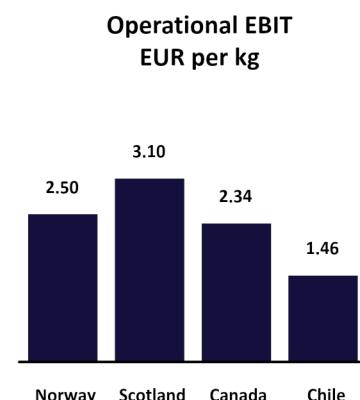
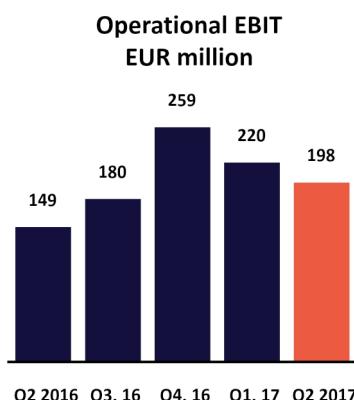
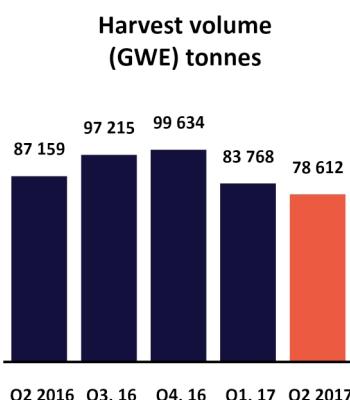




Q2 / 2017 / SECOND QUARTER MARINE HARVEST GROUP

- All-time high Q2 Operational EBIT of EUR 198 million. Financial EBIT of EUR 176 million
- High salmon prices in all markets
- Strong performance in Scotland, Ireland and Consumer Products
- NIBD at EUR 551 million on strong cash flow and EUR 375 million bond conversion
- Quarterly dividend of NOK 3.20 per share



HIGHLIGHTS - SECOND QUARTER 2017

- All-time high second quarter with Operational EBIT of EUR 197.9 million. Financial EBIT of EUR 176.1 million.
- High salmon prices in all markets, driven by strong demand.
- Strong operational performance in Scotland, Ireland and Consumer Products.
- Production costs decreased in Scotland and Chile, and increased in Norway and Canada.
- Harvested volume below guidance for the second quarter, mainly due to biological challenges in Norway and Chile.
- Estimated volumes for 2017 have been reduced from 403 000 to 377 000 GWT as a result of biological issues.
- Conversion of EUR 375 million convertible bond completed.
- Completed refinancing of bank facility of EUR 1,206 million.
- Net interest-bearing debt (NIBD) of EUR 551 million.
- Net cash flow per share of EUR 0.24 in the quarter.
- 31.2% Return on capital employed (ROCE) in the quarter.
- Underlying earnings per share (EPS) of EUR 0.31 in the quarter.
- A quarterly dividend of NOK 3.20 per share will be paid out to the shareholders as a repayment of paid in capital.

Main figures ¹⁾ EUR million	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	2016
Operational revenue ²⁾	884.1	832.1	1 776.1	1 641.6	3 509.8
Operational EBITDA ³⁾	235.5	184.4	491.7	332.0	842.7
Operational EBIT ³⁾	197.9	149.0	417.1	260.9	700.2
EBIT	176.1	180.5	263.8	373.3	991.2
Net financial items	-84.1	-90.5	58.0	-118.8	-232.0
Profit or loss for the period	66.5	42.5	283.9	170.5	539.3
Cash flow from operations	162.3	213.3	410.1	363.4	693.2
Total assets	4 243.7	4 198.4	4 243.7	4 198.4	4 810.4
NIBD ⁴⁾	550.9	832.4	550.9	832.4	890.0
Basic EPS (EUR)	0.14	0.09	0.62	0.38	1.20
Underlying EPS (EUR) ⁵⁾	0.31	0.24	0.67	0.42	1.13
Net cash flow per share (EUR) ⁶⁾	0.24	0.50	0.62	0.72	1.23
Dividend declared and paid per share (NOK)	3.00	1.70	5.80	3.10	8.60
ROCE ⁷⁾	31.2%	23.8%	32.4%	21.1%	28.1%
Equity ratio	59.7%	45.8%	59.7%	45.8%	43.0%
Adjusted equity ratio ⁸⁾	58.1%	43.3%	58.1%	43.3%	40.1%
Harvest volume (GWE, salmon)	78 612	87 159	162 380	183 772	380 621
Operational EBIT per kg (EUR) - Total ⁹⁾	2.52	1.71	2.57	1.42	1.84
Norway	2.50	2.12	2.50	1.99	2.18
Scotland	3.10	0.47	3.11	0.58	0.91
Canada	2.34	2.34	2.87	2.15	2.53
Chile	1.46	-0.23	1.64	-1.14	0.11

- 1) This interim report is unaudited. Please refer to the Annual Report (part 4) and appendix to this quarterly report (available on-line) for detailed descriptions and reconciliations of Alternative Performance Measures (non-IFRS measures).
- 2) Operational revenue: Revenue and other income, including realized gain/loss from currency derivatives related to contract sales of Norwegian origin, and excluding change in unrealized salmon derivatives.
- 3) Calculated by excluding the following items from financial EBITDA/EBIT: Change in unrealized internal margin, change in unrealized gains/losses from salmon derivatives, net fair value adjustment on biomass, onerous contract provisions, restructuring costs, income from associated companies, impairment losses of fixed assets/intangibles and other non-operational items. Operational EBIT also includes realized gain/loss from currency derivatives related to contract sales of Norwegian origin. A reconciliation between Operational EBIT and financial EBIT is provided on the next page, and we also refer to the appendix to this quarterly report (available on-line) for further information. The largest individual difference between Operational EBIT and financial EBIT is the net fair value adjustment on biomass according to IFRS (and the related onerous contracts provision), which is a volatile figure impacted by estimates of future salmon prices as well as other estimates.
- 4) NIBD: Total non-current interest-bearing debt, minus total cash, plus current interest-bearing debt and plus net effect of currency derivatives on interest-bearing debt.
- 5) Underlying EPS: Operational EBIT adjusted for accrued interest payable, with estimated weighted tax rate - per share.
- 6) Net cash flow per share: Cash flow from operations and investments, net financial items paid and realized currency effects - per share.
- 7) ROCE: Annualized return on average capital employed based on EBIT excluding net fair value adjustment on biomass, onerous contract provisions and other non-operational items / Average NIBD + Equity, excluding net fair value adjustment on biomass, onerous contract provisions and net assets held for sale, unless there are material transactions in the period.
- 8) Adjusted equity ratio: Calculated by excluding net fair value adjustment on biomass and onerous contracts provision (both net after tax) from equity, and net fair value adjustment on biomass from sum of equity and liabilities.
- 9) Operational EBIT per kg including allocated margin from Feed and Sales and Marketing.

PROFIT - FINANCIAL RESULTS IN THE QUARTER

The Group's profits hinges on its ability to provide customer value from healthy, tasty and nutritious seafood, farmed both cost effectively and in an environmentally sustainable way that maintains a good aquatic environment and respects the needs of the wider society.

(Figures in parenthesis refer to the same quarter in 2016.)

(EUR million)	Q2 2017	Q2 2016
Operational EBIT	197.9	149.0
Change in unrealized margin	0.4	-1.7
Gain/loss from derivatives	1.5	5.1
Net fair value adjustment on biomass including onerous contracts	-30.4	31.8
Restructuring costs	0.2	-2.1
Other non-operational items	0.3	1.3
Income from associated companies	7.5	16.2
Impairment losses on fixed assets/intangibles	-1.3	-19.0
EBIT	176.1	180.5

Operational EBIT amounted to EUR 197.9 million in the quarter (EUR 149.0 million) on the back of strong achieved prices. The contribution from Feed was EUR 1.8 million (EUR 3.3 million), and Farming contributed EUR 169.5 million (EUR 136.0 million). Markets contributed EUR 14.4 million (EUR 17.8 million) and Consumer Products contributed EUR 15.4 million (EUR -4.8 million). Operational EBIT of EUR 197.9 million in the period was negatively impacted by exceptional items in the amount of EUR 25.2 million (see note 6).

Earnings before financial items and taxes (EBIT) came to EUR 176.1 million (EUR 180.5 million). EBIT includes a net fair value adjustment on biomass including onerous contracts of EUR -30.4 million (EUR 31.8 million), mainly due to drop in salmon forward prices compared to the end of the first quarter of 2017.

Financial items

(EUR million)	Q2 2017	Q2 2016
Interest expenses	-11.1	-12.2
Net currency effects	0.5	-0.2
Other financial items	-73.5	-78.0
Net financial items	-84.1	-90.5

Other financial items included an increase in the fair value of the conversion liability component of convertible bonds of EUR 76.5 million, mainly explained by the changes in the Marine Harvest share price. Net currency effects over profit and loss amounted to EUR 0.5 million.

Cash flow and NIBD

(EUR million)	Q2 2017	Q2 2016
NIBD beginning of period	-842.0	-960.1
Operational EBITDA	235.5	184.4
Change in working capital	-3.0	75.4
Taxes paid	-71.5	-48.5
Other adjustments	1.3	2.0
Cash flow from operations	162.3	213.3
Net Capex	-64.2	-50.4
Cash received from sale of shares	0.0	52.3
Other investments and dividends received	24.5	14.5
Cash flow to investments	-39.7	16.4
Net interest and financial items paid	-7.5	-6.5
Other items	-8.8	-9.5
Net convertible bonds converted	328.0	0.0
Dividend / return of paid in capital	-154.8	-82.0
Translation effect on interest-bearing debt	11.5	-4.0
NIBD end of period	-550.9	-832.4

Cash flow from operations amounted to EUR 162.3 million (EUR 213.3 million). Working capital was stable quarter over quarter on the back of inventory build-up in our Feed operations, offset by release of receivables. Biomass was stable. Taxes paid in the second quarter amounted to EUR 71.5 million. Increased prepayments of tax in Scotland and Canada of approximately EUR 29 million compared to prior estimates have increased guidance for taxes paid in 2017 to EUR 180 million from EUR 150 million.

Net Capex was EUR 64.2 million (EUR 50.4 million). The increase from the second quarter of 2016 is mainly due to the new feed factory in Scotland. Other investments and dividends received are mainly related to dividends from the associated company Nova Sea.

Net convertible bonds converted in the second quarter of 2017 included the NIBD effect of the conversion of the remaining EUR 353.9 million of the EUR 375 million convertible loan to equity, less remaining unamortized loan costs of EUR 25.9 million. See note 9 for further details.

Currency effect on interest-bearing debt of EUR 11.5 million (EUR -4 million) during the quarter was mainly due to the strengthening of EUR.

A quarterly dividend of EUR 154.8 million (EUR 82.0 million), as announced in the previous quarterly report, has been distributed as repayment of paid in capital.



GUIDING PRINCIPLE	AMBITION	ACHIEVEMENT
Profitability	ROCE exceeding 12%	Q2 31.2% YTD 32.4%
Solidity	Long term NIBD target: EUR 1 050 million Farming NIBD / kg EUR 1.8	June 30, 2017 EUR 551 million Farming NIBD / kg EUR 0.7

PROFIT - OPERATIONAL PERFORMANCE AND ANALYTICAL DATA

EUR million	Feed		Farming		Sales and Marketing				Other		Group ¹⁾	
					Markets		Consumer Products					
	Q2 2017	Q2 2016	Q2 2017	Q2 2016	Q2 2017	Q2 2016	Q2 2017	Q2 2016	Q2 2017	Q2 2016	Q2 2017	Q2 2016
External revenue	4.0	3.9	24.9	1.2	464.1	486.3	391.1	339.7	0.0	1.0	884.1	832.1
Internal revenue	61.1	65.5	514.0	507.5	167.5	167.0	14.0	5.1	4.9	3.8	0.0	0.0
Operational revenue	65.0	69.4	538.9	508.6	631.7	653.4	405.1	344.8	4.9	4.9	884.1	832.1
Operational EBIT	1.8	3.3	169.5	136.0	14.4	17.8	15.4	-4.8	-3.2	-3.2	197.9	149.0
Change in unrealized margin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	-1.7
Gain/loss from derivatives	0.0	0.0	1.3	4.7	-0.6	0.0	-2.9	-4.7	3.7	5.0	1.5	5.0
Net fair value adjustment on biomass, onerous contract provisions	0.0	0.2	-30.4	31.7	0.0	0.0	0.0	0.0	0.0	0.0	-30.4	31.8
Restructuring costs	0.0	0.0	0.6	-2.1	0.0	0.0	-0.3	0.0	-0.2	0.0	0.2	-2.1
Other non-operational items	0.0	0.0	0.3	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3	1.3
Income from associated companies	0.0	0.0	7.6	16.2	0.0	0.0	0.0	0.0	-0.1	0.0	7.5	16.2
Impairment losses of fixed assets	0.0	0.0	-0.7	-18.8	-0.2	-0.2	0.1	0.0	-0.5	0.0	-1.3	-19.0
EBIT	1.8	3.4	148.3	168.8	13.7	17.6	12.2	-9.4	-0.3	1.7	176.1	180.5
Operational EBIT %	2.8%	4.7%	31.5%	26.7%	2.3%	2.7%	3.8%	-1.4%	na	na	22.4%	17.9%

1) Group adjusted for eliminations.

