

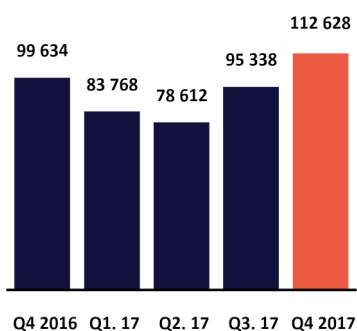


marineharvest

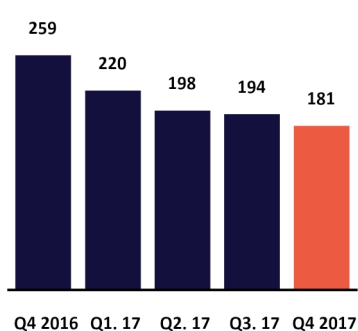
## Q4 / 2017 / FOURTH QUARTER MARINE HARVEST GROUP

- Operational EBIT of EUR 181 million. Financial EBIT of EUR -4 million
- Stable costs in Norway compared to Q3. Initiated restructuring of Marine Harvest Norway
- Strong performance and record high earnings in Markets and Consumer Products
- Initiated global EUR 50 million p.a. cost savings program
- Conditional agreement to purchase Northern Harvest in East Canada
- Quarterly dividend of NOK 2.60 per share

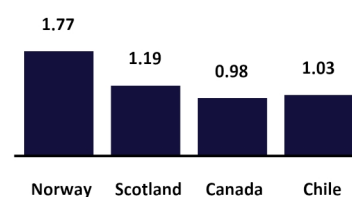
Harvest volume  
GWT



Operational EBIT  
EUR million



Operational EBIT  
EUR per kg



## HIGHLIGHTS - FOURTH QUARTER 2017

- Operational EBIT of EUR 180.8 million. Financial EBIT of EUR -4.3 million.
- Reduced prices on increased supply.
- Compared to the third quarter, costs for harvested fish in Norway were stable, while costs were reduced in Chile and the Faroes. For Scotland, Canada and Ireland, costs have increased compared to the third quarter.
- Harvested volume at 112 628 GWT, somewhat above guidance for the fourth quarter. Harvested volume for the full year of 2017 at 370 346 GWT.
- Strong performance in Markets and Consumer Products with record high earnings. Best year ever for several Consumer Products units, including Morpol, Boulogne, Rosyth, Pieters and Sterk.
- Restructuring of Marine Harvest Norway initiated. From four to three regions in Norway effective from 1 January 2018.
- Initiated global cost savings program, with targeted savings of EUR 50 million p.a.
- Entered into conditional agreement to purchase all shares in Northern Harvest, a salmon farmer on the East Coast of Canada, for CAD 315 million (approximately EUR 210 million) on a cash and debt free basis. The transaction is subject to approval by relevant competition authorities and customary closing conditions.
- Financial EBIT impacted by impairment of book value of farming licenses and fixed assets in Chile of EUR 100.7 million in accordance with IFRS, on the back of the recent regulatory changes for fish farming in Chile and estimated volumes going forward.
- Net interest-bearing debt (NIBD) of EUR 832 million.
- Net cash flow per share of EUR 0.01 in the quarter, after a seasonal build-up of working capital of EUR 100 million.
- Underlying earnings per share (EPS) of EUR 0.27 in the quarter.
- 12.8% Return on capital employed (ROCE) in the quarter.
- A quarterly dividend of NOK 2.60 per share will be paid out to the shareholders as ordinary dividends.

Main figures <sup>1)</sup>				
EUR million	Q4 2017	Q4 2016	2017	2016
Operational revenue <sup>2)</sup>	1 010.0	1 018.1	3 653.9	3 509.8
Operational EBITDA <sup>3)</sup>	219.0	296.0	942.5	842.7
Operational EBIT <sup>3)</sup>	180.8	259.4	792.1	700.2
EBIT	-4.3	344.3	484.9	991.2
Net financial items	7.7	-68.5	37.7	-232.0
Profit or loss for the period	28.2	210.9	462.7	539.3
Cash flow from operations	89.7	163.2	632.4	693.2
Total assets	4 330.3	4 810.4	4 330.3	4 810.4
NIBD <sup>4)</sup>	831.9	890.0	831.9	890.0
Basic EPS (EUR)	0.06	0.47	0.97	1.20
Underlying EPS (EUR) <sup>5)</sup>	0.27	0.43	1.23	1.13
Net cash flow per share (EUR) <sup>6)</sup>	0.01	0.25	0.74	1.23
Dividend declared and paid per share (NOK)	3.40	2.30	12.40	8.60
ROCE <sup>7)</sup>	12.8%	44.9%	26.7%	28.1%
Equity ratio	53.5%	43.0%	53.5%	43.0%
Adjusted equity ratio <sup>8)</sup>	51.7%	40.0%	51.7%	40.0%
Harvest volume (GWT)	112 628	99 634	370 346	380 621
Operational EBIT per kg (EUR) - Total <sup>9)</sup>	1.61	2.60	2.14	1.84
Norway	1.77	2.70	2.20	2.18
Scotland	1.19	1.83	2.55	0.91
Canada	0.98	3.33	2.06	2.53
Chile	1.03	2.61	1.30	0.11

