Max hedging rate (1) |
|---|---|---|
| Norway (2) (3) | 22.5 % | 50.0 % |
| Chile (3) | 22.5 % | 50.0 % |
| Canada | 0.0 % | 30.0 % |
| Scotland | 40.0 % | 75.0 % |
| Ireland | 0.0 % | 30.0 % |
| Faroes | 0.0 % | 30.0 % |
| **Weighted average** | **22.1 %** | **50.8 %** |

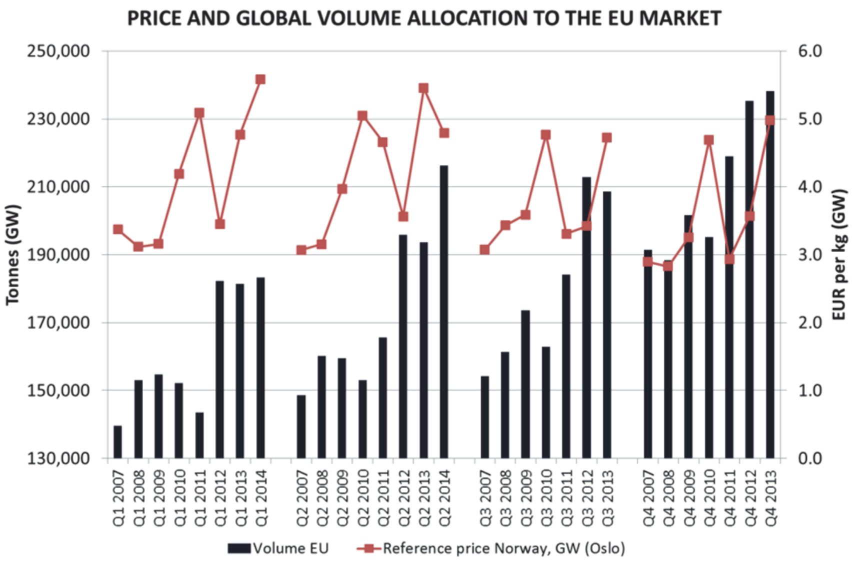
**Note:**
(1) Hedging rates for the next quarter, limits dropping over time
(2) External and internal contract (including financial futures)
(3) Contract rate can be increased to 65% under special circumstances

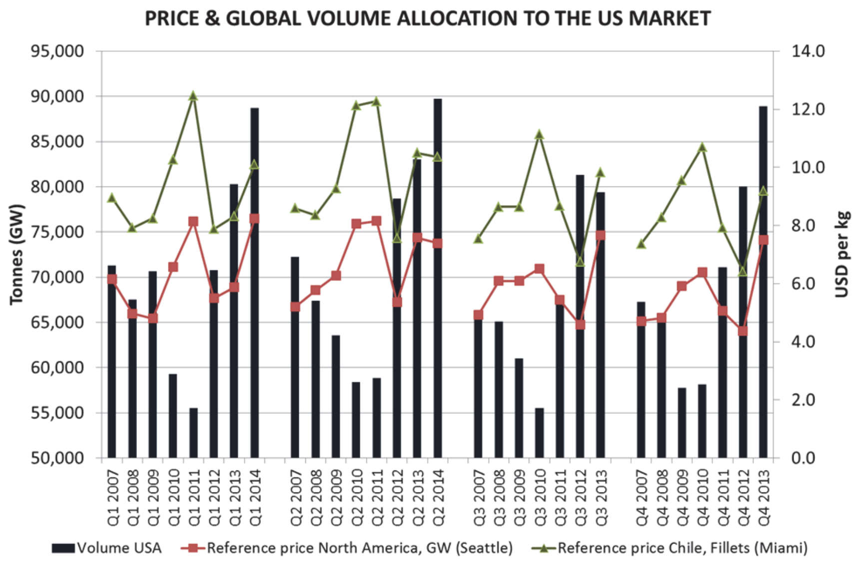
- Contracts typically have a duration of 3-12 months
  - Contracts are entered into on a regular basis
  - Policy opens for contracts of up to 36 month duration

# Development in reference prices

| Reference prices | Q2 2014 NOK | Change vs Q2 2013 | Q2 2014 Market (4) | Change vs Q2 2013 |
|---|---|---|---|---|
| Norway (1) | NOK 39.31 | -5.3% | EUR 4.79 | -12.1% |
| Chile (2) | NOK 62.02 | 1.4% | USD 10.36 | -1.3% |
| North America (3) | NOK 44.26 | 0.2% | USD 7.39 | -2.5% |

**Notes:**
(1) Average superior HOG price per kg (FCA Oslo)
(2) Average C trim price per kg (Urner Barry Miami 2-3 lb), equivalent to NOK 40.31 and USD 6.74 HOG
(3) Average superior HOG price per kg (Urner Barry Seattle 10-12 lb)
(4) Market price in local currency



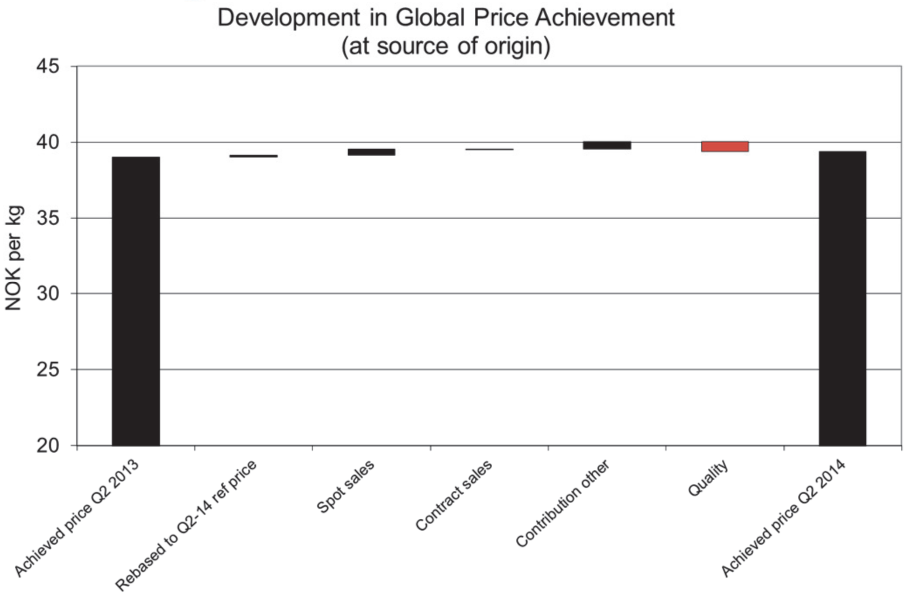
# Industry trade flows last twelve months