Marine Harvest monitors the overall value creation of the operations based on the salmon's source of origin. For this reason Operational EBIT related to our Feed and Sales and Marketing operations is allocated back to the country of origin. The table below and upcoming performance review provide information consistent with the value creation methodology.

Other units reported Operational EBIT of EUR -3.2 million in the quarter (EUR -3.2 million). The currency effects of foreign currency purchases against EUR are recognized as income/cost of EUR 0.7 million in Marine Harvest ASA and Marine Harvest Markets Norway respectively (in the second quarter of 2016, the corresponding effect was EUR 1.2 million).

EUR million	SOURCES OF ORIGIN						Other	Group
	Norway	Scotland	Canada	Chile	Ireland	Faroës		
OPERATIONAL EBIT								
Farming	78.1	49.7	20.3	10.0	11.7	-0.3		169.5
Sales and Marketing								
Markets	6.6	5.0	1.6	1.3	0.0	-0.1	0.0	14.4
Consumer Products	11.6	2.8	0.0	0.0	0.4	0.0	0.5	15.4
Subtotal	96.4	57.5	21.9	11.3	12.2	-0.4	0.5	199.3
Feed	2.0						-0.2	1.8
Other entities ¹⁾							-3.2	-3.2
Total	98.4	57.5	21.9	11.3	12.2	-0.4	-2.9	197.9
Harvest volume (GWE, salmon)	39 372	18 515	9 350	7 741	3 634	0		78 612
Operational EBIT per kg (EUR) ²⁾	2.50	3.10	2.34	1.46	3.35	0.00		2.52
- of which Feed	0.05	0.00	0.00	0.00	0.00	0.00		0.02
- of which Markets	0.17	0.27	0.17	0.17	0.00	0.00		0.18
- of which Consumer Products	0.30	0.15	0.00	0.00	0.12	0.00		0.20
ANALYTICAL DATA								
Price achievement/reference price (%) ³⁾	95%	100%	100%	92%	na	na		96%
Contract share (%)	64%	39%	0%	28%	79%	0%		48%
Quality - superior share (%)	91%	97%	90%	86%	91%	na		92%
Exceptional items incl in Operational EBIT	-16.0	-1.5	0.0	0.0	-1.2	0.0		-18.6
Exceptional items per kg (EUR)	-0.41	-0.08	0.00	0.00	-0.32	0.00		-0.24
GUIDANCE								
Q3 2017 harvest volume (GWE)	60 000	11 500	12 000	14 000	3 000	500		101 000
2017 harvest volume (GWE)	217 000	59 000	41 000	44 000	10 000	6 000		377 000
Q3 2017 contract share (%)	39%	55%	0%	24%	83%	10%		35%

1) Corporate and Holding companies

2) Including Corporate and Holding companies

3) Sales and Marketing Price achievement

MARKET OVERVIEW

Industry

Strong demand resulted in seasonally record high salmon prices in the quarter. Salmon prices increased in all markets year over year.

Global harvest of Atlantic salmon amounted to 472,900 tonnes in the second quarter, an increase of 4% compared to the same quarter in 2016. The increased harvesting was in line with expectations.

Supply	Q2 2017	Change vs	12 month	Q1 2017
	Tonnes GWE	Q2 2016	change	Tonnes GWE
Norway	235 200	-5.5%	-2.8%	249 400
Scotland	39 200	11.7%	-3.4%	35 800
Faroe Islands	22 000	23.6%	-3.4%	14 100
Ireland	4 900	40.0%	11.4%	2 300
Total Europe	301 300	-1.3%	-2.8%	301 600
Chile	117 300	26.0%	-13.2%	118 300
North America	34 900	-13.0%	-4.2%	29 500
Total Americas	152 200	14.3%	-11.3%	147 800
Australia	12 400	9.7%	-5.4%	12 600
Other	7 000	32.1%	27.8%	5 900
Total	472 900	3.9%	-5.3%	467 900

Supply from Norway decreased by 6% compared to the second quarter of 2016. The decrease was slightly more than expected due to lower average harvest weights and slightly fewer than expected harvested individuals.

Harvest from Scotland grew by 12% compared to the second quarter of 2016, which was slightly less than expected. Scotland continued to harvest an increased share of large sized fish in the quarter. Volumes from the Faroe Islands increased by 24% in the quarter compared to the same quarter in 2016 which was slightly less than expected.

Volumes from Chile increased by 26% compared to the second quarter of 2016 due to recovery from last year's algal bloom in region X. The increase was more than expected driven by more fish harvested and higher average weights.

In North America volumes declined by 13% which was in line with expectations.

In the market currency, EUR, prices in Europe increased by 5% compared to the second quarter of 2016. Salmon prices increased by 9% in Miami and 3% in Seattle in USD terms.

Market distribution	Q2 2017 Tonnes GWE	Change vs Q2 2016	12 month change
EU	203 600	-9.8%	-6.5%
Russia	12 500	-0.8%	-24.5%
Other Europe	16 900	1.2%	-5.4%
Total Europe	233 000	-8.6%	-7.8%
US	96 300	0.9%	-4.9%
Brazil	18 100	2.8%	-19.9%
Other Americas	25 200	-0.8%	-6.5%
Total Americas	139 600	0.9%	-7.6%
China/Hong Kong	18 000	-10.9%	-7.4%
Japan	14 200	13.6%	-0.8%
South Korea / Taiwan	11 200	4.7%	-11.0%
Other Asia	20 900	30.6%	3.5%
Total Asia	64 300	8.2%	-3.5%
All other markets	24 900	2.9%	3.2%
Total	461 800	-3.2%	-6.7%

Global consumption declined by 3% in the second quarter compared with the same period in 2016. The discrepancy between supply and consumption developments was caused by inventory movements. 23,000 tonnes of salmon inventory was released into the market in the second quarter of 2016, whereas 11,000 tonnes of inventory accumulated in the second quarter of 2017. The inventory of frozen Chilean salmon has declined for about 1.5 years on the back of a tight global supply situation and is estimated to be at low levels. The inventory build-up in the second quarter of 2017 is a sign of return towards normalization.

Adjusted for higher spot and contract prices, the value of salmon in all main markets is higher than ever and continues to grow.

Consumption in the EU in value terms increased by approximately 5% in the quarter. The key markets in EU continue to grow in value terms, however, in volume terms they are impacted by less salmon being made available combined with a lack of promotional activity. Consumption in Russia remained stable in the quarter.

US consumption increased by 1% compared with the same quarter in 2016. Consumption in Brazil increased by 3% as more Chilean salmon was available for that market.

Consumption in the Asian market increased by solid 8% in the quarter compared to the same period last year. Growing exports from Europe to Asia continues, particularly of large sized fresh salmon.

Source: Kontali and Marine Harvest

Reference prices	Q2 2017	Change vs	Q2 2017	Change vs
	Market	Q2 2016	NOK	Q2 2016
Norway ¹⁾	EUR 7.22	5.4%	NOK 67.72	6.0%
Chile ²⁾	USD 5.82	9.4%	NOK 49.56	12.8%
Chile, GWE ³⁾	USD 6.93	17.1%	NOK 59.02	20.8%
North America ⁴⁾	USD 3.39	3.2%	NOK 28.86	6.4%
North America GWE ³⁾	USD 7.00	2.5%	NOK 59.61	5.8%

1) NASDAQ average superior GWE/kg (gutted weight equivalent)

2) Urner Barry average D trim 3-4 lbs FOB Miami

3) Reference price converted back-to-plant equivalent in GWE/kg

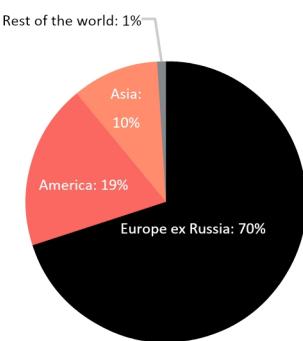
4) Urner Barry average GWE 10-12 lbs FOB Seattle

Marine Harvest

Geographic market presence

Total salmon revenues in the second quarter were distributed as shown in the graph below. Europe is by far the largest market for Marine Harvest's salmon with 70% of the total revenues (69%). France, Germany and the UK are the main markets for our products.

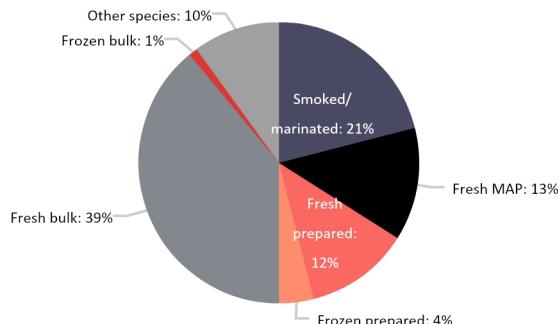
Sales by Geography Q2 2017



Sales by product

The Group's main species is Atlantic salmon. The sales revenue distribution across product categories was as follows in the second quarter:

Sales by product Q2 2017



Fresh bulk salmon represented 39% of total sales revenues (43%), while smoked/marinated and elaborated salmon together accounted for 46 % (45%).

Branding and product development efforts

In the second quarter we continued our efforts to further develop existing brands.

In the US, our Ducktrap smoked seafood facility continues to expand its business and strengthen its market position as a leader in the US smoked seafood category. The volume growth in the second quarter of 2017 was 3.4% compared to the second quarter of 2016. As a consequence of the sales growth in recent years, Ducktrap will expand with a 4,600 m² building adjacent to its current plant. This will make Ducktrap a 11,600 m² operation and one of the top 3 smokers in the US.

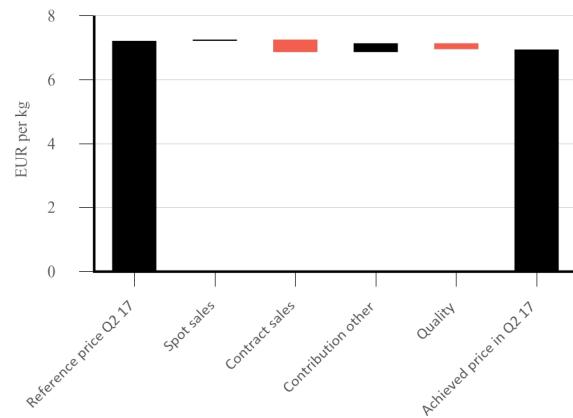
We anticipate the expansion to be completed in the first quarter of 2018 and plan to use 50% of the building's processing capacity right away. The new building will be dedicated to cold-smoked salmon, the largest-selling product segment.

In Asia, our Mowi brand has seen a 10.4% volume growth in the second quarter of 2017 compared to the second quarter of 2016. However, the volume development towards the end of the quarter has been affected by raw material shortages.

Price achievement

Prices in all markets were higher than in the second quarter of 2016 due to strong demand.

Global Price Achievement
Q2 2017



Price achieved by the farming units in Norway, Scotland, Canada, Chile and Faroes.

The global reference price was 8% higher in the second quarter of 2017 compared to the second quarter of 2016. The combined global price achieved was 4% below the reference price in the period. In the second quarter of 2016, the global price achieved was 13% below the reference price. Contracts impacted price achievement negatively in the second quarter of both 2017 and 2016, but the negative effect was greater in 2016. Maturity issues in Chile also had a negative effect on the group's price achievement in the second quarter of 2017.

Markets				
Q2 2017	Norwegian	Scottish	Canadian	Chilean
Contract share	64%	39%	0%	28%
Quality - superior share	91%	97%	90%	86%
Price achievement	95%	100%	100%	92%

Average price achievement is measured against reference prices in all markets (NASDAQ for Norwegian, Scottish and Faroese salmon, and Urner Barry for Chilean and Canadian salmon).

PROFIT - OPERATIONAL PERFORMANCE

Salmon of Norwegian origin

EUR million	Q2 2017	Q2 2016
Operational EBIT	98.4	113.9
EBIT	84.3	153.4
Harvest volume (GWE)	39 372	53 743
Operational EBIT per kg (EUR)	2.50	2.12
- of which Feed	0.05	0.06
- of which Markets	0.17	0.18
- of which Consumer Products	0.30	-0.03
Exceptional items incl in op. EBIT	-16.0	-18.7
Exceptional items per kg (EUR)	-0.41	-0.35
Price achievement/reference price	95%	83%
Contract share	64%	52%
Superior share	91%	92%

Financial results

Operational EBIT amounted to EUR 98.4 million (EUR 113.9 million) in the second quarter, the equivalent of EUR 2.50 per kg (EUR 2.12). The profitability of the four Norwegian regions varied significantly, with EUR 0.67 per kg separating the best performing region (Region North) from the lowest performing region (Region Mid). The negative effects of lower harvesting volume and increased costs have more than offset the positive effect of higher prices compared to the second quarter of 2016.

Financial EBIT amounted to EUR 84.3 million (EUR 153.4 million).

Exceptional items related to mortality and lice mitigation negatively impacted Operational EBIT by EUR 16.0 million in the second quarter (EUR 18.7 million).