- 1) This interim report is unaudited. Please refer to part 4 of the Annual Report and the appendix to this quarterly report (available on-line on our web site) 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 usually 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)	Q4 2017	Q4 2016
<b>Operational EBIT</b>	<b>180.8</b>	<b>259.4</b>
Change in unrealized margin	12.9	-18.7
Gain/loss from derivatives	-12.1	7.1
Net fair value adjustment on biomass including onerous contracts	-94.6	74.7
Restructuring costs	-2.5	-0.9
Income from associated companies	12.8	21.0
Impairment losses on fixed assets/intangibles	-101.7	1.7
<b>EBIT</b>	<b>-4.3</b>	<b>344.3</b>

Operational EBIT amounted to EUR 180.8 million. The decrease from the comparable quarter is mainly due to reduced market prices. The contribution from Feed was EUR -2.8 million (EUR 10.8 million), and Farming contributed EUR 124.8 million (EUR 207.7 million). Markets contributed EUR 29.6 million (EUR 22.3 million) and Consumer Products contributed EUR 25.9 million (EUR 23.6 million). Operational EBIT of EUR 180.8 million in the period was negatively impacted by exceptional items in the amount of EUR 36.2 million (see note 6).

Earnings before financial items and taxes (EBIT) came to EUR -4.3 million (EUR 344.3 million). EBIT is negatively impacted by impairment of farming licenses in Chile of EUR -97.2 million and fixed assets of EUR -3.5 million. EBIT is also negatively impacted by net fair value adjustment on biomass including onerous contracts of EUR -94.6 million (EUR 74.7 million), mainly due to lower prices compared to the third quarter.

### Financial items

(EUR million)	Q4 2017	Q4 2016
Interest expenses	-11.6	-12.2
Net currency effects	-24.2	13.9
Other financial items	43.5	-70.2
<b>Net financial items</b>	<b>7.7</b>	<b>-68.5</b>

Other financial items included a positive effect of decreased fair value of the conversion liability component of convertible bond of EUR 39.8 million, mainly explained by the changes in the Marine Harvest share price. Net currency effects over profit and loss amounted to EUR -24.2 million, mainly due to effects on current assets related to the weakening of the NOK.

### Cash flow and NIBD

(EUR million)	Q4 2017	Q4 2016
<b>NIBD beginning of period</b>	<b>-664.0</b>	<b>-876.7</b>
Operational EBITDA	219.0	296.0
Change in working capital	-99.9	-105.1
Taxes paid	-29.5	-10.3
Other adjustments	0.0	-17.3
<b>Cash flow from operations</b>	<b>89.7</b>	<b>163.2</b>
Net Capex	-69.7	-58.2
Other investments and dividends received	0.2	1.0
<b>Cash flow to investments</b>	<b>-69.4</b>	<b>-57.2</b>
Net interest and financial items paid	-8.4	-6.4
Other items	-14.0	10.1
Dividend / return of paid in capital	-173.7	-113.9
Currency effect on interest-bearing debt	8.1	-9.0
<b>NIBD end of period</b>	<b>-831.9</b>	<b>-890.0</b>

Cash flow from operations amounted to EUR 89.7 million (EUR 163.2 million), after a seasonal build-up of working capital.

Net Capex was EUR 69.7 million (EUR 58.2 million). The increase from the fourth quarter of 2016 is mainly due to the new feed factory in Scotland.

Currency effect on interest-bearing debt of EUR 8.1 million (EUR -9.0 million) during the quarter is mainly due to EUR appreciation versus NOK on the NOK 1,250 million bond.

A quarterly dividend of EUR 173.7 million (EUR 113.9 million), as announced in the previous quarterly report, has been distributed as repayment of paid in capital.

As a result of the new feed factory in Scotland and increased Farming NIBD/kg from EUR 1.8 to EUR 2.0 on expected higher long-term earnings, the Board of Directors has revised the long-term NIBD target from EUR 1,050 million to EUR 1,200 million.