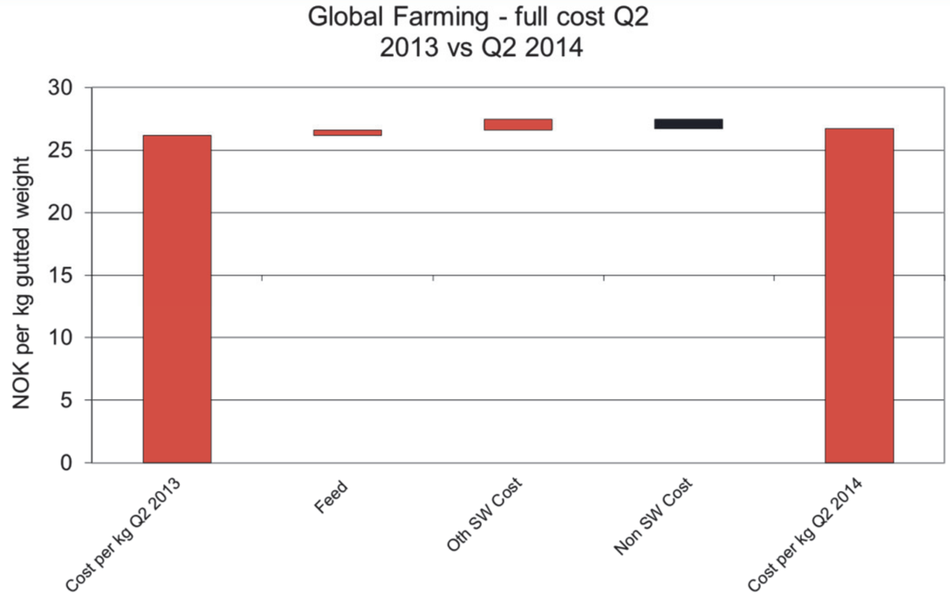
**2H 2013-1H 2014** **Atlantic salmon product flow**

| Thousand tonnes (hog) | Norway | Chile | UK | Faroe Islands | Ireland | North America | Australia | Russia | Other / Re-export | **Total** | **%** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| EU | 708 | 45 | 78 | 31 | 9 | 1 | 0 | 0 | -28 | 842 | 44% |
| USA | 33 | 183 | 45 | 15 | 0 | 61 | 0 | 0 | 5 | 341 | 18% |
| Russia | 100 | 22 | 1 | 3 | 0 | 0 | 0 | 10 | 3 | 139 | 7% |
| Brazil | 0 | 86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 86 | 5% |
| China / Hong Kong | 30 | 14 | 14 | 11 | 0 | 0 | 0 | 0 | 8 | 76 | 4% |
| Japan | 36 | 19 | 1 | 1 | 0 | 1 | 1 | 0 | 0 | 59 | 3% |
| South Korea/Taiwan | 18 | 12 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 33 | 2% |
| Ukraine | 16 | 1 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 21 | 1% |
| Other markets | 126 | 77 | 11 | 5 | 0 | 45 | 36 | 0 | 17 | 317 | 17% |
| **Total** | 1,067 | 458 | 153 | 68 | 9 | 108 | 37 | 10 | 4 | 1,913 | 100% |
| **%** | 56% | 24% | 8% | 4% | 0% | 6% | 2% | 1% | 0% | 100% | |

Source: Kontali

# Key performance indicators




| | Q2. 14 | Q2. 13 |
|---|---|---|
| **Group EBIT per kg (NOK)** | 11.14 | 11.95 |
| - Contribution from Farming (NOK) | 9.79 | 10.82 |
| - Contribution from Markets (NOK) | 1.18 | 1.04 |
| - Contribution from VAP (NOK) | -0.03 | 0.09 |
| - Contribution from Morpol (NOK) | 0.21 | na |
| Group Harvest Volume (k tonnes) | 114 176 | 79 438 |
| **Operational EBIT from source of origin (NOK m)** | 1 272 | 950 |
| Operational EBIT from other units (NOK m) | - 52 | - 48 |
| **Group operational EBIT** | 1 220 | 901 |

| Sales and Marketing | MH Markets Q2. 14 | MH VAP EUROPE Q2. 14 | MORPOL Q2. 14 |
|---|---|---|---|
| Operational revenues and other income | 5 060 | 1 226 | 1 040 |
| Operational EBIT | 135 | - 4 | 24 |
| **EBIT margin %** | **2.7%** | **-0.3%** | **2.3%** |

# Key financials

| Marine Harvest Group - main figures<br>Unaudited NOK million | Q2. 14 | Q2. 13 | YTD 2014 | YTD 2013 | 2013 |
|---|---|---|---|---|---|
| Operational revenue | **6 563** | 4 445 | 12 431 | 8 180 | 19 230 |
| Operational EBITDA 1) | **1 445** | 1,078 | 2 761 | 1 730 | 3 975 |
| Operational EBIT 1) | **1 220** | 901 | 2 310 | 1 383 | 3 212 |
| EBIT | **210** | 627 | 1 196 | 1 795 | 4 662 |
| Net financial items | **- 596** | - 375 | - 574 | - 541 | -1 204 |
| Profit or loss for the period | **- 142** | 94 | 623 | 847 | 2 522 |
| Cash flow from operations | **1 324** | 1 123 | 2 535 | 1 474 | 2 023 |
| Total assets | **31 651** | 26 232 | 31 651 | 26 232 | 33 728 |
| Net interest-bearing debt (NIBD) | **6 990** | 5 857 | 6 990 | 5 857 | 7 791 |
| Earnings per share (NOK) | **-0.35** | 0.24 | 1.52 | 2.23 | 6.66 |
| Underlying EPS 2) | **2.05** | 1.51 | 3.85 | 2.21 | 5.36 |
| Net cash flow per share (NOK)3 | **5.00** | 1.64 | 6.75 | 1.45 | -0.38 |
| ROCE 4) | **23.9%** | 16.7% | 22.9% | 15.6% | 18.5% |
| Equity ratio | **45.7%** | 47.3% | 45.7% | 47.3% | 48.5% |
| NIBD/Equity | **48.3%** | 47.2% | 48.3% | 47.2% | 47.7% |
| Harvest volume (gutted weight tons, salmon) | **114 176** | 79 438 | 206 419 | 159 473 | 343 772 |
| Operational EBIT - NOK per kg 5) | | | | | |
| Norway | **12.16** | 12.33 | 12.45 | 10.48 | 10.83 |
| Scotland | **12.19** | 13.55 | 12.36 | 11.18 | 12.45 |
| Canada | **11.01** | 14.55 | 15.03 | 9.97 | 10.19 |
| Chile | **5.50** | na | 6.14 | -13.40 | -2.32 |