Price and volume development

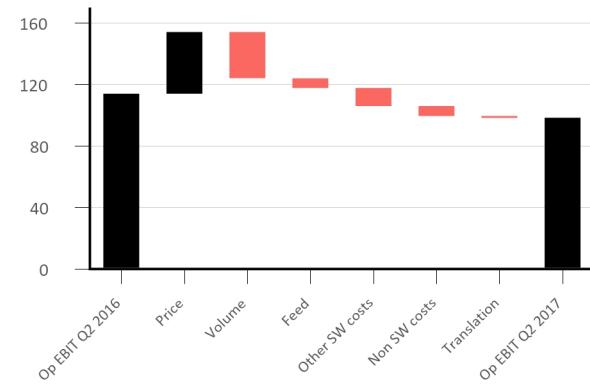
Prices have been high also in the second quarter. The reference price for salmon of Norwegian origin increased by 5% compared to the second quarter of 2016 due to strong demand and lower supply. The average reference price in the second quarter was EUR 7.22 per kg. Although seasonally record high in the quarter, the average price has decreased by 1% from the first quarter.

Marine Harvest had a contract share of 64% for salmon of Norwegian origin in the second quarter, compared to 52% in the second quarter of 2016.

The overall price achieved was 5% below the reference price in the quarter (17% below). Average contract prices improved in the quarter, but were still below spot prices. The contract share impacted price achievement negatively, and is a consequence of lower than expected harvest volume.

Harvested volume in the second quarter was 39 372 tonnes gutted weight (53 743 tonnes gutted weight). The harvest volume was lower than in the comparable quarter last year. This is due to lower production following biological challenges, as well as lower opening biomass.

Operational EBIT Salmon of Norwegian Origin Q2 2017 vs Q2 2016



Costs and operations

The cost level for harvested fish is impacted by biological challenges and negative scale effects from reduced volume. Costs increased in all regions in Norway compared to the second quarter of 2016.

The biological cost¹⁾ of harvested fish increased by 16% compared to the second quarter of 2016.

The cost of feed per kg harvested salmon was up by 10% compared to the corresponding quarter in 2016 as a result of increased feed conversion ratios. Feed conversion ratios have been negatively impacted by reduced feeding appetite following biological issues.

As in previous periods, sea lice mitigation costs have been high for the harvested generation. The health cost per kg salmon harvested in the second quarter of 2017 increased by 12% compared to the corresponding quarter in 2016. The health cost per kg is slightly below the all-time high level seen in the fourth quarter of 2016. The primary challenge for the Norwegian farming operations continues to be sea lice, and substantial effort is devoted to mitigating and resolving this challenge.

The estimated exceptional cost related to sea lice mitigation amounted to EUR 15.8 million (EUR 17.7 million) in the second quarter of 2017. Per kg harvested, exceptional sea lice mitigation costs amounted to EUR 0.40 (EUR 0.33) in the quarter.

Incident based mortality losses in the amount of EUR 1.6 million have been recognized in the quarter, of which EUR 1.5 million is included in the cost of lice mitigation and losses above. Losses from incident-based mortality in the second quarter of 2016 amounted to EUR 1.5 million, of which EUR 0.5 million was related to sea lice.

Costs for harvested fish are expected to be reduced in the second half of 2017.

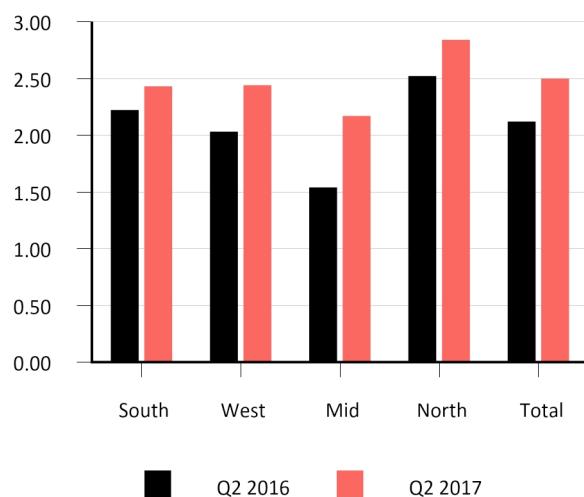
¹⁾ As defined in the Annual Report, section "Analytical information". Total of feed cost and other seawater costs, before transportation to the processing plant.

Salmon of Norwegian origin by region

Regions	South	West	Mid	North	Total
EUR million	Q2 2017				
Operational EBIT	21.8	33.9	13.8	28.9	98.4
Harvest volume (GWE)	8 960	13 880	6 357	10 175	39 372
Operational EBIT per kg (EUR)	2.43	2.44	2.17	2.84	2.50
Superior share	93%	91%	90%	90%	91%

Regions	South	West	Mid	North	Total
EUR million	Q2 2016				
Operational EBIT	32.9	23.7	18.3	38.9	113.9
Harvest volume (GWE)	14 798	11 665	11 837	15 443	53 743
Operational EBIT per kg (EUR)	2.22	2.03	1.54	2.52	2.12
Superior share	94%	95%	92%	89%	92%

Operational EBIT per kilo per region Q2 2017 vs Q2 2016 incl. sales margin



Region South

- Operational EBIT totaled EUR 21.8 million in the second quarter (EUR 32.9 million), or EUR 2.43 per kg (EUR 2.22).
- Biological costs per kg harvested fish in the second quarter increased by 18% from the second quarter in 2016. This is due to harvesting from lower performing generations of fish, with increased health costs and reduced growth due to treatments.
- A total of 8 960 tonnes gutted weight (14 798 tonnes) was harvested. The volume decrease is mainly due to lower opening biomass.
- No incident based mortality was recognized in the quarter.
- Seawater production was lower than in the second quarter of 2016 due to lower opening balance of biomass. This is partially offset by lower mortality.
- The level of sea lice was lower at the end of the second quarter compared to the second quarter of 2016. However, sea lice remains a challenge, and the region is currently seeking to improve its non-medicinal lice treatment capacity going forward.

Region West

- Operational EBIT totaled EUR 33.9 million in the second quarter (EUR 23.7 million), or EUR 2.44 per kg (EUR 2.03).
- Biological costs per kg harvested fish in the second quarter increased by 17% from the second quarter of 2016 mainly due to a 14% increase in feed costs and a 15% increase in lice mitigation and treatment costs.
- A total of 13 880 tonnes gutted weight (11 665 tonnes) was harvested. The increase is mainly due to delayed harvesting in the comparable quarter of 2016. Region West was the only region of Marine Harvest Norway which increased the harvest volumes compared to the second quarter of 2016.
- Seawater production was lower than in the second quarter of 2016, mainly due to lice treatments.
- Gill issues and sea lice have continued to be a problem in the second quarter. Sea lice levels were higher than for the comparable quarter of 2016, and the sea lice pressure is high for the generation which will be harvested going forward.
- There was no incident based mortality in the quarter, but EUR 0.3 million related to insurance income on previous incidents was recognized in the quarter.

Region Mid

- Operational EBIT totaled EUR 13.8 million in the second quarter (EUR 18.3 million), or EUR 2.17 per kg (EUR 1.54).
- The cost per kg harvested fish was very high in the quarter due to biological challenges and negative scale effects as a result of low harvested volume. In the quarter, the region has experienced high mortality and losses related to treatments (sea lice and CMS). Biological costs per kg harvested fish in the second quarter increased by 18% from the second quarter in 2016.
- Incident based mortality in the amount of EUR 2.0 million was recognized in the quarter, mainly related to CMS and treatments.
- A total of 6 357 tonnes gutted weight (11 837 tonnes) was harvested. The decreased volume is due to lower opening balance of biomass as a consequence of lower growth and biological issues.
- Seawater production was lower than in the second quarter of 2016 due to lower opening balance of biomass, high mortality and reduced growth related to treatments.
- Sea lice and CMS are challenges for this region, and sea lice levels exceed the corresponding quarter of 2016. Region Mid will have a high focus on non-medical treatments and mortality going forward.

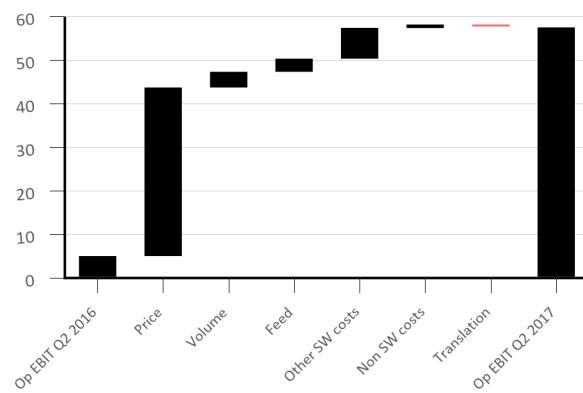
Region North

- The best performing region of Marine Harvest Norway in the second quarter of 2017 measured in Operational EBIT per kg. Operational EBIT totaled EUR 28.9 million in the second quarter (EUR 38.9 million), or EUR 2.84 per kg (EUR 2.52).
- Biological costs per kg harvested fish in the second quarter increased by 12% from the second quarter of 2016, mainly due to an 11% increase of feed costs. Costs are negatively impacted by scale effects from reduced volume.
- A total of 10 175 tonnes gutted weight (15 443 tonnes) was harvested. The volume decrease is due to early harvesting related to sea lice and CMS.
- No incident based mortality was recognized in the quarter.
- Seawater production was at the same level as in the second quarter of 2016.
- Sea lice pressure decreased compared to the second quarter of 2016, and the sea lice situation seems to be under control in the region.

Salmon of Scottish origin

EUR million	Q2 2017	Q2 2016
Operational EBIT	57.5	5.0
EBIT	51.8	12.4
Harvest volume (GWE)	18 515	10 809
Operational EBIT per kg (EUR)	3.10	0.47
- of which Markets	0.27	0.28
- of which Consumer Products	0.15	-0.35
Exceptional items incl in op. EBIT	-1.5	0.0
Exceptional items per kg (EUR)	-0.08	0.00
Price achievement/reference price	100%	82%
Contract share	39%	69%
Superior share	97%	95%

Operational EBIT Salmon of Scottish Origin Q2 2017 vs Q2 2016



Financial results

Operational EBIT amounted to EUR 57.5 million in the second quarter (EUR 5.0 million), the equivalent of EUR 3.10 per kg (EUR 0.47). The record high results in the quarter are due to continued high prices, increased harvest volume and improved biological performance. In addition, the margin allocated from Consumer Products to salmon of Scottish origin has been improved compared to the second quarter of 2016.

Financial EBIT amounted to EUR 51.8 million (EUR 12.4 million).

Price and volume development

The reference price in local currency was up by 14% in the second quarter of 2017 compared to the second quarter of 2016. The price level reflects strong demand and reduced supply of salmon of Scottish origin.

The overall price achieved was at the reference price in the quarter (18% below). The relative improvement in price achievement is mainly due to larger allocated margin from Consumer Products to salmon of Scottish origin.

The second quarter harvest volume was 18 515 tonnes gutted weight which is an increase from the corresponding quarter in 2016 (10 809 tonnes) due to more biomass in sea at the start of the year, strong production and improved fish health.

Costs and operations

The cost level per kg harvested decreased in the second quarter of 2017 compared to the second quarter of 2016, due to harvesting from good performing sites and scale effects from increased volumes.

Biological costs per kg decreased by 14% in the second quarter of 2017 compared to the corresponding quarter of 2016. The cost of feed per kg harvested salmon was down by 9% compared to the corresponding quarter of 2016 as a result of decline in feed prices and improved performance. Other seawater costs decreased by 20% due to improved biology and scale effects from increased volumes.

The level of sea lice was reduced compared to the second quarter of 2016. However, the lice challenge is still significant, and mechanical and medical tools are deployed to maintain control.

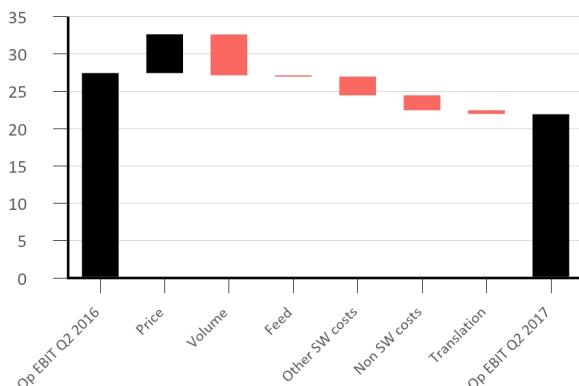
As a result of improved biology, production has continued to be strong in the second quarter, notwithstanding some mortality issues. Incident based mortality of EUR 1.5 million was recognized due to CMS at two sites. In the comparable quarter, no incident based mortality was recognized.

Due to harvesting from lower performing sites, and reduced volumes, costs are expected to increase in the second half of 2017.

Salmon of Canadian origin

EUR million	Q2 2017	Q2 2016
Operational EBIT	21.9	27.4
EBIT	17.1	15.9
Harvest volume (GWE)	9 350	11 745
Operational EBIT per kg (EUR)	2.34	2.34
- of which Markets	0.17	0.08
- of which Consumer Products	0.00	0.00
Exceptional items incl in op. EBIT	0.0	0.0
Exceptional items per kg (EUR)	0.00	0.00
Price achievement/reference price	100%	99%
Contract share	0%	0%
Superior share	90%	90%

Operational EBIT Salmon of Canadian Origin Q2 2017 vs Q2 2016



Financial results

Operational EBIT amounted to EUR 21.9 million in the second quarter (EUR 27.4 million), the equivalent of EUR 2.34 per kg (EUR 2.34). The decrease in Operational EBIT compared to the second quarter of 2016 is mainly due to lower harvested volume and increased costs. These effects have been partially offset by higher prices.

Financial EBIT amounted to EUR 17.1 million (EUR 15.9 million).