GUIDING PRINCIPLE	AMBITION	ACHIEVEMENT
Profitability	ROCE exceeding 12%	Q4 12.8% YTD 26.7%
Solidity	Long term NIBD target: EUR 1 200 million Farming NIBD / kg EUR 2.0	December 31, 2017 EUR 832 million Farming NIBD / kg EUR 1.2

# PROFIT - OPERATIONAL PERFORMANCE AND ANALYTICAL DATA

EUR million	Feed		Farming		Sales and Marketing				Other		Group <sup>1)</sup>	
	Q4 2017	Q4 2016	Q4 2017	Q4 2016	Markets		Consumer Products		Q4 2017	Q4 2016	Q4 2017	Q4 2016
					Q4 2017	Q4 2016	Q4 2017	Q4 2016				
External revenue	4.0	5.7	23.4	11.4	526.4	560.3	456.2	440.7	0.0	0.0	1 010.0	1 018.1
Internal revenue	89.0	101.5	605.0	629.0	197.6	220.5	12.4	8.2	8.8	7.5	0.0	0.0
Operational revenue	93.0	107.2	628.4	640.4	724.0	780.7	468.5	448.9	8.8	7.6	1 010.0	1 018.1
<b>Operational EBIT</b>	<b>-2.8</b>	<b>10.8</b>	<b>124.8</b>	<b>207.7</b>	<b>29.6</b>	<b>22.3</b>	<b>25.9</b>	<b>23.6</b>	<b>3.3</b>	<b>-5.0</b>	<b>180.8</b>	<b>259.4</b>
Change in unrealized margin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.9	-5.2
Gain/loss from derivatives	0.0	0.0	17.4	-29.2	-3.4	0.0	-17.6	29.5	-8.5	6.9	-12.1	7.1
Net fair value adjustment on biomass, onerous contract provisions	0.0	-1.1	-94.6	75.8	0.0	0.0	0.0	0.0	0.0	0.0	-94.6	74.7
Restructuring costs	0.0	0.0	-1.4	0.0	0.0	0.0	-1.1	-0.9	0.0	0.0	-2.5	-0.9
Other non-operational items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from associated companies	0.0	0.0	13.0	21.1	0.0	0.0	0.0	0.0	-0.2	-0.2	12.8	21.0
Impairment losses of fixed assets	0.0	-13.5	-101.7	1.0	-0.1	0.0	0.2	0.7	0.0	0.0	-101.7	-11.8
<b>EBIT</b>	<b>-2.8</b>	<b>-3.8</b>	<b>-42.5</b>	<b>276.5</b>	<b>26.2</b>	<b>22.3</b>	<b>7.3</b>	<b>52.9</b>	<b>-5.4</b>	<b>1.6</b>	<b>-4.3</b>	<b>344.3</b>
Operational EBIT %	-3.0%	10.1%	19.9%	32.4%	4.1%	2.9%	5.5%	5.3%	na	na	17.9%	25.5%

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 3.3 million in the quarter (EUR -5.0 million). The currency effects of foreign currency transactions against EUR are recognized as income/cost of EUR 5.2 million in Marine Harvest ASA and Marine Harvest Markets Norway respectively (in the fourth quarter of 2016, the corresponding effect was EUR -2.6 million).

EUR million	SOURCES OF ORIGIN						Other	Group
	Norway	Scotland	Canada	Chile	Ireland	Faroes		
OPERATIONAL EBIT								
Farming	88.7	4.9	8.3	10.9	6.0	6.0		124.8
Sales and Marketing								
Markets	11.7	3.8	1.6	6.7	0.0	5.8	0.1	29.6
Consumer Products	17.6	6.7	0.0	0.0	0.7	0.0	0.9	25.9
Subtotal	118.0	15.4	9.9	17.6	6.7	11.8	0.9	180.3
Feed	-0.7						-2.1	-2.8
Other entities <sup>1)</sup>							3.3	3.3
Total	117.3	15.4	9.9	17.6	6.7	11.8	2.1	180.8
Harvest volume (GWT)	66 384	12 987	10 036	17 096	2 358	3 767		112 628
Operational EBIT per kg (EUR) <sup>2)</sup>	1.77	1.19	0.98	1.03	2.86	3.13		1.61
- of which Feed	-0.01	0.00	0.00	0.00	0.00	0.00		-0.02
- of which Markets	0.18	0.29	0.16	0.39	0.01	1.53		0.26
- of which Consumer Products	0.27	0.51	0.00	0.00	0.29	0.00		0.23
ANALYTICAL DATA								
Price achievement/reference price (%) <sup>3)</sup>	114%	134%	99%	97%	na	154%		113%
Contract share (%)	39%	56%	0%	11%	87%	4%		33%
Quality - superior share (%)	94%	96%	90%	87%	89%	92%		93%
Exceptional items incl in Operational EBIT	-28.1	-5.4	-1.1	-0.7	-0.8	0.0		-36.2
Exceptional items per kg (EUR)	-0.42	-0.42	-0.11	-0.04	-0.35	0.00		-0.32
GUIDANCE								
Q1 2018 harvest volume (GWT)	52 000	9 000	7 000	12 000	1 500	1 000		82 500
2018 harvest volume (GWT)	249 000	47 000	46 000	52 500	7 500	8 000		410 000
Q1 2018 contract share (%)	39%	73%	0%	32%	87%	0%		39%