1) Excluding change in unrealised gain/losses from salmon derivatives, net fair value adjustment of biomass, onerous contracts provision, results from associ companies, restructuring cost, impairment losses of fixed assets/intangibles and other non-operating items

2) Underlying EPS: Operational EBIT adjusted for accrued payable interest, with estimated weighted tax rate - per share

3) Net cash flow per share: Cash flow from operations and investments, net financial items paid and realised currency effects

4) ROCE: Annualised return on average capital employed based on EBIT excluding fair value adjustments of biomass, onerous contracts provision and other non-operating items/ Average NIBD + Equity, excluding fair value adjustments of biomass, onerous contracts provision and net assets held for sale, unless there are material transactions in the period

5) Operational EBIT per kg including allocated margin from Sales and Marketing (from own salmon)

# Quarterly segment overview

| Marine Harvest Group - analytical figures | SOURCES OF ORIGIN | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| NOK million | Norway | Scotland | Canada | Chile | Ireland | Faroes | Other 1) | MH Group |
| **OPERATIONAL EBIT** | | | | | | | | |
| MH FARMING | 752 | 170 | 67 | 83 | 13 | 33 | | 1 118 |
| MH SALES AND MARKETING | | | | | | | | |
| MH Markets | 64 | 52 | 4 | 8 | 0 | 3 | 4 | 135 |
| MH VAP Europe | - 2 | - 1 | 0 | 0 | 0 | 0 | 0 | - 4 |
| Morpol | 22 | 2 | 0 | 0 | 0 | 0 | 0 | 24 |
| SUBTOTAL | **835** | **223** | **71** | **90** | **13** | **36** | **4** | **1 272** |
| Other enities 2) | | | | | | | - 52 | - 52 |
| TOTAL | **835** | **223** | **71** | **90** | **13** | **36** | **- 48** | **1 220** |
| Harvest volume gutted weight tonness (salmon) | 68 674 | 18 274 | 6 459 | 16 425 | 1 296 | 3 048 | | 114 176 |
| Operational EBIT per kg (NOK) 3) | 12.16 | 12.19 | 11.01 | 5.50 | 9.94 | 11.72 | | 11.14 |
| - of which MH Markets | 0.93 | 2.86 | 0.60 | 0.47 | -0.02 | 0.84 | | 1.18 |
| - of which MH VAP Europe | -0.03 | -0.08 | 0.00 | 0.00 | -0.09 | 0.00 | | -0.03 |
| - of which Morpo | 0.32 | 0.13 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.21 |
| **ANALYTICAL DATA** | | | | | | | | |
| Price achievement/reference price (%) 4) | 99 % | 107 % | 99 % | 99 % | | 99 % | | 101 % |
| Contract coverage (%) | 35 % | 44 % | 0 % | 24 % | 95 % | 11 % | | 33 % |
| Quality - superior share (%) | 92 % | 96 % | 83 % | 83 % | 94 % | 95 % | | 91 % |
| Exceptional items (NOK million) 5) | -105 | 0 | -2 | 0 | 0 | 0 | | -107 |
| Exceptional items per kg (NOK) 5) | -1.53 | 0.00 | -0.25 | 0.00 | 0.00 | 0.00 | | -0.94 |
| **GUIDANCE** | | | | | | | | |
| Q3 2014 harvest volume (gutted weight tons) | 63 500 | 13 000 | 7 000 | 18 500 | 1 000 | 3 000 | | 110 500 |
| 2014 harvest volume (gutted weight tons) | 254 000 | 49 500 | 29 000 | 66 500 | 6 000 | 9 000 | | 420 000 |
| Q3 2014 contract share (%) | 45 % | 54 % | 0 % | 11 % | 92 % | 0 % | | 37 % |

1) Operational EBIT arising from non salmon speices and 3rd party fish not allocated to source of origin

2) Sterling White Halibut, Headquarter and Holding companies

3) Excluding Sterling White Halibut, Headquarter and Holding companies

4) MH Markets' price achievement to third party, MH VAP Europe and Morpol

5) Exceptional items impacting operational EBIT

# YTD segment overview

| Marine Harvest Group - analytical figures | SOURCES OF ORIGIN | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| NOK million | Norway | Scotland | Canada | Chile | Ireland | Faroes | Other [1] | MH Group |
| **OPERATIONAL EBIT** | | | | | | | | |
| MH FARMING | 1 472 | 277 | 179 | 185 | 17 | 76 | | 2 207 |
| MH SALES AND MARKETING | | | | | | | | |
| MH Markets | 96 | 80 | 14 | 24 | 0 | 4 | 2 | 220 |
| MH VAP Europe | - 16 | - 5 | 0 | 0 | 0 | 0 | - 8 | - 29 |
| Morpol | - 11 | 3 | 0 | 0 | 0 | 0 | - 6 | - 14 |
| SUBTOTAL | **1 542** | **355** | **193** | **210** | **17** | **79** | **- 12** | **2 383** |
| Other enities [2] | | | | | | | - 73 | - 73 |
| TOTAL | **1 542** | **355** | **193** | **210** | **17** | **79** | **- 85** | **2 310** |
| Harvest volume gutted weight tonness (salmon) | 123 781 | 28 742 | 12 827 | 34 166 | 1 772 | 5 132 | | 206 419 |
| Operational EBIT per kg (NOK) [3] | 12.45 | 12.36 | 15.03 | 6.14 | 9.61 | 15.48 | | 11.55 |
| - of which MH Markets | 0.77 | 2.79 | 1.05 | 0.72 | -0.05 | 0.74 | | 1.06 |
| - of which MH VAP Europe | -0.13 | -0.18 | 0.00 | 0.00 | -0.20 | 0.00 | | -0.14 |
| - of which Morpo | -0.09 | 0.11 | 0.00 | 0.00 | 0.00 | 0.00 | | -0.07 |
| **ANALYTICAL DATA** | | | | | | | | |
| Price achievement/reference price (%) [4] | 97 % | 106 % | 100 % | 101 % | | 100 % | | 99 % |
| Contract coverage (%) | 37 % | 61 % | 2 % | 32 % | 93 % | 6 % | | 37 % |
| Quality - superior share (%) | 92 % | 95 % | 80 % | 83 % | 93 % | 96 % | | 90 % |
| Exceptional items (NOK million) [5] | -180 | 0 | -2 | -1 | 0 | 0 | | -183 |
| Exceptional items per kg (NOK) [5] | -1.45 | 0.00 | -0.13 | -0.04 | 0.00 | - | | -0.89 |
| **GUIDANCE** | | | | | | | | |
| Q3 2014 harvest volume (gutted weight tons) | 63 500 | 13 000 | 7 000 | 18 500 | 1 000 | 3 000 | | 110 500 |
| 2014 harvest volume (gutted weight tons) | 2 540 001 | 49 500 | 29 000 | 66 500 | 6 000 | 9 000 | | 420 000 |
| Q3 2014 contract share (%) | 45 % | 54 % | 0 % | 11 % | 92 % | 0 % | | 37 % |