Price and volume development

The North American market continued to yield high spot prices in the second quarter of 2017. Market prices for fresh whole Canadian salmon increased by 3% in the second quarter of 2017 compared to the second quarter of 2016. The average price per lb gutted weight (Urner Barry 10-12 lb) was USD 3.39 per lb. Although seasonally record high in the second quarter, the average price has decreased by 16% from the first three months of the year due to increased exports from Europe and Chile into the North American market.

Price achievement in the second quarter was at the reference price (1% below). There were no contracts for salmon of Canadian origin in the second quarter of 2017 or 2016. The superior share was 90% in the second quarter of both 2017 and 2016.

Costs and operations

The cost level in the second quarter of 2017 was higher than in the comparable quarter of 2016, mainly due to negative scale effects from decreased volumes, and harvesting from sites with higher cost. The biological costs per kg salmon harvested in the quarter increased by 9%.

No incident based mortality has been recognized in the second quarter of 2017 or 2016.

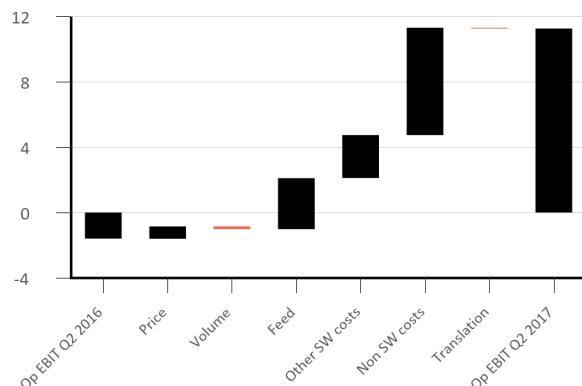
Sea lice levels at the end of the quarter are low, and the situation is closely monitored so that treatments can be initiated in a timely manner.

Production has been higher than in the second quarter of 2016, despite lower opening biomass, and unfavorable seawater temperatures in parts of the quarter.

Salmon of Chilean origin

EUR million	Q2 2017	Q2 2016
Operational EBIT	11.3	-1.6
EBIT	15.6	-12.7
Harvest volume (GWE)	7 741	7 076
Operational EBIT per kg (EUR)	1.46	-0.23
- of which Markets	0.17	0.57
- of which Consumer Products	0.00	0.00
Exceptional items incl in op. EBIT	0.0	-3.8
Exceptional items per kg (EUR)	0.00	-0.54
Price achievement/reference price	92%	105%
Contract share	28%	23%
Superior share	86%	90%

Operational EBIT Salmon of Chilean Origin Q2 2017 vs Q2 2016



Financial results

Operational EBIT amounted to EUR 11.3 million in the second quarter (EUR -1.6 million), the equivalent of EUR 1.46 per kg (EUR -0.23). The main driver behind the increase from the second quarter of 2016 is cost improvements. Operations in the second quarter of 2016 were impacted by the algal bloom.

Financial EBIT amounted to EUR 15.6 million (EUR -12.7 million).

Price and volume development

The Urner Barry reference price for Chilean salmon was up by 9% compared to the second quarter of 2016. The average price per lb fillet in the quarter (Urner Barry D-trim 3-4 lb) was USD 5.82. However, prices have decreased by 6% from the first quarter of 2017.

North America remains the most important market for salmon of Chilean origin. Price achievement for Chilean salmon was 8% below the reference price in the quarter (5% above), and is negatively impacted by maturity issues at three sites in region XI.

The contract share was 28% in the quarter, compared to 23% in the second quarter of 2016.

Harvested volume was 7 741 tonnes gutted weight in the second quarter (7 076 tonnes). Volumes are adversely impacted by early harvesting in prior months due to maturity issues and challenging weather conditions.

Volumes in 2016 were impacted by SRS issues and early harvest due to the algal bloom.

Costs and operations

Operational cost in box was USD 5.07 per kg. This is a significant reduction from USD 6.24 per kg in the second quarter of 2016 (adjusted for exceptional items), when costs were higher due to effects of the algal bloom.

Production in the second quarter has been negatively impacted by early harvesting and mortality due to SRS and maturity issues.

No incident based mortality losses have been recognized in the second quarter of 2017 or 2016.

We expect that price achievement in the second half of 2017 will be negatively impacted by approximately USD 2.5 million due to maturity issues. The recent complex regulatory changes for fish farming in Chile are expected to increase costs in the long term.

Salmon of Irish origin

EUR million	Q2 2017	Q2 2016
Operational EBIT	12.2	1.3
EBIT	8.0	4.7
Harvest volume (GWE)	3 634	1 452
Operational EBIT per kg (EUR)	3.35	0.86
- of which Markets	0.00	0.00
- of which Consumer Products	0.12	-0.09
Exceptional items incl in op. EBIT	-1.2	-0.2
Exceptional items per kg (EUR)	-0.32	-0.11
Price achievement/reference price	na	na
Contract share	79%	85%
Superior share	91%	95%

Operational EBIT amounted to EUR 12.2 million in the second quarter (EUR 1.3 million), which was EUR 3.35 per kg (EUR 0.86 per kg). The record high results in the quarter is due to good operational performance, lower cost and strong prices. Achieved prices were 19% higher in the second quarter of 2017 than in the second quarter of 2016, and 22% higher compared to the fourth quarter of 2016.

Financial EBIT amounted to EUR 8.0 million (EUR 4.7 million).

Operational costs have been reduced by 15% in the second quarter of 2017 compared to the second quarter of 2016. The cost reduction is caused by lower biological costs in addition to lower indirect costs due to scale effects.

Harvest volume was 3 634 tonnes gutted weight, which is higher than in the comparable quarter of 2016 (1 452 tonnes) and the first quarter of 2017 (633 tonnes). The rate of harvesting was slowed in the first quarter in order to increase harvest weights and volumes in later quarters.

Salmon of Faroese origin

EUR million	Q2 2017	Q2 2016
Operational EBIT	-0.4	5.7
EBIT	2.7	10.8
Harvest volume (GWE)	0	2 334
Operational EBIT per kg (EUR)	0.00	2.46
- of which Markets	0.00	0.05
- of which Consumer Products	0.00	0.00
Exceptional items incl in op. EBIT	0.0	-0.3
Exceptional items per kg (EUR)	0.00	-0.11
Price achievement/reference price	na	92%
Contract share	0%	0%
Superior share	na	84%

Operational EBIT amounted to EUR -0.4 million (EUR 5.7 million), which was EUR 0.00 per kg (EUR 2.46 per kg). There was no harvesting in the Faroe Islands operations in the second quarter. As in the first quarter, there was no incident based mortality in the Faroe Islands in the second quarter of 2017.

Financial EBIT amounted to EUR 2.7 million (EUR 10.8 million).

Our Faroese operations are subject to a two-year cycle resulting in alternating years with high and low volume. As a consequence, there will be no harvesting from February to August in 2017.

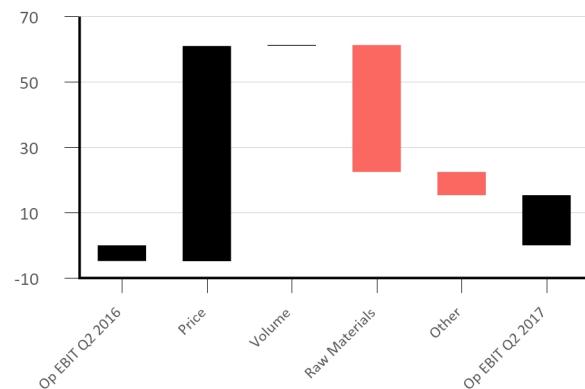
Consumer Products

EUR million	Q2 2017	Q2 2016
Operating revenues	405.1	344.8
Operational EBIT¹⁾	15.4	-4.8
Operational EBIT %	3.8%	-1.4%
EBIT²⁾	15.0	-4.8
Volume sold (tonnes product weight)	31 357	32 783
Exceptional items	0.0	0.0
Volume share salmon	78%	79%
Revenue share salmon	85%	81%

¹⁾ Operational EBIT for salmon in Consumer Products is also included in the results per country of origin.

²⁾ After elimination of unrealized gain/loss on group-internal hedging contracts.

Operational EBIT Consumer Products Q2 2017 vs Q2 2016



Financial results

Operational EBIT for Consumer Products was EUR 15.4 million (EUR -4.8 million), which is seasonally record high. The Operational EBIT margin was 3.8% (-1.4%).

Financial EBIT²⁾ amounted to EUR 15.0 million (EUR -4.8 million).

Operational EBIT for our Fresh operations in the second quarter of 2017 was above the comparable quarter of 2016. In general, the increase is due to operational improvements, adaption of sales prices to increased raw material costs and successful promotions. In 2016, the results were heavily impacted by start-up costs for the Rosyth plant.

For our Chilled operations, earnings have been positively affected by adaption of sales prices to increased raw material costs and a favorable contract portfolio. Volumes have been under pressure due to price increases, but the timing of the Easter sales contributed to an overall volume increase (Easter was in Q2 2017 vs. Q1 2016).

Price and volume development

Consumer Products' operating revenues were EUR 405.1 million (EUR 344.8 million). Average price achieved per sold volume in the second quarter of 2017 has increased compared to the second quarter of 2016. Sales prices have improved mainly due to adjustments of prices to reflect significantly increased raw material prices.

Total volume sold in the second quarter of 2017 was 31 357 tonnes product weight. The volume has decreased for Fresh sales, but increased for Chilled sales.

We are experiencing good sales growth in Benelux and the UK. Germany and France continue to be very important regions for the products of Consumer Products. However, higher retail prices have continued to hamper sales to retail customers in these markets.

Costs and operations

Both our Fresh operations and Chilled operations were profit-making in the second quarter. Processing costs have increased due to negative scale effects from reduced volumes in our Fresh operations, and due to product mix effects in our Chilled operations.

EUR million	Q2 2017		
	Fresh	Chilled	Total
Volume sold (tonnes prod wt)	14 509	16 847	31 357
Operational EBIT	6.5	8.8	15.4
Operational EBIT per kg (EUR)	0.45	0.52	0.49

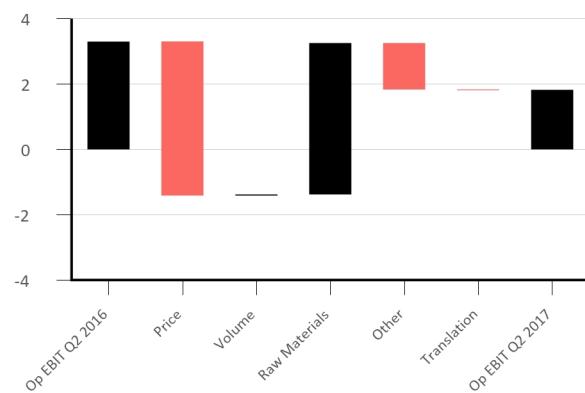
EUR million	Q2 2016		
	Fresh	Chilled	Total
Volume sold (tonnes prod wt)	16 232	16 551	32 783
Operational EBIT	-2.9	-1.9	-4.8
Operational EBIT per kg (EUR)	-0.18	-0.11	-0.15

Feed

EUR million	Q2 2017	Q2 2016
Operating revenues	65.0	69.4
Operational EBIT	1.8	3.3
Operational EBIT %	2.8%	4.7%
EBIT	1.8	3.4
Feed sold volume	56 394	55 956
Feed produced volume	79 440	74 821
Exceptional items	0.0	0.0

Operational EBIT for Feed is also included in the results per country of origin (currently only Norway).

Operational EBIT Feed Q2 2017 vs Q2 2016



Financial results

Operational EBIT was EUR 1.8 million (EUR 3.3 million) in the second quarter of 2017. The Operational EBIT margin was 2.8% (4.7%).

Financial EBIT amounted to EUR 1.8 million (EUR 3.4 million).

Price and volume development

Operating revenues were EUR 65.0 million in the second quarter (EUR 69.4 million).

Volumes sold in the second quarter were 56 394 tonnes, compared to 55 956 tonnes in the second quarter of 2016. Volumes sold in the second quarter of 2017 accounted for 88% of total feed delivered to our Norwegian farming operations (85% in the second quarter of 2016).

We maintain our focus on our efficiency improvement projects and our annual production capacity is approximately 330 000 tonnes.

Feed prices have decreased in the second quarter of 2017 compared to the second quarter of 2016. Feed prices are set at market terms and benchmarked against third parties. As the largest buyer of salmon feed globally, we are able to efficiently benchmark our own feed against third party suppliers both with regards to price and quality.

Costs and operations

Raw material costs have decreased in the quarter, especially for fish oil. However, this effect has been offset by reduced sales price for feed products. Some upwards price pressure is expected for raw materials going forward. This is partly a result of the full Peruvian quota not being captured. In addition, demand for fish meal has increased, as lower prices result in moderate increases in inclusion rates in some salmon diets. Fish oil price continues to be under pressure as a result of better catches and lower demand.

Given the increasing fish feed self-sufficiency, we target further reduction in the third party share of feed going forward. We continue to develop our range of products to reduce the dependency on third party feed purchases

Construction of our new feed plant in Scotland is progressing. For further information, please refer to the Events section of this report.

PLANET - SUSTAINABLE AND RESPONSIBLE DEVELOPMENT

Our operations and long-term profitability ultimately depend on sustainable and environmentally responsible interactions with the natural environment. We rely on qualified personnel to maintain fish health, avoid escapes and minimize the environmental impact of our operations.