1) Corporate and Holding companies

2) Including Corporate and Holding companies

3) Sales and Marketing Price achievement

## MARKET OVERVIEW

### Industry

Global harvest of Atlantic salmon increased by 16% compared to the fourth quarter of 2016. The harvest growth put pressure on spot salmon prices in all markets. In addition, salmon prices in 2016 reached unprecedented levels post the algal bloom in Chile and biological challenges in Norway the same year. The global supply contraction in 2016 of -7% (approx. 140,000 GWT) was the largest ever recorded. Hence, it takes time for the market to adapt to the recovery of supply seen in H2-2017.

Consumption growth was approximately 12% in the period and the developments in USA and Asian markets continue to be impressive.

Global harvest of Atlantic salmon amounted to 603,400 tonnes in the fourth quarter. The increase in global harvest volumes were slightly more than guided as Chilean harvest exceeded expectations.

Supply	Q4 2017 GWT	Change vs Q4 2016	12 month change	Q3 2017 GWT
Norway	321 800	11.2%	3.1%	280 700
Scotland	40 300	10.1%	10.7%	40 000
Faroe Islands	18 500	-8.0%	1.9%	15 800
Ireland	3 900	-4.9%	9.2%	4 100
<b>Total Europe</b>	<b>384 500</b>	<b>9.8%</b>	<b>4.0%</b>	<b>340 600</b>
Chile	158 000	36.6%	14.8%	127 200
North America	39 800	3.9%	-4.1%	39 200
<b>Total Americas</b>	<b>197 800</b>	<b>28.4%</b>	<b>10.1%</b>	<b>166 400</b>
Australia	16 400	43.9%	19.9%	14 000
Other	4 700	14.6%	16.8%	4 500
<b>Total</b>	<b>603 400</b>	<b>16.1%</b>	<b>6.4%</b>	<b>525 500</b>

Supply from Norway increased by 11% compared to the fourth quarter of 2016 which was in line with expectations. Growth in feed consumption, favorable sea-water temperatures and higher biomass supported the increased harvesting.

Harvest in Scotland grew by 10% compared to the fourth quarter of 2016 which also was in line with guidance. The growth in Scottish volumes were partially driven by accelerated harvesting due to challenging biological conditions. Volumes from the Faroe Islands decreased by 10% in the quarter compared to the same quarter in 2016. The reduction was more than expected, however, in tonnage the deviation was only 4,000 GWT.

Volumes from Chile increased by 37% compared to the fourth quarter of 2016. The increase was more than expected and driven by high feed sales, higher opening biomass than forecast and harvesting at higher weights.

In North America volumes increased by 4% which was in line with expectations.

Reference prices	Q4 2017 Market	Change vs Q4 2016	Q4 2017 NOK	Change vs Q4 2016
Norway <sup>1)</sup>	EUR 5.13	-30.5%	NOK 49.26	-26.2%
Chile <sup>2)</sup>	USD 4.73	-14.8%	NOK 38.62	-17.1%
Chile, GWE <sup>3)</sup>	USD 5.42	-16.6%	NOK 44.26	-18.9%
North America <sup>4)</sup>	USD 3.24	-14.3%	NOK 26.44	-16.6%
North America GWE <sup>3)</sup>	USD 6.73	-14.4%	NOK 54.95	-16.7%

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

In the market currency, EUR, prices in Europe decreased by 31% compared to the fourth quarter of 2016. Salmon prices decreased by 15% in Miami and 14% in Seattle in USD terms.

Market distribution	Q4 2017 GWT	Change vs Q4 2016	12 month change
EU	268 200	6.9%	-2.4%
Russia	23 000	14.4%	-1.9%
Other Europe	24 200	15.8%	7.8%
<b>Total Europe</b>	<b>315 400</b>	<b>8.1%</b>	<b>-1.7%</b>
US	103 100	17.3%	4.3%
Brazil	21 800	11.2%	-4.7%
Other Americas	31 600	7.1%	4.2%
<b>Total Americas</b>	<b>156 500</b>	<b>14.2%</b>	<b>3.0%</b>
China/Hong Kong	26 200	36.5%	7.3%
Japan	16 000	-4.2%	-1.7%
South Korea/Taiwan	12 000	27.7%	13.5%
Other Asia	20 400	29.1%	26.0%
<b>Total Asia</b>	<b>74 600</b>	<b>22.1%</b>	<b>11.2%</b>
All other markets	32 000	17.6%	8.3%
<b>Total</b>	<b>578 500</b>	<b>11.9%</b>	<b>1.7%</b>

Global consumption increased by 12% in the fourth quarter compared with the same period in 2016. The overall consumption of salmon was approximately 25,000 tonnes less than the salmon harvested, hence the market experienced an inventory build-up mainly in Chile in the quarter.