[1] Operational EBIT arising from non salmon speices and 3rd party fish not allocated to source of origin

[2] Sterling White Halibut, Headquarter and Holding companies

[3] Excluding Sterling White Halibut, Headquarter and Holding companies

[4] MH Markets' price achievement to third party, MH VAP Europe and Morpol

[5] Exceptional items impacting operational EBIT

# Quarterly segment overview

| MH Operating Units | Farming | Farming | Farming | Farming | Farming | Farming | MH Sales and Marketing | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Norway | Scotland | Canada | Chile | Ireland | Faroes | Markets | VAP EU | Morpol | Other[1)] | Elim | MH Group* |
| Revenues and other income | 2 633 | 747 | 293 | 567 | 77 | 125 | 5 060 | 1 226 | 1 040 | 78 | - 5 282 | 6 563 |
| Operating EBITDA | 844 | 196 | 86 | 107 | 20 | 36 | 141 | 17 | 46 | - 48 | 0 | 1 445 |
| Operating EBIT | 752 | 170 | 67 | 83 | 13 | 33 | 135 | - 4 | 24 | - 52 | 0 | 1 220 |
| Fair Value adj on biomass, contracts/ unrealised derivates | - 487 | - 206 | - 149 | - 11 | 42 | - 18 | 0 | 0 | 0 | 1 | 0 | - 827 |
| Restructuring cost | 0 | 0 | 0 | 0 | 0 | 0 | - 5 | - 39 | 0 | 0 | 0 | - 45 |
| Other non-operational items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - 168 | 0 | - 168 |
| Income/loss from associated companies | 29 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29 |
| Write-down of fixed assets/intangibles | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| EBIT | 294 | - 36 | - 81 | 72 | 55 | 15 | 129 | - 43 | 24 | - 220 | 0 | 210 |
| Contribution to operational EBIT from S&M | 83 | 53 | 4 | 8 | 0 | 3 | - 135 | 4 | - 24 | 4 | | 0 |
| Operational EBIT incl contribution from S&M | 835 | 223 | 71 | 90 | 13 | 36 | 0 | 0 | 0 | - 48 | 0 | 1 220 |
| Harvest / sales volume | 68 674 | 18 274 | 6 459 | 16 425 | 1 296 | 3 048 | 108 282 | 15 210 | 11 365 | | | |
| Operational EBIT/kg incl contribution from S&M | 12.16 | 12.19 | 11.01 | 5.50 | 9.94 | 11.72 | | | | | | |
| -of whitch S&M | 1.21 | 2.91 | 0.60 | 0.47 | - 0.11 | 0.84 | | | | | | |

*Volume = harvested volume salmon in tons gutted weight

[1)]Inclusive MH Feed

# Development in harvest volumes

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | | | | | 2013 | | | | | 2014 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Total | Total | Total | Total | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3E | Q4E | Total |
| **Norway** | **168.2** | **171.1** | **201.7** | **202.5** | **217.5** | 62.7 | 64.0 | 58.5 | 70.1 | **255.3** | 47.3 | 53.5 | 53.1 | 68.6 | **222.5** | 55.1 | 68.7 | 63.5 | 66.7 | **254.0** |
| **Chile (1)** | **90.6** | **75.4** | **36.2** | **10.6** | **26.0** | 9.7 | 9.6 | 9.9 | 11.0 | **40.2** | 8.3 | - | 5.9 | 14.1 | **28.3** | 17.7 | 16.4 | 18.5 | 13.8 | **66.5** |
| **Canada** | **39.5** | **36.1** | **36.5** | **33.5** | **33.9** | 10.6 | 10.6 | 8.3 | 10.8 | **40.2** | 12.2 | 8.9 | 6.2 | 5.7 | **33.1** | 6.4 | 6.5 | 7.0 | 9.2 | **29.0** |
| **Scotland** | **31.1** | **32.3** | **37.7** | **33.1** | **50.2** | 9.2 | 11.4 | 13.0 | 6.7 | **40.3** | 9.6 | 13.3 | 13.8 | 11.7 | **48.4** | 10.5 | 18.3 | 13.0 | 7.8 | **49.5** |
| **Other (2)** | **10.5** | **11.8** | **15.0** | **16.0** | **15.3** | 4.4 | 3.6 | 3.7 | 4.7 | **16.3** | 2.7 | 3.6 | 2.0 | 3.2 | **11.5** | 2.6 | 4.3 | 4.0 | 4.1 | **15.0** |
| **Total** | **339.8** | **326.6** | **327.1** | **295.7** | **342.8** | **96.7** | **99.2** | **93.2** | **103.2** | **392.3** | **80.0** | **79.4** | **80.9** | **103.4** | **343.8** | **92.2** | **114.2** | **106.0** | **101.6** | **414.0** |