Escape prevention

Marine Harvest has a target of zero fish escapes and is constantly striving to prevent escapes and improve methods, equipment and procedures that can minimize or eliminate escapes. Unfortunately, there were 3 escape incidents in the second quarter; 2 in Canada with 2 escaped fish, and 1 in Chile with 348 escaped fish. In the second quarter of 2016, there was 1 escape incident in Norway with 30 escaped fish.

Fish health

Pancreas Disease (PD): 5 new sites were diagnosed with PD in the second quarter; 4 in Norway and 1 in Ireland. In the second quarter of 2016, 1 new site (Norway) was diagnosed with PD.

Amoebic Gill Disease (AGD): High presence of a microscopic amoeba named *Paramoeba perurans* can cause AGD, with elevated mortality and reduced performance. Since 2013, the amoeba has also been found in Norway. The presence of the amoeba increases with higher seawater temperatures. Treatments were carried out in several of our farming entities. Marine Harvest's fish health teams and seawater production departments take immediate action when AGD appears.

Infectious Salmon Anaemia (ISA): No new sites were diagnosed with ISA in the second quarter (1 in the second quarter of 2016). Our monitoring and surveillance continues and we maintain strict measures to immediately harvest out sites with ISA according to regulatory requirements.

Lice management

Marine Harvest actively works to reduce the sea lice load in all farming units. Scotland, Chile and regions North and South in Norway reported lower sea lice levels at the end of the second quarter of 2017 compared to the end of the second quarter of 2016. Canada, Ireland, Faroes and regions Mid and West in Norway reported higher lice levels at the end of the second quarter of 2017 compared to the end of the second quarter of 2016.

The share of fish undergone medicinal treatments against sea lice was reduced by 25% in the second quarter of 2017 compared to the second quarter of 2016. The capacity of non-medicinal solutions has increased in the operating units, reducing the dependency on medicinal treatments. Extensive development and testing of non-medicinal tools and methods continues in collaboration between Marine Harvest's Global R&D and Technical department and operating units.

SRS still a concern for salmon farming in Chile

Salmonid Rickettsial Septicaemia (SRS) is caused by an intracellular bacterium which occurs mainly in Chile. SRS is treated using licensed antibiotics and is the primary reason for our use of antibiotics in our operations. In the second quarter, treatment was carried out at several sites in Chile.

Mortality caused by SRS is still a major challenge in Chilean salmon farming. A new SRS vaccine was launched in 2016. The industry has positive expectations, but the effect under commercial conditions is still to be verified.

Medicine use

Marine Harvest focuses on preventing the development and spread of infectious diseases. If fish get infected, they are treated with approved medicines. In the second quarter, our use of antibiotics was 109 grams per ton biomass produced compared to 55 grams per ton in the second quarter of 2016.

ASC certifications

As of the close of the second quarter of 2017 we had 62 sites certified (45 in Norway, 10 in Canada, 4 in Ireland, 2 in Scotland and 1 in Faroes).

Several additional sites have been audited and are expected to be certified in 2017. Marine Harvest is taking the lead in ASC implementation and we are committed to demonstrate an environmentally responsible development in our organization.

For further information regarding sustainability and biological risk management, reference is made to the 2016 Annual Report and our sustainability reporting at the Global Salmon Initiative (GSI).



GUIDING PRINCIPLE - ISSUE	AMBITION	Q2 2017 Achievement
Ensure sustainable wild-farmed interaction in the farming activity	Zero escapes	Three escape incidents and 350 fish lost (one incident with 30 fish lost in the second quarter of 2016)
Ensure healthy stocks minimizing diseases and losses in the farming activities	Monthly survival rate of at least 99.5% within 2020	Average monthly survival rate in the quarter of 98.9% (same as in the second quarter of 2016)

PEOPLE - SAFE AND MEANINGFUL JOBS

The safety, self-respect and personal pride of our employees cannot be compromised if Marine Harvest is to succeed as a company and maintain good relationships with local communities.

Employee Health and Safety

In the second quarter, the Group recorded 33 Lost Time Incidents (LTIs), which is a decrease from 45 in the second quarter of 2016.



GUIDING PRINCIPLE - ISSUE	AMBITION	Q2 2017 Achievement
Safe jobs	No lost time incidents (LTI)	LTIs per million hours worked was 8.72. Programs are in place to reduce the number.
Healthy working environment	Absenteeism < 4%	Absenteeism of 4.9% in the quarter.

PRODUCT - TASTY AND HEALTHY SEAFOOD

We aim to continually deliver healthy, tasty and responsibly produced seafood to our customers to deliver long-term financial profitability.

Consumer Products in Europe

French summer range of 2017

In order to improve fish consumption during the summer period, especially amongst young people, Consumer Products Europe has launched a new series of barbecue products. The product range includes salmon ribs with barbecue sauce and a tasty salmon burger with grill marks.

Marine Harvest North America

Large potential for fresh packed salmon in the US

Recent statistics from the Norwegian Seafood Council indicate a volume increase of 33% for sale of fresh packed salmon in the first half of 2017. There is still great potential for increased sales of fresh packed salmon in the US, as fresh packed's share of total sales volume for salmon is only 3%. For comparison, the corresponding fresh packed's share of total sales volume for salmon for Norway is 86%, and 62% for Germany.

Ducktrap

Our Ducktrap smoked seafood facility continues to expand its business and strengthen its market position as a leader in the US smoked seafood category. Ducktrap is known for its traditional smoking techniques and all-natural brining recipes using locally sourced apple, cherry, maple and oak woods. In addition to the classic smoked atlantic salmon, Ducktrap smokes a variety of items including but not limited to mackerel, rainbow trout, wild sockeye and shellfish. Smoked seafood pâtés are also part of Ducktrap's growing portfolio and are fan favorites amongst consumers. Ducktrap products can be found in retail cases and restaurants menus nationwide.

Measured in LTIs per million hours worked (rolling average), the figure has improved to 8.72 from 9.93 in 2016.

Absenteeism has also decreased to 4.9% from 5.2% in the same quarter of 2016.

As a consequence of the sales growth in recent years, Ducktrap will expand with a 4,600 m² building adjacent to its current plant. This will make Ducktrap a 11,600 m² operation and one of the top 3 smokers in the US. We anticipate the expansion to be completed in the first quarter of 2018 and plan to use 50% of the building's processing capacity right away. The new building will be dedicated to cold-smoked salmon, the largest-selling product segment. Ducktrap currently employs 160 people and we anticipate the need to hire more people once the new building is operational.



Illustration: Branded cedar planks sold by Marine Harvest USA

Branded cedar planks

Marine Harvest's Dallas plant has provided our US operations with 9,300 m² to keep up with skin-pack demand as well as prepare new innovative products. In addition to pre-seasoned fillets and portions, Marine Harvest has even introduced a branded cedar plank. The cooked product is extremely moist and infused with the aromatic scent of Western Red Cedar. This provides a fine dining experience in the comfort of one's own home. We are bringing this old Pacific Northwest cooking technique into homes coast to coast.



GUIDING PRINCIPLE - ISSUE	AMBITION	Q2 2017 Achievement
Food quality and safety	Supply seafood with valuable health benefits for its quality and documented safety	Health targets met
Product innovation	Marine Harvest wants to play an important role in the design and use of products to satisfy customer needs.	Continuous effort with existing brands

EVENTS DURING AND AFTER THE CLOSE OF THE QUARTER

Marine Harvest East Canada

Marine Harvest is currently working on staffing the newly established organization in East Canada, and is preparing a production plan and an investment framework. Smolt stocking is expected to commence in 2019, and first harvesting in 2020.

Status for development licenses in Norway

Marine Harvest Norway has been granted four development licenses in relation to the closed-end farming composite "Egg" concept. Marine Harvest is pleased that the authorities share the view that the "Egg" represents a potential new production solution within salmon farming which may contribute to further develop the salmon farming industry. However, Marine Harvest has appealed the rejection of the remaining ten development licenses in the application for the "Egg" concept.

The Directorate of Fisheries has also notified Marine Harvest Norway that it will not grant development licenses for more than 1,100 tonnes of maximum allowed biomass for the "Donut" concept. The application was for 8 development licenses (6,240 tonnes). The Directorate has not yet granted any development licenses for this concept.

Marine Harvest Norway has also applied for development licenses for two other concepts: The "Beck Cage" concept has been rejected by the Directorate of Fisheries, but the decision has been appealed. We have not received any notifications regarding the application for the "Ship" concept.

New Managing Director of Marine Harvest Norway Region South

Turid Solheim has been appointed new Managing Director of Marine Harvest Norway Region South. She has been working with Marine Harvest since 1994 and holds degrees in aquaculture and economics from Molde University College. Turid Solheim comes from the position as Managing Director of Region North and she has previously been production manager in the region she will now be leading. She has also served on Marine Harvest's Board of Directors.

Construction of the new feed plant in Scotland

The construction work is progressing. The construction of the EUR 110 million plant is expected to be completed in the second half of 2018. The state-of-the-art feed plant will employ 55 people in a diverse range of permanent jobs and will be one of the most efficient and sustainable fish feed plants globally.



Photo: Construction of the feed plant at Kyleakin.

Marine Harvest expands in Poland

Marine Harvest is expanding its Ingredients operations, and is now building a factory located by the Morpol plant in Ustka, Poland. The new factory will produce salmon oil and salmon meal, and the factory will meet the high quality standards required for human food production. The new plant is expected to be operational in the second quarter of 2018. Estimated investments are approximately EUR 8 million.

Two new wellboat contracts with DESS Aquaculture Shipping

DESS Aquaculture Shipping has entered into two new wellboat newbuilding contracts. The vessels will have a capacity of 3,500 m³ each and are expected to be delivered in 2019. The wellboats will enter into five year charter contracts with Marine Harvest. Accordingly, DESS Aquaculture Shipping has a total of 4 wellboats and 1 harvest vessel under construction. DESS Aquaculture Shipping is owned 50% by Marine Harvest and 50% by SolstadFarstad.

Signed protocol agreement on exports of salmon from Norway to China

On 23 May, Norway and China signed a protocol agreement which includes the veterinary arrangements regarding salmon exports from Norway to China. According to the agreement, salmon suspected or confirmed of having ISA or PD can not be exported to China. The agreement also regulates labeling and other aspects of salmon exports. Norwegian and Chinese authorities are currently working on implementing the details of the agreement. When this work has been completed, exports of Norwegian salmon to China are expected to resume after almost seven years of difficult trade relations.

Conversion of the EUR 375 million convertible bond completed

The conversion of the remaining EUR 359.9 million was completed during the second quarter and Marine Harvest's share capital has been increased by NOK 284,004,285 through the issuance of 37,867,238 new shares. Following the conversion, the entire outstanding principal amount under the EUR 375 million five year convertible bond issued by Marine Harvest in 2014, maturing on 6 May 2019 (ISIN NO 001 0710395) has been converted to equity. Subsequently, Marine Harvest ASA has a share capital of NOK 3,676,258,327.50 divided into 490,167,777 shares each with a par value of NOK 7.50. See also notes 9 and 10 of this report.

Refinancing of bank facility

Marine Harvest has completed the closing of a senior secured five-year EUR 1,206 million multicurrency revolving credit facility (the "Facility Agreement") with DNB, Nordea, ABN Amro, Rabobank, Danske Bank and SEB. The Facility Agreement includes an accordion option of EUR 200 million, which provides flexibility for the parties to increase the size of the Facility. The principal financial covenant of the Facility Agreement is an equity ratio of minimum 35% and remains unchanged from the existing bank loan.

Annual General Meeting

The Annual General Meeting in Marine Harvest ASA was held on 1 June 2017. All proposals by the Board of Directors were approved by the Annual General Meeting, and the board members due for election were re-elected. Please refer to the protocol available on www.marineharvest.com for details.

Audit Committee

The Board has appointed the following Directors as members of the Audit Committee: Birgitte Ringstad Vartdal (reappointed as Chair) and Lisbet K. Nærø (reappointed as member).

Dividend of NOK 3.20 per share

The Board of Directors has decided to pay out a quarterly dividend of NOK 3.20 per share to the shareholders in the form of repayment of paid in capital.

OUTLOOK STATEMENT FROM THE BOARD OF DIRECTORS

The operational result was a second quarter record. Strong demand for salmon supported an increase in prices in all markets. Higher spot and contract prices contributed to lift the value of salmon consumed globally to a new second quarter record level. All of the operating farming business units achieved good results. Better operational performance resulted in very good results for Consumer Products. As expected, earnings in the Feed business area were impacted by low season.

Results in Farming Norway were good in the quarter. However, volumes were lower than target due to biological constraints. Estimated 2017 harvest volumes for the group have been reduced from 403,000 to 377,000 GWT, mainly as a consequence of the challenges in our Norwegian farming operations. The realized salmon price in the quarter was at a record high level and was supported by both rising contract prices and a buoyant spot market. Production costs increased in the quarter and were impacted by the lower harvest volumes compared to the second quarter of 2016. Cost to stock remains high, however, the Board expects costs to decline in the third quarter as harvesting volume ramps-up.

The Board is pleased with the good performance of the Scottish farming operation. Harvested volumes have exceeded expectations and production costs were reduced in the quarter. The Canadian farming operation also delivered good results. Operationally Canada continues to perform well and is less impacted by the biological challenges experienced in many of the other farming regions. Results in Chile improved significantly in the quarter as the farming operations normalized post the algal bloom incident in 2016. The Board recognizes the Irish farming operation for delivering record results. Organic salmon is a great product and achieves a significant price premium in the market. Coupled with good harvesting volumes and relatively low production costs, EBIT/kg was record high.