Consumption in the EU increased by approximately 7% in the quarter. The increased consumption was supported by good volume growth in Spain, Italy, Benelux and the Nordic region. Russia also increased its consumption of salmon as sourcing from the Faroes gained pace. The volume development in the French fresh category continues its positive trend, however, the French smoked category is still being impacted by high retail prices.

US consumption increased by 17% compared with the same quarter in 2016. For the calendar year 2017 consumption in the USA reached an impressive 396,000 GWT. Growing imports of Chilean salmon and large sized European salmon were the main drivers for the volume increase both in the fourth quarter and for 2017 overall. Consumption in Brazil increased by 11% as more salmon from Chile was available.

Consumption in the Asian market increased by 22% in the quarter compared to the same period last year. The Chinese market grew strongly due to increased imports from Australia and Chile. Exports from Norway to China gained pace from November onwards which also contributed to growth. The developments in the other parts of Asia are generally very positive.

Source: Kontali and Marine Harvest

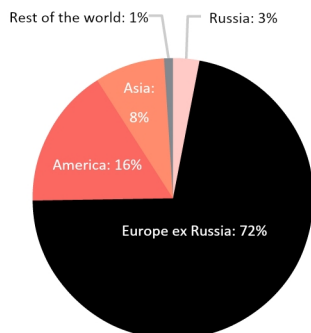


## Marine Harvest

### Geographic market presence

Total salmon revenues in the fourth quarter were distributed as shown in the graph below. Europe is by far the largest market for Marine Harvest's salmon with 72% of the total revenues (71%). France, Germany and the UK are the main markets for our products.

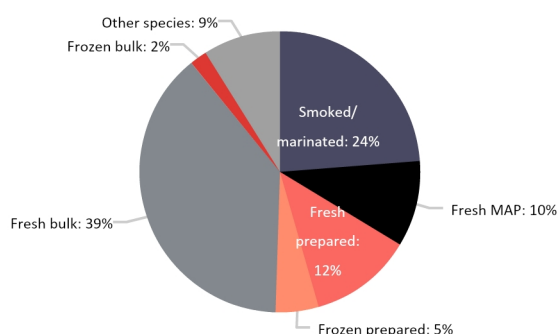
Sales by Geography Q4 2017



### Sales by product

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

Sales by product Q4 2017



Fresh bulk salmon represented 39% of total sales revenues (40%), while smoked/marinated and elaborated salmon together accounted for 51% (48%).

### Branding and product development efforts

In the fourth 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, with volume growth for the Ducktrap brand in the fourth quarter of 2017 compared to the fourth quarter of 2016. Ducktrap is also opening its second factory in Maine in the second quarter of 2018, after a minor delay due to a fire in December.

In December, we opened our new plant in Surrey, British Columbia. The plant will produce value-added products and individually-packaged fresh salmon for sale in Western Canada and the North Western region of the US. The plant is expected to process approximately 12,000 tonnes of salmon annually, and employ 75 people. This plant comes in addition to our existing plants in Dallas

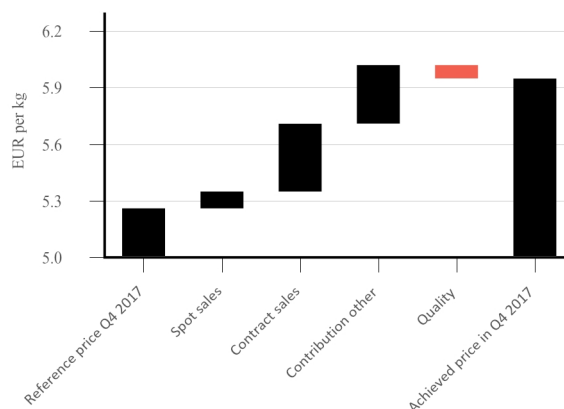
and Miami. These plants continue to experience demand-driven volume growth. US consumers are responding very well to a wide range of value-added products from Marine Harvest, including pre-packed products.

In Asia, our Mowi brand has seen an impressive volume growth in the fourth quarter of 2017 compared to the fourth quarter of 2016. In the comparable quarter of 2016, Mowi demand was heavily impacted by upwards adjustment of sales prices in order to reflect increased raw material costs. The positive development for this premium brand in 2017 is encouraging.

### Price achievement

Market prices have been reduced in the fourth quarter on increased supply. Although the global reference price was 28% lower in the fourth quarter of 2017 compared to the fourth quarter of 2016, achieved prices were positively impacted by high contract prices.

Global Price Achievement Q4 2017



Price achieved by the farming units in Norway, Scotland, Canada, Chile and Faroes, including allocated contribution from Feed and Sales & Marketing.