**GROWTH RELATIVE TO SAME PERIOD IN PREVIOUS YEAR**

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | | | | | 2013 | | | | | 2014 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Total | Total | Total | Total | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3E | Q4E | Total |
| **Norway** | **19 %** | **2 %** | **18 %** | **0 %** | **7 %** | 30 % | 18 % | 23 % | 4 % | **17 %** | -25 % | -16 % | -9 % | -2 % | **-13 %** | 17 % | 28 % | 20 % | -3 % | **14 %** |
| **Chile (1)** | **-10 %** | **-17 %** | **-52 %** | **-71 %** | **146 %** | 255 % | 728 % | -11 % | 0 % | **55 %** | -15 % | -100 % | -40 % | 28 % | **-30 %** | 115 % | n.a. | 214 % | -2 % | **135 %** |
| **Canada** | **16 %** | **-9 %** | **1 %** | **-8 %** | **1 %** | 12 % | 36 % | 4 % | 23 % | **19 %** | 15 % | -16 % | -25 % | -47 % | **-18 %** | -48 % | -28 % | 13 % | 60 % | **-12 %** |
| **Scotland** | **0 %** | **4 %** | **17 %** | **-12 %** | **51 %** | -11 % | -13 % | -8 % | -47 % | **-20 %** | 4 % | 17 % | 6 % | 74 % | **20 %** | 9 % | 37 % | -6 % | -34 % | **2 %** |
| **Other (2)** | **21 %** | **12 %** | **28 %** | **7 %** | **-4 %** | 4 % | -8 % | 48 % | 0 % | **7 %** | -39 % | 2 % | -45 % | -31 % | **-29 %** | -4 % | 20 % | 98 % | 27 % | **30 %** |
| **Total** | **8 %** | **-4 %** | **0 %** | **-10 %** | **16 %** | **29 %** | **24 %** | **12 %** | **-1 %** | **14 %** | **-17 %** | **-20 %** | **-13 %** | **0 %** | **-12 %** | **15 %** | **44 %** | **31 %** | **-2 %** | **20 %** |

**Notes:**

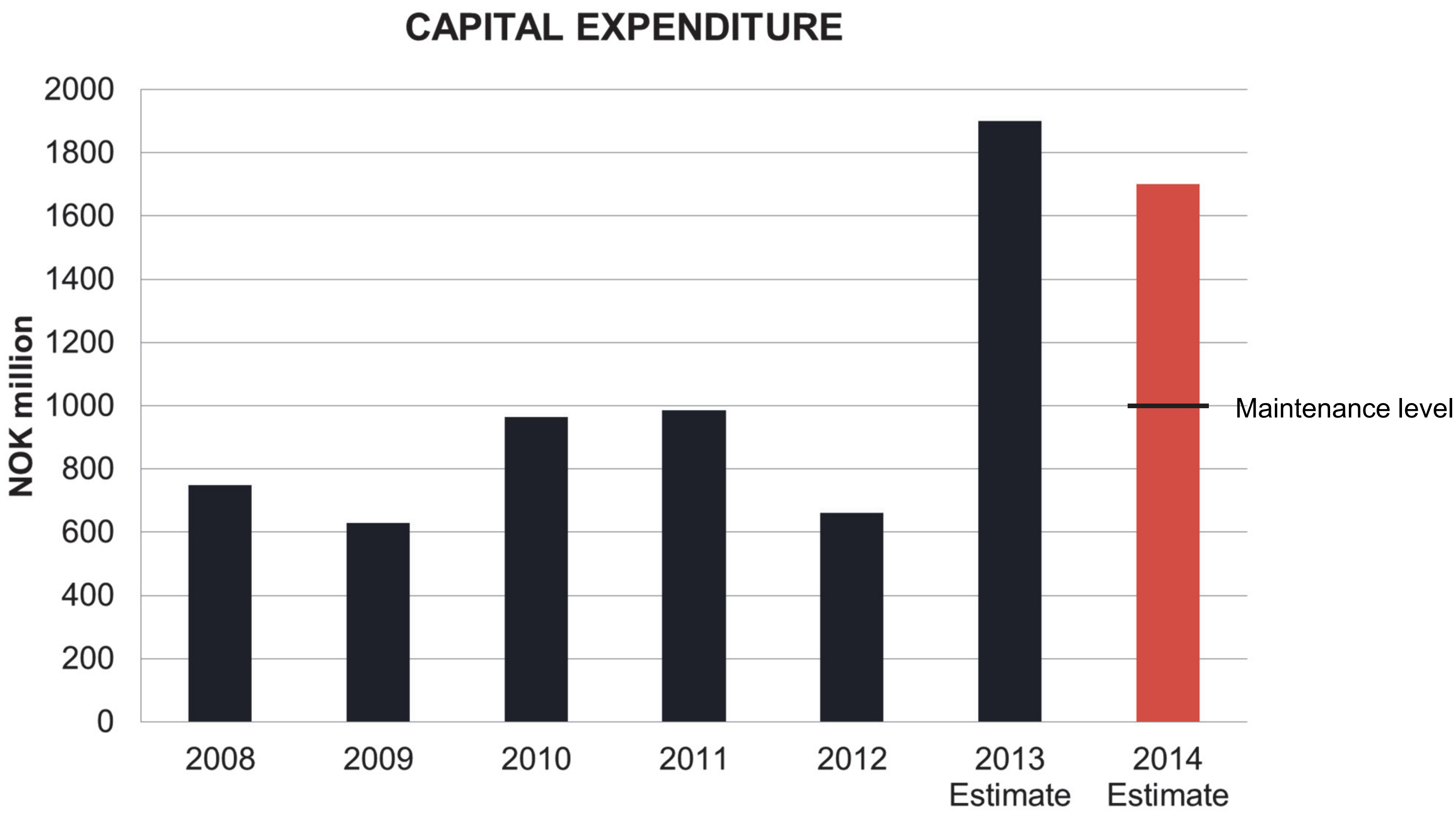
(1) Sold volume, harvested volume from Q2 2011 onwards