Sea lice management continues to be a key focus area for Marine Harvest. The significant shift in treatment methodology in 2017 versus previous years is well underway. The share of fish subject to medicinal treatments against sea lice was reduced by 25% in the second quarter of 2017 compared to the same quarter in 2016. The capacity of non-medicinal solutions has increased in the operating units, however, the Board notes that additional capacity is required in some areas.

The underlying improvements in Consumer Products continued in the second quarter. The Morpol plant in Poland is the largest in size, and through attention to details and efficiency gains the operations have steadily improved. Shorter lead times to adjust sales prices to compensate for increased raw material costs have also contributed to better results. The Rosyth plant in Scotland delivers a set of pre-packed and convenient products into the UK market. It is well past the start-up challenges experienced in 2016, and yield performance has returned to benchmark levels. This means that more salmon is sold at a premium price. The organization responsible for operating the Pieters plant in Belgium has also achieved better operational results in 2017 compared to 2016. In sum, the Board is pleased with the developments of the Consumer Products business area.

The second quarter marks the end of the low season for Feed. Similar to previous second quarters, the Feed business unit produced more than what was sold in the quarter. The inventory is expected to be sold in the third quarter to support biomass growth.

Following the conversion of the EUR 375 million convertible bond in the quarter, Marine Harvest's balance sheet has strengthened. The liquidity position has been further improved by the refinancing of the bank facility. Marine Harvest has entered into a new five-year

senior secured bank facility of EUR 1,206 million, plus an additional accordion option of EUR 200 million. This is an increase from EUR 805 million. The aforementioned supports Marine Harvest's strategy of being a global integrated protein provider.

Recovery of lost volumes in 2016 and 2017 will require significant biomass investments and will tie-up working capital accordingly. In addition to regaining farming volumes from existing operations, the company undertakes numerous substantial organic growth projects across all business areas.

The recent acquisition of Gray Aqua Group on the East Coast of Canada is very exciting. To fully utilize the many farming opportunities on the East Coast of Canada, Marine Harvest will undertake significant investments in that region over the next years including build-up of biomass. The access to the favorable North-East American market will also require processing capacity and downstream sales support.

The Board is focused on ensuring that Marine Harvest is at the forefront of technological developments within the salmon farming industry. Marine Harvest has taken an active approach in the Norwegian development licenses scheme process and has applied for a total of four new production concepts to date. There are also many other production concepts currently being considered amongst industry players. The current biological challenges have limited volume growth, and in the past 5 years (2012-2017E) harvesting of salmon in Norway has only increased by a modest 0.3% per annum compared to 10.3% in the preceding 5 year period (2007-2012). Marine Harvest takes an active role in the development of new technological solutions.

Additional organic growth initiatives within Marine Harvest are currently unfolding. The construction of the new feed plant in Scotland is progressing. Completion is expected in the second half of 2018 and by that time Marine Harvest will be self-sufficient in feed in Europe. Marine Harvest has produced salmon oil in Norway since 1994 and salmon meal for years, and time has come to expand this successful and profitable business. A new Ingredients plant next to the Morpol plant in Poland is currently under construction. Using by-products of salmon as raw material input to produce salmon oil and salmon meal for human consumption is very exciting. The Aquaculture Shipping Joint Venture between Marine Harvest and SolstadFarstad is also expanding. The JV has recently signed two newbuild contracts for wellboats which will be chartered by Marine Harvest from 2019. In total, four wellboats and one harvesting vessel are under construction and will be incorporated into Marine Harvest's operations in the next two years.

Demand for salmon has been strong in recent years. The versatility of salmon and the many ways salmon is consumed today is truly inspiring. Marine Harvest will continue its product development efforts and continue to expand its downstream presence. Market access of salmon to key markets is vital, and the ongoing normalization of trade relations between Norway and China is as such extremely important for seafood exporters.

The supply for 2017 is expected to increase by approximately 4% by Kontali Analyse. The 12 month forward Nasdaq price has increased to EUR 6.7 per kg (NOK 63 per kg), which is up EUR 0.2 per kg compared to the previous quarter.

A quarterly dividend of NOK 3.20 per share will be distributed in the form of repayment of paid in capital.

SUMMARY YEAR TO DATE

- Operational EBIT of EUR 417 million. Financial EBIT of EUR 264 million.
- Harvest volume somewhat below guidance, mainly due to biological challenges in Norway.
- Unprecedented salmon prices on strong demand and reduced supply.
- Production costs decreased in Scotland and Chile, and increased in Norway and Canada, compared to the first half of 2016, as a result of challenging biology.
- The acquisition of the assets from the Gray Aqua Group on the East Coast of Canada was completed in the first quarter.
- Completed refinancing of bank facility of EUR 1,206 million in the second quarter.
- Conversion of EUR 375 million convertible bond completed in the second quarter.
- Net cash flow per share of EUR 0.62, Underlying earnings per share (EPS) of EUR 0.67 and EPS of EUR 0.62
- Return on capital employed (ROCE) 32.4%.
- Net interest-bearing debt (NIBD) of EUR 550.9 million.
- Dividend of NOK 5.80 per share has been paid out in 2017, as a repayment of paid in capital.

RISKS

Marine Harvest has not identified any additional risk exposure beyond the risks described in note 3 of this report and the 2016 Annual Report.

Reference is also made to the Planet section and the Outlook section of this report for other comments to Marine Harvest's risk exposure.

CONFIRMATION FROM BOARD OF DIRECTORS AND CEO

We confirm, to the best of our knowledge, that the interim financial report for the first half of 2017 has been prepared in accordance with IFRS as issued by IASB and as adopted by EU, and gives a true and fair view of the Group's consolidated assets, liabilities, financial position and result for the period. Furthermore, we confirm that the interim management report includes a fair view of the information required under the Norwegian Securities Trading Act § 5- 6, fourth paragraph.

Bergen, August 23, 2017

The Board of Directors of Marine Harvest ASA

Ole-Eirik Lerøy
CHAIRMAN OF THE BOARD

Lisbet K. Nærø
DEPUTY CHAIR OF THE BOARD

Cecilie Fredriksen

Ørjan Svanevik

Paul Mulligan

Jean-Pierre Bienfait

Birgitte Ringstad Vartdal

Lars Eirik Hestnes

Stein Mathiesen

Unni Sværen

Alf-Helge Aarskog
CHIEF EXECUTIVE OFFICER

INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unaudited, in EUR million	Note	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	2016
Revenue	4	883.0	831.7	1 776.7	1 636.5	3 510.2
Cost of materials		-400.0	-426.1	-807.2	-869.1	-1 782.2
Net fair value adjustment biomass	5	-38.1	34.0	-253.8	122.0	386.2
Salaries and personnel expenses		-106.6	-99.0	-221.4	-208.8	-440.0
Other operating expenses		-139.1	-118.8	-262.6	-224.0	-472.5
Depreciation and amortization		-37.6	-35.3	-74.6	-71.1	-142.5
Onerous contract provisions		7.7	-2.2	100.9	-16.3	-108.7
Restructuring cost		0.2	-2.1	0.0	-4.6	-5.4
Other non-operational items		0.3	1.3	0.3	1.3	1.3
Income from associated companies		7.5	16.2	7.4	26.5	62.6
Impairment losses		-1.3	-19.0	-1.9	-19.1	-17.7
Earnings before financial items (EBIT)		176.1	180.5	263.8	373.3	991.2
Interest expenses	7	-11.1	-12.2	-23.0	-24.1	-48.4
Net currency effects	7	0.5	-0.2	7.3	-1.2	26.9
Other financial items	7	-73.5	-78.0	73.7	-93.5	-210.5
Earnings before tax		92.0	90.0	321.8	254.4	759.2
Income taxes		-25.5	-47.5	-37.9	-83.9	-219.9
Profit or loss for the period		66.5	42.5	283.9	170.5	539.3
Other comprehensive income						
Currency translation differences		-117.3	7.7	-136.9	10.8	49.0
Currency translation associated companies		-7.3	0.0	-8.7	0.0	6.9
Items to be reclassified to P&L in subsequent periods:		-124.6	7.7	-145.5	10.8	55.9
Actuarial gains (losses) on defined benefit plans, net of tax		0.0	0.0	0.0	0.0	-3.4
Other gains and losses in comprehensive income		-0.1	3.7	-0.1	-0.1	0.9
Items not to be reclassified to profit and loss:		-0.1	3.7	-0.1	-0.1	-2.5
Other comprehensive income, net of tax		-124.6	11.4	-145.6	10.7	53.4
Total comprehensive income in the period		-58.1	53.9	138.3	181.2	592.7
Profit or loss for the period attributable to						
Non-controlling interests		0.1	-0.1	0.4	-0.1	-0.3
Owners of Marine Harvest ASA		66.4	42.6	283.5	170.6	539.6
Comprehensive income for the period attributable to						
Non-controlling interests		0.1	-0.1	0.4	-0.1	-0.3
Owners of Marine Harvest ASA		-58.3	54.0	137.9	181.3	593.0
Basic and diluted earnings per share (EUR)	8	0.14	0.09	0.62	0.38	1.20
Dividend declared and paid per share (NOK)		3.00	1.70	5.80	3.10	8.60

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited, in EUR million	Note	30.06.2017	31.03.2017	31.12.2016	30.06.2016
ASSETS					
Licenses		729.0	763.3	764.3	748.4
Goodwill		259.7	267.0	268.0	263.5
Deferred tax assets		6.3	6.7	2.6	10.6
Other intangible assets		29.3	31.5	32.4	28.3
Property, plant and equipment		1 022.3	1 037.2	1 008.1	949.5
Investments in associated companies		147.5	174.1	175.0	133.7
Other shares and other non-current assets		5.1	3.6	5.4	4.9
Total non-current assets		2 199.2	2 283.5	2 255.8	2 138.9
Inventory		260.9	244.9	248.2	276.2
Biological assets	5	1 277.7	1 352.5	1 573.8	1 200.6
Current receivables		438.8	515.8	625.1	490.7
Cash		66.1	92.8	103.9	90.3
Total current assets		2 043.5	2 206.0	2 551.0	2 057.7
Asset held for sale		1.0	1.1	3.5	1.8
Total assets		4 243.7	4 490.5	4 810.4	4 198.4
EQUITY AND LIABILITIES					
Equity		2 531.1	2 150.9	2 068.4	1 920.9
Non-controlling interests		1.3	1.2	0.9	0.6
Total equity		2 532.4	2 152.1	2 069.3	1 921.5
Deferred tax liabilities		380.3	413.1	453.5	414.1
Non-current interest-bearing debt		486.6	798.8	993.4	923.3
Other non-current liabilities		102.7	291.1	451.1	316.4
Total non-current liabilities		969.6	1 503.0	1 898.0	1 653.7
Current interest-bearing debt		130.4	136.0	0.1	0.1
Other current liabilities		611.3	699.4	843.1	623.1
Total current liabilities		741.7	835.4	843.1	623.2
Total equity and liabilities		4 243.7	4 490.5	4 810.4	4 198.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

2017	Attributable to owners of Marine Harvest ASA								
	Share capital	Other paid in capital	Shared based payment	Foreign currency translation reserve	Foreign currency translation reserve associated companies	Other equity reserves	Total	Non-controlling interests	Total equity
Unaudited, in EUR million									
Equity 01.01.2017	351.8	657.5	4.6	209.8	6.9	837.7	2 068.4	0.9	2 069.3
Comprehensive income									
Profit						283.5	283.5	0.4	283.9
Other comprehensive income				-103.4	-8.7	-33.4	-145.5		-145.5
Transactions with owners									
Share based payment			-0.7			-5.5	-6.2		-6.2
Bond conversion	32.0	596.5					628.5		628.5
Repayment of paid in capital		-238.3				-59.2	-297.5		-297.5
Total equity end of period	383.8	1 015.7	3.9	106.4	-1.8	1 023.1	2 531.1	1.3	2 532.4

See notes 9 and 10 regarding bond conversion.