The combined global price achieved was 13% above the reference price in the period. In the fourth quarter of 2016, the global price achieved was 7% below the reference price. Contract prices have improved significantly, and contracts impacted price achievement positively in the fourth quarter of 2017 (negatively in 2016).

Price achievement also includes the effect of contribution from our Feed and Sales & Marketing operations. If this contribution is excluded, the global price achievement would have been reduced to 7% above the reference price in the period (in the fourth quarter of 2016, the global price achievement would have been reduced to 13% below the reference price).

Markets				
Q4 2017	Norwegian	Scottish	Canadian	Chilean
Contract share	39%	56%	0%	11%
Quality - superior share	94%	96%	90%	87%
Price achievement	114%	134%	99%	97%

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	Q4 2017	Q4 2016
Operational EBIT	117.3	171.8
EBIT	76.6	168.3
Harvest volume (GWT)	66 384	63 595
Operational EBIT per kg (EUR)	1.77	2.70
- of which Feed	-0.01	0.17
- of which Markets	0.18	0.19
- of which Consumer Products	0.27	0.32
Exceptional items incl in op. EBIT	-28.1	-26.2
Exceptional items per kg (EUR)	-0.42	-0.41
Price achievement/reference price	114%	91%
Contract share	39%	52%
Superior share	94%	94%

### Financial results

Operational EBIT amounted to EUR 117.3 million (EUR 171.8 million) in the fourth quarter, the equivalent of EUR 1.77 per kg (EUR 2.70). The profitability of the four Norwegian regions varied significantly, with EUR 0.89 per kg separating the best performing region (Region West) from the lowest performing region (Region Mid). The positive effect of slightly increased harvesting volume and reduced feed costs were more than offset by other cost increases and lower achieved prices compared to the fourth quarter of 2016.

Financial EBIT amounted to EUR 76.6 million (EUR 168.3 million).

Exceptional items related to mortality and lice mitigation negatively impacted Operational EBIT by EUR 28.1 million in the fourth quarter (EUR 26.2 million).

### Price and volume development

Market prices were reduced in the fourth quarter on increased supply. The reference price for salmon of Norwegian origin decreased by 31% compared to the fourth quarter of 2016. The average reference price in the fourth quarter was EUR 5.13 per kg. The overall price achieved was 14% above the reference price in the quarter (9% below). Contribution from contracts relative to the reference price was positive in the fourth quarter (negative in the fourth quarter of 2016).

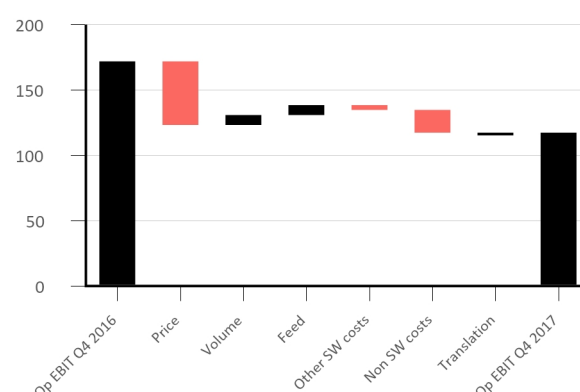
Marine Harvest had a contract share of 39% for salmon of Norwegian origin in the fourth quarter, compared to 52% in the fourth quarter of 2016.

Harvested volume in the fourth quarter was 66 384 tonnes gutted weight (63 595 tonnes gutted weight). The main contributor to the slight increase is a more normal harvest pattern in Region Mid compared to 2016.

### Costs and operations

The cost level for harvested fish is impacted by biological challenges. Although costs for Marine Harvest Norway remained stable compared to the third quarter of 2017, costs in all regions except Region North increased compared to the fourth quarter of 2016.

### Operational EBIT Salmon of Norwegian Origin Q4 2017 vs Q4 2016



The biological cost of harvested fish increased by 3% compared to the fourth quarter of 2016, as increased health costs more than offset the effect of reduced feed costs per kg. The reduction in feed costs per kg is mainly a result of reduced feed prices.

As in previous periods, sea lice mitigation costs have been high for the harvested generation, although health cost per kg was reduced from the all-time high level in the third quarter. The primary challenge for the Norwegian farming operations continues to be sea lice, particularly in combination with fish being weakened by other biological challenges, and substantial effort is devoted to mitigating and resolving this challenge.

The estimated exceptional cost related to sea lice mitigation amounted to EUR 25.1 million (EUR 23.2 million) in the fourth quarter of 2017. Per kg harvested, exceptional sea lice mitigation costs amounted to EUR 0.38 (EUR 0.37) in the quarter.

Incident based mortality losses in the amount of EUR 3.0 million have been recognized in the quarter, mainly related to gill issues and CMS. Losses from incident-based mortality in the fourth quarter of 2016 amounted to EUR 2.6 million.