(2) Ireland and the Faroes

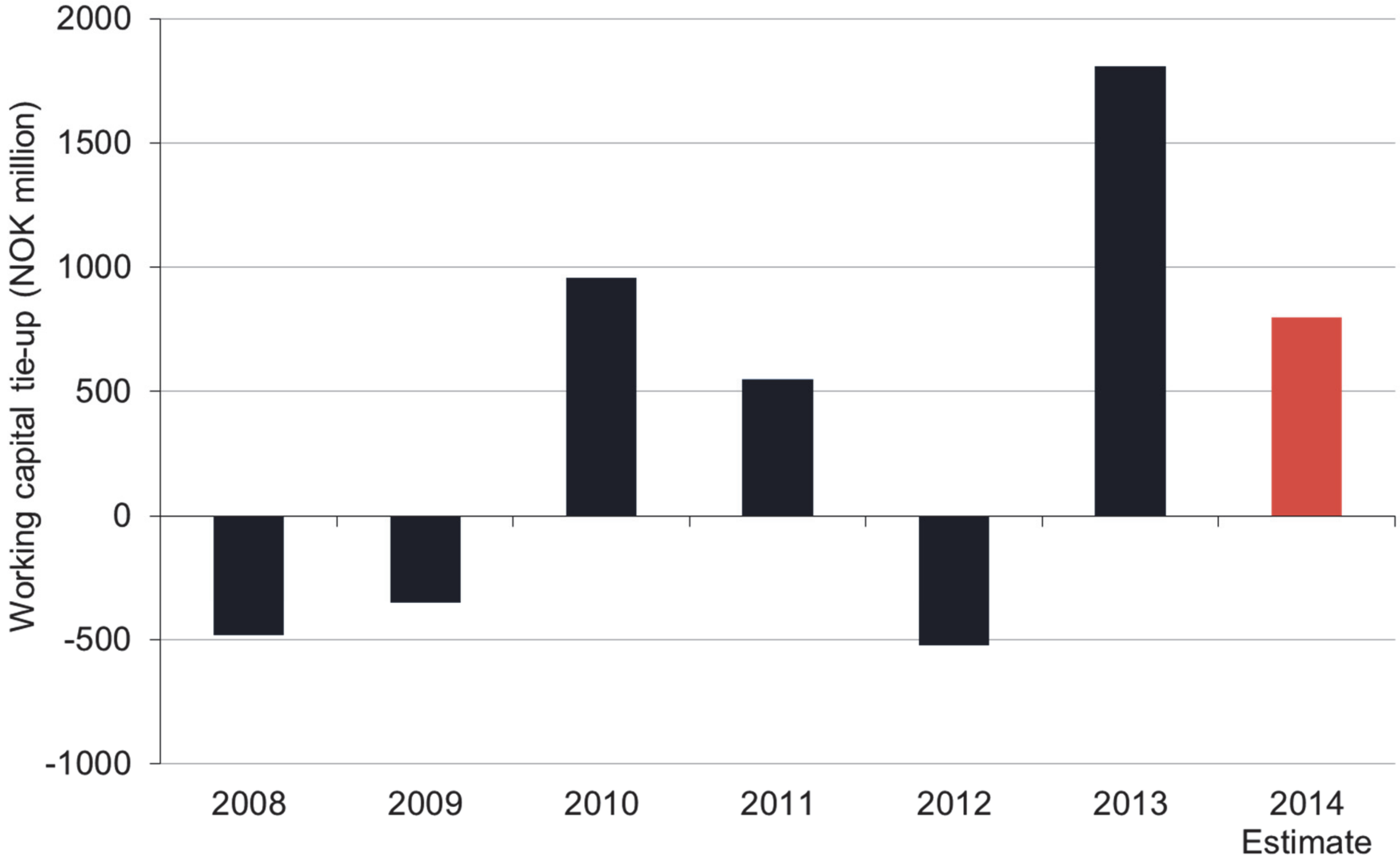
# Morpol ASA – Historical data

| NOK million | Q1 2010 | Q2 2010 | Q3 2010 | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 | Q4 2011 | Q1 2012 | Q2 2012 | Q3 2012 | Q4 2012 | Q1 2013 | Q2 2013 | Q3 2013 | Q4 2013 | Q1 2014 | Q2 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total revenue** | **731** | **660** | **742** | **1,314** | **994** | **889** | **805** | **1,170** | **904** | **854** | **794** | **1,201** | **953** | **1,129** | **1,113** | **1,357** | **1,034** | **1,040** |
| **EBITDA before fair value adjustments** | **54** | **-3** | **17** | **122** | **77** | **121** | **143** | **141** | **107** | **77** | **68** | **89** | **-2** | **21** | **119** | **98** | **-15** | **46** |
| **EBIT** | **42** | **-17** | **0** | **99** | **49** | **92** | **115** | **105** | **74** | **47** | **34** | **46** | **-39** | **-15** | **82** | **63** | **-38** | **24** |
| **ANALYTICAL DATA SECONDARY PROCESSING** | | | | | | | | | | | | | | | | | | |
| Processed volume, product weight | 16,221 | 15,817 | 16,273 | 22,423 | 17,816 | 12,449 | 11,445 | 18,890 | 16,045 | 14,579 | 15,110 | 23,013 | 19,389 | 17,869 | 19,065 | 27,738 | 11,358 | 11,365 |
| EBIT per kg, product weight | 2.6 | -1.0 | 0.8 | 2.5 | 0.1 | 1.6 | 8.4 | 7.9 | 4.2 | 3.0 | 2.8 | 1.1 | -4.3 | -5.2 | 0.9 | 2.3 | -3.3 | 2.1 |
| EBIT margin secondary processing | 6 % | -3 % | 2 % | 5 % | 0 % | 3 % | 17 % | 15 % | 9 % | 7 % | 6 % | 2 % | -9 % | -10 % | 2 % | 5 % | -4 % | 2 % |