2016	Attributable to owners of Marine Harvest ASA								
	Share capital	Other paid in capital	Shared based payment	Foreign currency translation reserve	Foreign currency translation reserve associated companies	Other equity reserves	Total	Non-controlling interests	Total equity
Unaudited, in EUR million									
Equity 01.01.2016	351.8	1 075.6	6.1	160.4	—	300.6	1 894.6	0.9	1 895.6
Comprehensive income									
Profit						539.6	539.6	-0.3	539.3
Other comprehensive income				49.4	6.9	-2.9	53.4		53.4
Transactions with owners									
Share based payment			-1.5			-2.7	-4.2		-4.2
Repayment of paid in capital		-418.1					-418.1		-418.1
Business combinations						1.4	1.4	0.3	1.7
Other changes						1.7	1.7		1.7
Total equity 31.12.2016	351.8	657.5	4.6	209.8	6.9	837.7	2 068.4	0.9	2 069.3

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Unaudited, in EUR million	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	2016
Earnings before taxes (EBT)	92.0	90.0	321.8	254.4	759.2
Interest expense	11.1	12.2	23.0	24.1	48.4
Currency effects	-0.5	0.2	-7.3	1.2	-26.9
Other financial items	73.5	78.0	-73.7	93.5	210.5
Net fair value adjustment and onerous contracts	30.4	-31.8	152.9	-105.7	-277.5
Income/loss from associated companies	-7.5	-16.2	-7.4	-26.5	-62.6
Depreciation and impairment losses	38.9	54.4	76.5	90.2	160.2
Change in working capital	-3.0	75.4	57.2	110.0	-14.9
Taxes paid	-71.5	-48.5	-131.3	-74.5	-92.6
Restructuring and other non-operational items	-1.3	-0.5	-0.1	-3.1	-4.8
Other adjustments	0.2	-0.1	-1.6	-0.4	-5.8
Cash flow from operations	162.3	213.3	410.1	363.4	693.2
Proceeds from sale of fixed assets	5.1	0.3	5.1	0.4	12.4
Payments made for purchase of fixed assets	-69.3	-50.7	-126.3	-91.9	-211.6
Proceeds from associates and other investments	25.5	16.8	27.6	16.8	17.1
Proceeds from sale of shares	0.0	52.3	0.0	52.3	52.3
Purchase of shares and other investments	-1.0	-2.3	-13.0	-3.1	-2.8
Cash flow from investments	-39.6	16.4	-106.6	-25.4	-132.6
Proceeds from new interest-bearing debt	23.6	0.0	23.6	0.0	45.0
Down payment of interest-bearing debt	0.0	-144.5	-42.0	-151.8	-151.8
Net interest and financial items paid	-7.5	-6.5	-12.2	-11.2	-22.9
Realized currency effects	-1.7	1.1	-3.9	-6.1	14.8
Repayment of paid in capital	-154.8	-82.0	-297.5	-149.0	-418.1
Other items	-6.7	0.0	-6.7	0.0	0.0
Cash flow from financing	-147.1	-231.9	-338.8	-318.0	-533.0
Change in cash in the period	-24.4	-2.3	-35.4	20.0	27.6
Cash - opening balance ¹⁾	77.2	82.0	88.0	60.1	60.1
Currency effects on cash - opening balance	-0.8	-1.0	-0.7	-1.4	0.3
Cash - closing balance ¹⁾	52.0	78.7	52.0	78.7	88.0

¹⁾ Excluded restricted cash

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 1 GENERAL INFORMATION

Marine Harvest (the Group) consists of Marine Harvest ASA and its subsidiaries, including the Group's interests in associated companies.

These interim financial statements are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The interim financial statements do not include all of the information and disclosures required by International Financial Reporting Standards (IFRSs) for a complete set of financial statements, and these interim financial statements should be read in conjunction with the annual financial statements. The interim report is unaudited.

Note 2 ACCOUNTING PRINCIPLES

All significant accounting principles applied in the consolidated financial statements are described in the Annual Report 2016 (as published on the OSE on April 6, 2017). No new standards have been applied in 2017.

Significant fair value measurements in accordance with IFRS 13:

Biological assets

Biological assets are, in accordance with IAS 41, measured at fair value, unless the fair value cannot be measured reliably. Broodstock, smolt and live fish below 1 kg are measured at cost less impairment losses, as the fair value cannot be measured reliably.

Biomass beyond this is measured at fair value, and the measurement is categorized into Level 3 in the fair value hierarchy, as the input is unobservable input. Live fish over 4 kg are measured to full net value, while a proportionate expected net profit at harvest is incorporated for live fish between 1 kg and 4 kg. The valuation is completed for each Business Unit.

The valuation is based on an income approach and takes into consideration unobservable input based on biomass in sea for each sea water site, estimated growth rate on site level, mortality in the Business Unit, quality of the fish going forward, costs and market price. Special assessment is performed for sites with high/low performance due to disease or other special factors. The market prices are set for each business unit, and are derived from observable market prices where available.

In accordance with IAS 41.16, a provision for onerous contracts is recorded by assessing if there are contracts in which the unavoidable costs of meeting the Group's obligations under the contract (where fair value adjustment of biological assets is included in the unavoidable costs) exceed the economic benefits expected to be received.

Derivative financial instruments and other shares

Derivative financial instruments (including interest swaps, currency swaps and salmon derivatives) are valued at fair value on Level 2 of the fair value hierarchy, in which the fair value is calculated by comparing the terms agreed under each derivative contract to the market terms for a similar contract on the valuation date.

Conversion liability component of convertible bond

The conversion liability component is, subsequent to initial recognition, measured at fair value. The measurement is categorized into Level 2 in the fair value hierarchy, using a valuation technique based on observable data.

Note 3 ESTIMATES AND RISK EXPOSURE

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting principles and recognized amounts of assets, liabilities, income and expenses. The most significant estimates relate to the valuation of biological assets and intangible assets. Estimates and underlying assumptions are reviewed on an ongoing basis, and are based on the management's best assessment at the time of reporting. All changes in estimates are reflected in the financial statements as they occur.

Marine Harvest is exposed to a number of risk factors: Operational risks, strategic risk, reporting risk and compliance risk. The Risk Management section in the Annual Report contains a detailed description of risks and mitigation actions.

Note 4 BUSINESS SEGMENTS

For management purposes, Marine Harvest is organized into three Business Areas, Feed, Farming and Sales and Marketing. Feed and Farming are separate reportable segments. Sales and Marketing is divided in two reportable segments, Markets and Consumer Products.

The performance of the segments is monitored to reach the overall objective of maximizing the Operational EBIT per kg. Consequently, reporting is focused towards measuring and illustrating the overall profitability of harvested volume based on source of origin (Operational EBIT/kg).

The same accounting principles as described for the Group financial statements have been applied for the segment reporting. Inter-segment transfers or transactions are entered into under normal commercial terms and conditions, and the measurement used in the segment reporting is the same as used for the actual transactions.

Unrealized internal margin from sale of fish feed from Feed to Farming is eliminated in the Group financial statements until the fish that consumed the feed is sold. In the segment reporting the internal profit is included for Business Area Feed.

BUSINESS AREAS EUR million	Feed	Farming	Sales and Marketing		Other	Eliminations	TOTAL
			Markets ¹⁾	Consumer Products ¹⁾			
Q2 2017							
External revenue	4.0	24.9	464.1	391.1	0.0	0.0	884.1
Internal revenue	61.1	514.0	167.5	14.0	4.9	-761.5	0.0
Operational revenue	65.0	538.9	631.7	405.1	4.9	-761.5	884.1
Gain/loss from derivatives	0.0	1.3	-0.6	0.4	1.1	-3.3	-1.1
Revenue in profit and loss	65.0	540.2	631.1	405.5	6.1	-764.8	883.0
Operational EBITDA	3.6	197.6	15.7	20.9	-2.3	0.0	235.5
Operational EBIT	1.8	169.5	14.4	15.4	-3.2	0.0	197.9
Change in unrealized internal margin	0.0	0.0	0.0	0.0	0.0	0.4	0.4
Gain/loss from derivatives	0.0	1.3	-0.6	-2.9	3.7	0.0	1.5
Net fair value adjustment on biological assets	0.0	-38.0	0.0	0.0	0.0	0.0	-38.1
Onerous contract provisions	0.0	7.7	0.0	0.0	0.0	0.0	7.7
Restructuring cost	0.0	0.6	0.0	-0.3	-0.2	0.0	0.2
Other non-operational items	0.0	0.3	0.0	0.0	0.0	0.0	0.3
Income from associated companies	0.0	7.6	0.0	0.0	-0.1	0.0	7.5
Impairment losses and write-downs	0.0	-0.7	-0.2	0.1	-0.5	0.0	-1.3
EBIT	1.8	148.3	13.7	12.2	-0.3	0.4	176.1
Q2 2016							
External revenue	3.9	1.2	486.3	339.7	1.0	0.0	832.1
Internal revenue	65.5	507.5	167.0	5.1	3.8	-749.0	0.0
Operational revenue	69.4	508.6	653.4	344.8	4.9	-749.0	832.1
Gain/loss from derivatives	0.0	4.7	0.0	0.0	-0.5	-4.7	-0.5
Revenue in profit and loss	69.4	513.3	653.4	344.8	4.4	-753.6	831.7
Operational EBITDA	5.4	161.7	18.8	0.8	-2.2	0.0	184.4
Operational EBIT	3.3	136.0	17.8	-4.8	-3.2	0.0	149.0
Change in unrealized internal margin	0.0	0.0	0.0	0.0	0.0	-1.7	-1.7
Gain/loss from derivatives	0.0	4.7	0.0	-4.7	5.0	0.0	5.0
Net fair value adjustment on biological assets	0.2	33.9	0.0	0.0	0.0	0.0	34.0
Onerous contract provisions	0.0	-2.2	0.0	0.0	0.0	0.0	-2.2
Restructuring cost	0.0	-2.1	0.0	0.0	0.0	0.0	-2.1
Other non-operational items	0.0	1.3	0.0	0.0	0.0	0.0	1.3
Income from associated companies	0.0	16.2	0.0	0.0	0.0	0.0	16.2
Impairment losses and write-downs	0.0	-18.8	-0.2	0.0	0.0	0.0	-19.0
EBIT	3.4	168.8	17.6	-9.4	1.7	-1.7	180.5

BUSINESS AREAS	Feed	Farming	Sales and Marketing		Other	Eliminations	TOTAL
			Markets ¹⁾	Consumer Products ¹⁾			
EUR million							
YTD Q2 2017							
External revenue	9.0	32.5	991.7	742.9	0.0	0.0	1 776.1
Internal revenue	119.6	1 078.3	328.7	19.7	10.1	-1 556.4	0.0
Operational revenue	128.6	1 110.8	1 320.4	762.6	10.1	-1 556.4	1 776.1
Gain/loss from derivatives	0.0	40.7	-0.2	0.4	2.7	-43.0	0.6
Revenue in profit and loss	128.6	1 151.5	1 320.2	763.0	12.8	-1 599.4	1 776.7
Operational EBITDA	5.7	429.2	29.7	36.6	-9.4	0.0	491.7
Operational EBIT	1.9	373.7	27.2	25.5	-11.2	0.0	417.1
Change in unrealized internal margin	0.0	0.0	0.0	0.0	0.0	-1.4	-1.4
Gain/loss from derivatives	0.0	41.0	-0.2	-42.9	-2.7	0.0	-4.7
Net fair value adjustment on biological assets	1.3	-255.1	0.0	0.0	0.0	0.0	-253.8
Onerous contract provisions	0.0	100.9	0.0	0.0	0.0	0.0	100.9
Restructuring cost	0.0	0.6	-0.1	-0.3	-0.2	0.0	0.0
Other non-operational items	0.0	0.3	0.0	0.0	0.0	0.0	0.3
Income from associated companies	0.0	7.6	0.0	0.0	-0.2	0.0	7.4
Impairment losses and write-downs	0.0	-1.3	-0.2	0.1	-0.5	0.0	-1.9
EBIT	3.3	267.7	26.7	-17.6	-14.9	-1.4	263.8
YTD Q2 2016							
External revenue	5.8	24.5	933.1	675.3	2.8	0.0	1 641.6
Internal revenue	128.0	993.8	328.3	13.8	9.3	-1 473.2	0.0
Operational revenue	133.9	1 018.3	1 261.4	689.1	12.1	-1 473.2	1 641.6
Gain/loss from derivatives	0.0	1.5	0.0	0.0	-5.8	-0.8	-5.1
Revenue in profit and loss	133.9	1 019.8	1 261.4	689.1	6.2	-1 474.0	1 636.5
Operational EBITDA	9.2	278.0	37.6	6.5	0.7	0.0	332.0
Operational EBIT	4.9	226.4	35.7	-4.7	-1.3	0.0	260.9
Change in unrealized internal margin	0.0	0.0	0.0	0.0	0.0	1.2	1.2
Gain/loss from derivatives	0.0	1.2	0.0	-1.2	1.3	0.0	1.4
Net fair value adjustment on biological assets	-0.2	123.7	0.0	0.0	-1.5	0.0	122.0
Onerous contracts provisions	0.0	-16.3	0.0	0.0	0.0	0.0	-16.3
Restructuring cost	0.0	-4.6	0.0	0.0	0.0	0.0	-4.6
Other non-operational items	0.0	1.3	0.0	0.0	0.0	0.0	1.3
Income from associated companies	0.0	26.5	0.0	0.0	0.0	0.0	26.5
Impairment losses and write-downs	0.0	-18.8	-0.2	0.0	0.0	0.0	-19.1
EBIT	4.7	339.3	35.5	-5.9	-1.5	1.2	373.3

BUSINESS AREAS	Feed	Farming	Sales and Marketing		Other	Eliminations	TOTAL
			Markets ¹⁾	Consumer Products ¹⁾			
EUR million							
2016							
External revenue	16.6	50.0	1 991.5	1 448.8	2.8	0.0	3 509.8
Internal revenue	364.9	2 173.9	735.5	29.6	19.9	-3 323.8	0.0
Operational revenue	381.6	2 223.9	2 727.0	1 478.4	22.7	-3 323.8	3 509.8
Gain/loss from derivatives	0.0	-43.9	-5.7	0.0	4.1	45.9	0.4
Revenue in profit and loss	381.6	2 180.0	2 721.3	1 478.4	26.9	-3 277.9	3 510.2
Operational EBITDA	35.4	690.7	80.2	43.9	-7.4	0.0	842.7
Operational EBIT	28.1	585.9	76.1	21.5	-11.4	0.0	700.2
Change in unrealized internal margin	0.0	0.0	0.0	0.0	0.0	-22.1	-22.1
Gain/loss from derivatives	0.0	-42.4	-5.7	44.3	12.1	0.0	8.3
Net fair value adjustment on biological assets	-1.3	389.1	0.0	0.0	-1.5	0.0	386.2
Onerous contract provisions	0.0	-108.7	0.0	0.0	0.0	0.0	-108.7
Restructuring cost	0.0	-4.6	0.0	-0.9	0.0	0.0	-5.4
Other non-operational items	0.0	1.3	0.0	0.0	0.0	0.0	1.3
Income from associated companies	0.0	62.8	0.0	0.0	-0.2	0.0	62.6
Impairment losses and write-downs	-13.5	-17.9	-0.2	0.4	0.0	0.0	-31.2
EBIT	13.3	865.5	70.2	65.3	-1.0	-22.1	991.2

1) In the second quarter of 2017, Marine Harvest CEE (Czech Republic) has been moved from the business area Markets to Consumer Products. Comparison figures have been re-presented accordingly.