### Restructuring of Marine Harvest Norway

Marine Harvest Norway has initiated a restructuring to adapt to the amended fish farming regulations in Norway regarding production areas, and to streamline the organization following the cost increases in recent years. With effect from 1 January 2018, the number of regions in Marine Harvest Norway has been reduced from four to three. The new regions are Region South, Region Mid and Region North. Financial EBIT in the fourth quarter has been impacted by the recognition of a provision of EUR 2 million related to the restructuring. See the Events section of this report for more details. The Q1 2018 reporting will apply the new structure.

<sup>1)</sup> 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	Q4 2017	Q4 2017	Q4 2017	Q4 2017	Q4 2017
Operational EBIT	17.2	44.0	19.1	37.1	117.3
Harvest volume (GWT)	13 006	20 447	15 239	17 692	66 384
Operational EBIT per kg (EUR)	1.32	2.15	1.26	2.10	1.77
Superior share	95%	95%	95%	94%	94%

Regions	South	West	Mid	North	Total
EUR million	Q4 2016	Q4 2016	Q4 2016	Q4 2016	Q4 2016
Operational EBIT	31.0	63.9	24.6	52.3	171.8
Harvest volume (GWT)	12 338	21 979	10 559	18 718	63 595
Operational EBIT per kg (EUR)	2.51	2.91	2.33	2.79	2.70
Superior share	93%	96%	95%	92%	94%

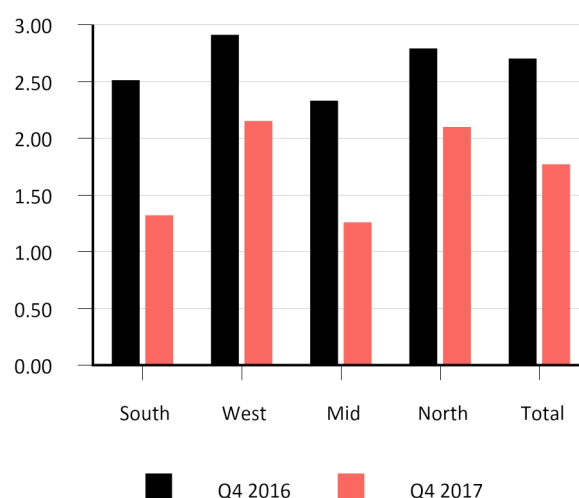
### Region South

- Operational EBIT totaled EUR 17.2 million in the fourth quarter (EUR 31.0 million), or EUR 1.32 per kg (EUR 2.51).
- The cost per kg harvested fish was high in the fourth quarter due to a low performing generation of fish, mortality and low average harvest weights following ISA and gill issues.
- Biological costs per kg harvested fish in the fourth quarter increased by 6% from the fourth quarter of 2016.
- A total of 13 006 tonnes gutted weight (12 338 tonnes) was harvested. The volume increase is due to higher opening biomass.
- Incident based mortality in the amount of EUR 2.2 million was recognized in the quarter due to gill issues.
- Seawater production was lower than in the fourth quarter of 2016 due to higher mortality.
- The level of sea lice was lower at the end of the fourth quarter compared to the fourth quarter of 2016.

### Region West

- The best performing region of Marine Harvest Norway in the fourth quarter of 2017 measured in Operational EBIT per kg. Operational EBIT totaled EUR 44.0 million in the fourth quarter (EUR 63.9 million), or EUR 2.15 per kg (EUR 2.91). Although many sites in the region performs well and achieves high average harvest weights, there are also some sites which are more challenging.
- Biological costs per kg harvested fish in the fourth quarter increased by 2% from the fourth quarter of 2016, despite a decrease in health costs following less sea lice treatments. The sea lice pressure has been reduced in the region. However, sea lice still represent a challenge for the region, particularly in combination with fish being weakened by other biological challenges.
- A total of 20 447 tonnes gutted weight (21 979 tonnes) was harvested. The reduction is due to lower biomass in sea compared to last year, and slightly lower production.
- Seawater production was slightly lower than in the fourth quarter of 2016. Production was impacted by poor growth and mortality, particularly related to gill issues and CMS.
- Incident based mortality of EUR 1.1 million was recognized in the quarter related to loss of smolt at the Steinsvik plant. However, this was more than offset by insurance income related to previous incidents, and the net effect in the quarter is a positive effect of EUR 0.6 million.