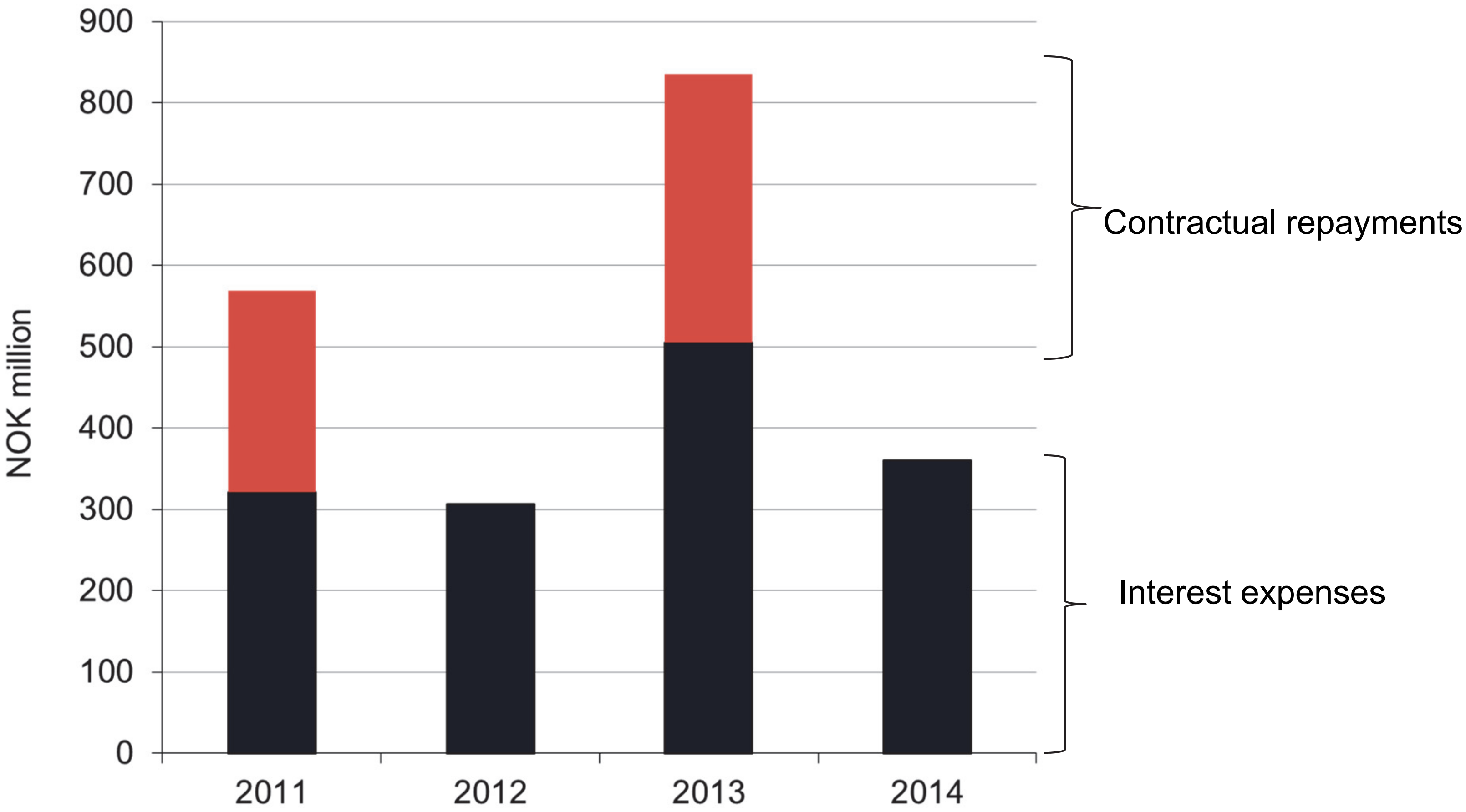
# 2014 Net capital expenditure guidance



# 2014 Net working capital guidance



# Guidance on financial commitments and cost of debt




Please note the  approximations are subject to changes

# Dividend policy

- The dividend level shall reflect the present and future cash generation potential of the Company
- Marine Harvest will target a net interest-bearing debt/equity ratio of less than 0.5x
- When target level is met, at least 75% of the annual free cash flow after operational and financial commitments will be distributed as dividend

- Dividend policy operationalized by defining a target average NIBD for each calendar year
- Dividends applied to manage NIBD around the target level
- 2014 NIBD target determined to NOK 7 500m
  - NOK 15 per kg Farming

# Nova Sea

| | Ownership % | Harvest volume (HOG) 2012 | 2013 | Q2 2013 | Q2 2014 | EBIT(1) per kg 2012 | 2013 | Q2 2013 | Q2 2014 | NIBD 30.06.2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| Nova Sea | 48 % | 34,529 | 34,910 | 3,715 | 8,620 | 4.3 | 13.4 | 12.8 | 14.3 | 450 |

- Leading integrated salmon producer in Northern Norway
  - 33.33 wholly owned licenses
  - 4 partly owned licenses
- Marine Harvest has an ownership in Nova Sea of ~48% through direct and indirect shareholdings
- 2014 dividends of NOK 150m (Q2)
  - Marine Harvest's share NOK ~73m
- Proportion of income after tax reported as income from associated companies in Marine Harvest Norway
  - NOK 29.8 million in Q2 2014
    - IFRS adjustment of biomass NOK 19.6m

# Debt distribution and interest rate hedging

DEBT VOLUME HEDGED AND FIXED RATES OF INTEREST RATE HEDGES (MARCH-MARCH) (1)

| CURRENCY | DEBT 30/06/2014(2) | 2014 Nominal value | 2014 Fixed rate(3) | 2015 Nominal value | 2015 Fixed rate(3) | 2016 Nominal value | 2016 Fixed rate(3) | 2017 Nominal value | 2017 Fixed rate(3) | 2018 Nominal value | 2018 Fixed rate(3) | 2019-2021 Nominal value | 2019-2021 Fixed rate(3) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EUR m | 620.7 | 966.7 | 1.42 % | 1,215.0 | 2.00 % | 1,237.6 | 1.60 % | 979.5 | 1.34 % | 650.0 | 1.65 % | 283.0 | 2.54 % |
| USD m | 201.4 | 215.5 | 2.61 % | 216.0 | 2.64 % | 215.0 | 2.64 % | 107.5 | 2.41 % | 107.5 | 2.41 % | 107.5 | 2.41 % |
| GBP m | 35.5 | 53.0 | 2.82 % | 52.5 | 2.91 % | 47.0 | 2.53 % | 23.5 | 2.81 % | 23.5 | 2.81 % | 23.5 | 2.81 % |
| Other (NOK m) | 1,374.3 | | | | | | | | | | | | |

| | |
|---|---|
| Market value of IRS contracts in MNOK (30/06/14): | -481.3 |
| Mark to market valuation effect in Q2(4): | -100.9 |
| Difference in fixed vs floating rate settled in cash in Q2 | -26.3 |

**Notes:**
(1) MHG choses March as the starting month for all new interest hedging contracts
(2) Debt at book value after taking cross currency swaps into account
(3) Financing margin not included
(4) Quarterly change in market value booked against P/L

**POLICY:**

- External interest bearing debt is distributed as follows: EUR 64%, USD 13%, GBP 7%, other currencies 16%
- Marine Harvest ASA shall hedge 100% of the Group's long-term interest-bearing debt by currency with fixed interest or interest rate derivatives for the first 3 years and 50% for the 5 following years. Interest-bearing debt includes external interest-bearing debt and leasing in the parent company or subsidiaries. The interest rate hedges shall be based on the targeted currency composition. Interest rate exposure in other currencies than EUR, USD and GBP shall not be hedged

***Please note that the current portfolio deviates from the policy due to inter alia the recent bond and convertible bond issuance. The policy will be reviewed.***

Policy last updated 7 February 2012.