Note 5 BIOLOGICAL ASSETS

EUR million	Norway	Scotland	Canada	Chile	Other	TOTAL
Fair value adjustment on harvested fish in the statement of comprehensive income						
Q2 2017	-108.3	-47.6	-25.8	-16.4	-13.5	-211.7
Q2 2016	-139.3	-19.3	-28.6	5.8	-7.5	-188.9
YTD Q2 2017	-285.0	-116.6	-60.7	-31.0	-18.1	-511.3
YTD Q2 2016	-259.1	-30.5	-45.0	-8.9	-11.7	-355.2
2016	-661.1	-77.3	-100.6	15.0	-45.7	-869.6
Fair value adjustment on biological assets in the statement of comprehensive income						
Q2 2017	82.1	38.6	21.0	20.7	12.6	175.1
Q2 2016	159.0	26.4	17.1	4.2	16.2	222.9
YTD Q2 2017	92.6	47.0	38.8	55.8	29.1	263.4
YTD Q2 2016	297.4	45.1	59.5	51.4	23.8	477.3
2016	836.9	183.4	156.9	32.0	46.6	1 255.8
Fair value adjustment on incident based mortality in the statement of comprehensive income						
Q2 2017	-1.0	-0.2	—	—	-0.2	-1.4
YTD Q2 2017	-4.4	-0.2	—	-0.9	-0.2	-5.8
Net fair value adjustment biomass in the statement of comprehensive income						
Q2 2017	-27.3	-9.2	-4.8	4.3	-1.0	-38.1
Q2 2016	19.7	7.2	-11.5	9.9	8.7	34.0
YTD Q2 2017	-196.8	-69.7	-21.9	23.9	10.8	-253.8
YTD Q2 2016	38.3	14.6	14.5	42.5	12.2	122.0
2016	175.8	106.1	56.4	47.0	0.9	386.2
Volumes of biomass in sea (1 000 tonnes)						
30.06.2017						240.8
31.03.2017						241.0
31.12.2016						253.4
30.06.2016						228.5
Fair value adjustment on biological assets in the statement of financial position						
30.06.2017						
Fair value adjustment on biological assets	221.8	44.2	54.0	40.2	24.7	384.8
Biomass at cost*						892.9
Total biological assets						1 277.7
31.03.2017						
Fair value adjustment on biological assets	262.4	54.9	61.6	38.3	25.8	443.0
Biomass at cost*						909.5
Total biological assets						1 352.5
31.12.16						
Fair value adjustment on biological assets	432.9	116.0	78.7	19.0	13.9	660.5
Biomass at cost*						913.3
Total biological assets						1 573.8
* Includes costs related to seawater, freshwater, broodstock and cleaningfish						
Reconciliation of changes in carrying amount of biological assets						
Carrying amount 01.04.2017						1 352.5
Cost to stock						306.7
Net fair value adjustment						-38.1
Mortality for fish in sea						-5.0
Cost of harvested fish						-280.2
Other						-0.2
Currency translation differences						-58.0
Total carrying amount of biological assets as of 30.06.2017						1 277.7

Price sensitivities effect on fair value

The sensitivities are calculated based on a EUR 0.1 change of the salmon price in all markets (fish between 1-4 kg is measured proportionately based on their level of completion).

	9.8	1.7	2.1	2.5	0.8	16.9
Onerous contracts provision (included in other current liabilities in the statement of financial position)						
31.03.2017						31.8
Change in onerous contracts provision in the statement of comprehensive income						(7.7)
Currency translation differences						(2.5)
30.06.2017						21.6

Note 6 EXCEPTIONAL ITEMS

EUR million	Q1 2017	Q2 2017	YTD 2017
Sea lice mitigation MH Norway	17.0	14.4	31.4
Incident-based mortality MH Norway	5.8	1.6	7.4
Incident-based mortality MH Scotland	0.7	1.5	2.2
Incident-based mortality MH Canada	0.0	0.0	0.0
Incident-based mortality MH Chile	1.4	0.0	1.4
Incident-based mortality MH Faroes	0.0	0.0	0.0
Incident-based mortality MH Ireland	0.2	1.2	1.4
Exceptional items in Operational EBIT	25.2	18.6	43.8

Note 7 FINANCIAL ITEMS

EUR million	Notes	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	2016
Net interest expenses		-11.1	-12.2	-23.0	-24.1	-48.4
Net currency effect on long term positions		0.5	2.2	5.0	0.2	11.6
Net currency effects on short term positions		9.6	1.1	14.1	-10.1	-15.5
Net currency effects on short term currency hedges		6.6	-4.4	5.7	8.7	5.6
Net currency effects on long term currency hedges		-16.1	0.9	-17.5	0.0	25.2
Net currency effects		0.5	-0.2	7.3	-1.2	26.9
Change in fair value financial instruments		4.2	-17.1	9.5	0.9	20.8
Change in fair value conversion liability component of convertible bonds	9	-76.5	-61.5	67.1	-94.8	-230.0
Net other financial items		-1.2	0.5	-2.8	0.4	-1.3
Other financial items		-73.5	-78.0	73.7	-93.5	-210.5
Total financial items		-84.1	-90.5	58.0	-118.8	-232.0

Note 8 EARNINGS PER SHARE

Basic Earnings per share (EPS) is calculated on the weighted average number of shares outstanding during the period.

Convertible bonds that are "in the money" are considered to have a dilutive effect if EPS is reduced when assuming a full conversion into shares at the beginning of the period and reversing all its effects on earnings for the period. On the other hand, if the effect of the above increases EPS, the bond is considered anti-dilutive, and is then not included in diluted EPS. The adjustments to earnings are interest expenses, currency gains/losses and changes in fair value of conversion liability component, adjusted for estimated taxes. Average diluted number of shares is also affected by the share price based bonus call options to senior executives.

The conversion liability component on the 2015 convertible bond was "in the money" at the end of the reporting period, but the effect on EPS was anti-dilutive, and the convertible bond is therefore not included in diluted EPS.

The conversion liability component on the 2014 convertible bond was converted during the quarter and is therefore not included in diluted EPS.

Note 9 CONVERTIBLE BONDS

EUR million

	Statement of financial position			Statement of comprehensive income	
	Non-current interest- bearing debt	Conversion liability components		Net interest expenses	Other financial items
		2014-bond	2015-bond		
Initial recognition					
EUR 375 mill 2014-bond	309.8		59.0		
EUR 340 mill 2015-bond	283.1			51.6	
Subsequent measurement					
Recognized 2014, 2015 and 2016					
Interest effects	44.8			-54.0	
Change in fair value of conversion liability components		263.3	65.7		329.0
Net recognized 2014 and 2015				-54.0	329.0
Recognized 2017					
Q1 2017					
Coupon interest				-0.9	
Amortized interest	5.8			-5.8	
Effect of conversion on amortization element	1.8				
Conversion of bond	-21.1		-16.5		
Change in fair value of conversion liability components		-102.5	-41.0		-143.6
Q2 2017					
Coupon interest				-0.4	
Amortized interest	4.4			-4.4	
Effect of conversion on amortization element	25.9				
Conversion of bond	-353.9		-264.7		
Change in fair value of conversion liability components		61.5	15.0		76.5
Net recognized end of period	300.7	—	91.3	-11.5	-67.1

The value of the debt liability component and conversion liability component was determined when the bond was issued. The fair value of the debt liability component was calculated using a market interest rate for an equivalent, non-convertible bond. The residual amount was the fair value of the conversion liability component at initial recognition. The carrying amount of the debt liability component of the convertible bond is classified as non-current interest-bearing debt, and the conversion liability component is classified as other non-current financial liabilities in the statement of financial position.

The remaining EUR 353.9 million of the EUR 375 million convertible bond was converted to equity in the second quarter of 2017 (see also note 10). The EUR 628.5 million year-to-date equity effect of the conversion includes both the debt liability component (non-current interest-bearing debt) of EUR 375 million (EUR 21.1 million in the first quarter and EUR 353.9 million in the second quarter) and the derivative conversion liability component (non-current financial liabilities) of EUR 281.2 million (EUR 16.5 million in the first quarter and EUR 264.7 million in the second quarter), net of unamortized loan costs of EUR 27.6 million (EUR 1.8 million in the first quarter and EUR 25.9 million in the second quarter).

Note 10 SHARE CAPITAL

	No of shares	Share capital (EUR million)	Other paid in capital (EUR million)
Share Capital			
Issued at the beginning of 2017	450 085 652	351.8	657.5
New shares issued ¹⁾	40 082 125	32.0	596.5
Repayment of paid in capital			-238.3
Issued at the end of period	490 167 777	383.8	1 015.7
Treasury Shares			
Treasury shares at the beginning of 2017	0		0
Treasury shares purchased in the period	697 348		11.0
Treasury shares sold in the period	-697 348		-3.3
Treasury shares end of period	0	Trade loss ²⁾ :	7.7

¹⁾ During the first quarter 2,214,887 new shares were issued through partial conversion of the EUR 375 million convertible bond. The remainder of the bond was converted in the second quarter and 37,867,238 shares were issued. See also note 9. Following the conversion, Marine Harvest ASA has a share capital of NOK 3,676,258,327.50 divided into 490,167,777 shares each with a par value of NOK 7.50.

²⁾ The trade loss arises from sale of shares under the share option scheme for senior executives from 2013.

Note 11 SHAREHOLDERS

Major shareholders as of 30.06.2017 :

Name of shareholder	No. of shares	%
Geveran Trading Co Ltd	79 551 603	16.23%
Folketrygdfondet	34 578 235	7.05%
Clearstream Banking S.A.	28 241 811	5.76%
State Street Bank and Trust Comp	9 383 264	1.91%
Citibank, N.A.	9 006 950	1.84%
State Street Bank and Trust Comp	8 437 939	1.72%
Jupiter European Fund	8 045 670	1.64%
J.P. Morgan Bank Luxembourg S.A.	7 995 131	1.63%
State Street Bank and Trust Comp	5 847 847	1.19%
State Street Bank and Trust Comp	5 684 223	1.16%
State Street Bank and Trust Comp	5 602 480	1.14%
Euroclear Bank S.A./N.V.	5 017 157	1.02%
J.P. Morgan Chase Bank, N.A., London	4 736 889	0.97%
J.P. Morgan Chase Bank, N.A., London	4 682 180	0.96%
Verdipapirfondet DNB Norge (IV)	4 607 674	0.94%
Société Générale	4 282 537	0.87%
Invesco Funds	4 255 073	0.87%
State Street Bank and Trust Comp	4 171 299	0.85%
State Street Bank and Trust Comp	4 092 856	0.83%
The Northern Trust Comp, London Br	3 835 351	0.78%
Total 20 largest shareholders	242 056 169	49.38%
Total other	248 111 608	50.62%
Total number of shares 30.06.2017	490 167 777	100%

Note 12 SHARE PRICE DEVELOPMENT

Share price development at Oslo Stock Exchange (ticker MHG)



Forward looking statements

This report may be deemed to include forward-looking statements, such as statements that relate to Marine Harvest's goals and strategies, salmon prices, ability to increase or vary harvest volume, production capacity, future capital expenditures and investments and the expected returns therefrom, trends in the seafood industry, restructuring initiatives, exchange rate and interest rate fluctuations, expected research and development expenditures, business prospects and positioning with respect to market, demographic and pricing trends, strategic initiatives, financial target (including ROCE and NIBD), planned operational expenses, product demand and trends, supply trends, expected price levels, and the effects of any extraordinary events 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. Forward-looking statements are typically identified by words or phrases, such as "believe," "expect," "anticipate," "intend," "estimate," "may increase," "may fluctuate," "plan," "goal," "target," "strategy," and similar expressions or future or conditional verbs such as "may," "will," "should," "would," and "could." Forward-looking statements are Marine Harvest's current estimates or expectations of future events or future results. Actual results could differ materially from those indicated by these statements because the realization of those results is subject to many risks and uncertainties. Marine Harvest ASA's annual report for the year ended December 31, 2016 contains additional information about factors that could affect actual results, including: changes to the price of salmon including the value of our biological assets; hedging risks; risks related to fish feed; economic and market risks; environmental risks; operational risks; risks related to escapes, disease and sea lice; product risks; risks related to our acquisitions; financing risks; regulation risks including relating to food safety, the aquaculture industry, processing, competition and anti-corruption; trade restriction risks; litigation risks; tax and accounting risks; strategic and competitive risks; and reputation risks. All forward-looking statements included in this report are based on information available at the time of the release, and Marine Harvest assumes no obligation to update any forward-looking statement.