# Hedging and long term currency exposure

## POLICY

- EUR/NOK
  - Marine Harvest shall hedge between 0% and 30% of its assumed annual expenses in NOK against the EUR with a horizon of one year. The annual hedging shall be evenly distributed across the months of the year.
- USD/CAD
  - Marine Harvest shall not hedge the USD/CAD exposure.
- USD/CLP
  - Marine Harvest shall not hedge the USD/CLP exposure

- Internal transaction hedging relating to bilateral sales contracts
  - As of 1 April 2011, all bilateral sales contracts are subject to internal currency hedging of the exposure between the invoicing currency and NOK
  - The operating entities hedge this exposure towards the parent company. In accordance with the general hedging policy, this exposure is not hedged towards external counterparties
  - The purpose of the internal hedging is to allow for a more accurate comparison between the MH Farming entities (including contribution from Sales) and peers with respect to price achievement and operational EBIT

Policy last updated 7 February 2012.

# Strategic currency hedging

| STRATEGIC CURRENCY HEDGING | EUR/NOK MEUR | EUR/NOK Rate |
|---|---|---|
| 2014 | 100 | 8.25 |
| 2015 | 131 | 8.45 |
| **P/L effect of contracts in Q2** | **-6** | (MNOK) |

| | MNOK |
|---|---|
| **Market value 31/03/2014** | **-12** |
| Change (1) | -20 |
| **Market value 30/06/2014** | **-31** |

Note:
(1) Quarterly changes in market value booked against equity until maturity

| DESIGNATED MARKET CURRENCIES | |
|---|---|
| Norway | EUR |
| Chile | USD |
| Canada | USD |
| Scotland | GBP |
| VAP | EUR |
| Faroes | EUR |
| Cold Water Species | NOK |
| Asia | USD |
| Morpol | EUR |

# Impact of currency/interest rate movements

| Average rates | 1 CAD | 1 EUR | 1 GBP | 1 USD |
|---|---|---|---|---|
| Averge Q2 2014 | 5.4911 | 8.2068 | 10.0752 | 5.9856 |
| Average Q2 2013 | 5.6931 | 7.6152 | 8.9505 | 5.8277 |

| Average rates | 1 CAD | 1 EUR | 1 GBP | 1 USD |
|---|---|---|---|---|
| Q2 2014 vs Q2 2013 | -3.5% | 7.8% | 12.6% | 2.7% |

| End of quarter rates | 1 CAD | 1 EUR | 1 GBP | 1 USD |
|---|---|---|---|---|
| 30/6/14 vs. 31/3/14 | 6.2% | 1.8% | 5.2% | 2.8% |

- Impact on Profit and Loss (versus Q2 2013)
  - Currency impact on net financial items
    - Negative impact of NOK 108m (Negative NOK 135m)

- Impact from currency on Financial Position (versus 30/03/14)
  - Increase in interest-bearing debt due to currency NOK 126m

# Fair value adjustment of biomass

- Under IFRS (IAS 41) the company is required to value biological assets at a fair market value.

- During the second half of 2011, the largest salmon farming companies in Norway, with support from audit firms, formed an industry working group where the objective was to reach a converged and improved common approach for estimating the fair value of the biomass in accordance with IAS 41.

- Following the working group's conclusions, Marine Harvest has with effect from the fourth quarter 2011, refined its calculation model. The model enhancements have been made to capture the fair value development during the lifetime of the fish in an improved manner. The revised model split the biomass into 3 groups based on size:
  - Fish below 1 kg live weight ("smolt") is valued at accumulated cost
  - Fish between 1 kg and 4 kg live weight (immature fish) incorporates a proportionate share of the expected net profit at harvest
  - Fish above 4 kg (mature fish) is valued at the expected net value

- The main drivers in the valuation are:
  - Volume of biomass (and average weight per site) at every reporting date
  - Expected cost at harvest
  - Expected value at harvest (based on externally quoted forward prices where applicable and/or the most relevant price information available for the period in which the fish is expected to be harvested)
- Operationally, the value of biomass is reported at cost. In the Group accounts, "fair value adjustments" are added to costs of each operating unit and combined, the two elements constitute the fair value of biomass. The change in "fair value adjustment" is income or expense classified on a separate line in the Profit and Loss statement in each period. This item is not included in Operational EBIT.

# Tax losses carried forward (YE 2013)

| Marine Harvest Group 31.12.2013<br>NOK million | Recognised | Unrecognised | Total |
|---|---|---|---|
| Chile | 186 | 0 | 186 |
| USA | 58 | 3 | 61 |
| Germany | 58 | 0 | 58 |
| The Netherlands | 49 | 0 | 49 |
| Ireland | 36 | 0 | 36 |
| France | 20 | 146 | 166 |
| Poland | 18 | 111 | 129 |
| Vietnam | 12 | 27 | 39 |
| Other | 11 | 5 | 16 |
| **Total** | **448** | **292** | **740** |

- Most of the deferred tax assets have been recognised on the statement of financial position
- The NOL's will be used to offset taxable profit in the countries going forward
- The utilisation of the deferred tax asset on NOL's gives rise to a tax expense in the accounts which do not normally have any cash effect

# The Board's current authorisations

- The Board was given the following proxies at the AGM
  - General share capital increase (up to 10% of share capital)
    - Proxy to set aside shareholders pre-emption right to subscribe
  - Purchase of own shares (up to 10% of share capital)
    - Maximum price: NOK 120 per share
    - Minimum price: NOK 7.5 per share
  - Issuance of new convertible bond
    - Maximum amount: NOK 3,200m
    - Maximum number of shares to be issued as settlement: 64m
  - Authorisation to issue quarterly dividends

# Sensitivities

| ESTIMATED SENSITIVITIES ON ANNUAL RESULTS<br>NOK million | OP. EBIT EFFECT | CASH FLOW EFFECT | DRIVER |
|---|---|---|---|
| Change in global average salmon price of NOK 1 (1) | 420 | 385 (2) | Annual harvest volume |
| Change in total harvest volume of 10,000 tonnes (3) | 60 | 55 (2) | Marginal volume |
| Change in global feed price of NOK 1 per kg | 445 (4) | 550 (4) (5) | Feed consumption |

Notes:
(1) Assuming all sales at spot prices, Please see contract policy and estimated contract rates in the latest quarterly presentation
(2) Normally 30 days credit on sale of salmon, effect assumes stable volume between years and across months
(3) Assuming EBIT per kg of NOK 6
(4) Annual harvest volume converted to live weight multiplied with feed conversion ratio (420 divided by 0.83 multiplied with 1.3 and NOK 1 = ~660)
Assuming stable production and feed consumption between years and across months
(5) 60 days credit time on feed