## Operational EBIT per kilo per region Q4 2017 vs Q4 2016 incl. sales margin



### Region Mid

- Operational EBIT totaled EUR 19.1 million in the fourth quarter (EUR 24.6 million), or EUR 1.26 per kg (EUR 2.33).
- The cost per kg harvested fish was high in the quarter due to biological challenges. In the quarter, the region has experienced high mortality and losses related to treatments and ERM/Yersiniosis. Biological costs per kg harvested fish in the fourth quarter increased by 14% from the fourth quarter of 2016.
- A total of 15 239 tonnes gutted weight (10 559 tonnes) was harvested. The increased volume is due to increased production, and the fact that the volume in the comparable quarter of 2016 was low due to early harvest.
- Seawater production was higher than in the fourth quarter of 2016 mainly due to improved sea lice control. However, production has been adversely impacted by mortality and treatments.
- No incident based mortality recognized in the quarter.
- Sea lice levels at the end of the quarter were lower than the corresponding quarter of 2016. However, the sea lice situation is still challenging, particularly in combination with ERM/Yersiniosis and other biological challenges.

### Region North

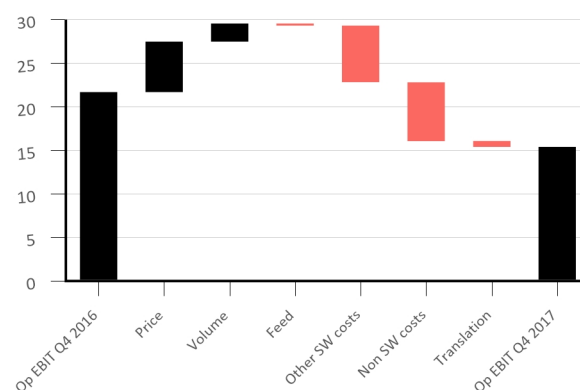
- Operational EBIT totaled EUR 37.1 million in the fourth quarter (EUR 52.3 million), or EUR 2.10 per kg (EUR 2.79). In the comparable quarter of 2016, ISA impacted Operational EBIT by EUR 2.2 million due to harvesting of low weight fish.
- Biological costs per kg harvested fish in the fourth quarter decreased by 10% from the fourth quarter of 2016, mainly due to improved growth and decreased health costs.
- The level of sea lice was lower at the end of the fourth quarter compared to the fourth quarter of 2016.
- A total of 17 692 tonnes gutted weight (18 718 tonnes) was harvested. The volume in 2016 was relatively high due to early harvest of low weight fish.
- Incident based mortality of EUR 1.5 million was recognized in the quarter, mainly related to CMS.
- Seawater production was record high in the fourth quarter of 2017.



## Salmon of Scottish origin

EUR million	Q4 2017	Q4 2016
<b>Operational EBIT</b>	<b>15.4</b>	<b>21.7</b>
<b>EBIT</b>	<b>-4.5</b>	<b>75.0</b>
Harvest volume (GWT)	12 987	11 805
<b>Operational EBIT per kg (EUR)</b>	<b>1.19</b>	<b>1.83</b>
- of which Markets	0.29	0.32
- of which Consumer Products	0.51	0.18
Exceptional items incl in op. EBIT	-5.4	-0.9
Exceptional items per kg (EUR)	-0.42	-0.08
Price achievement/reference price	134%	91%
Contract share	56%	68%
Superior share	96%	94%

Operational EBIT Salmon of Scottish Origin  
Q4 2017 vs Q4 2016



### Financial results

Operational EBIT amounted to EUR 15.4 million in the fourth quarter (EUR 21.7 million), the equivalent of EUR 1.19 per kg (EUR 1.83). The effects of increased margin allocated from Consumer Products to salmon of Scottish origin and increased harvest volume were more than offset by cost increases due to harvest from lower performing sites and mortality.

Financial EBIT amounted to EUR -4.5 million (EUR 75.0 million).

### Price and volume development

Achieved prices, excluding allocated margin from Consumer Products, were stable in the fourth quarter of 2017 compared to the fourth quarter of 2016. The effect of decreased market prices on increased supply have been largely offset by favorable contract prices. When including the above-mentioned allocated margin from Consumer Products, net achieved prices increased compared to the fourth quarter of 2016.

The overall price achieved was 34% above the reference price in the quarter (9% below). The relative improvement in price achievement is due to improved contract prices and greater allocated margin from Consumer Products to salmon of Scottish origin. When adjusted for allocated margin from Consumer Products, the price achievement was 24% above the reference price. Contribution from contracts relative to the reference price was positive in the fourth quarter of 2017, but negative in 2016.

The fourth quarter harvest volume was 12 987 tonnes gutted weight which is an increase from the corresponding quarter in 2016 (11 805 tonnes) due to targeted harvest to mitigate biological challenges.

### Costs and operations

The cost level per kg harvested increased in the fourth quarter of 2017 compared to the fourth quarter of 2016, due to lower performing sites and increased mortality.

Biological costs per kg increased by 14% in the fourth quarter of 2017 compared to the corresponding quarter of 2016, mainly due to increased health costs. The cost of feed per kg harvested salmon was up by 1% compared to the corresponding quarter of 2016.

Incident based mortality of EUR 5.4 million (EUR 0.9 million) was recognized mainly due to anaemia, bacterial infection and CMS.

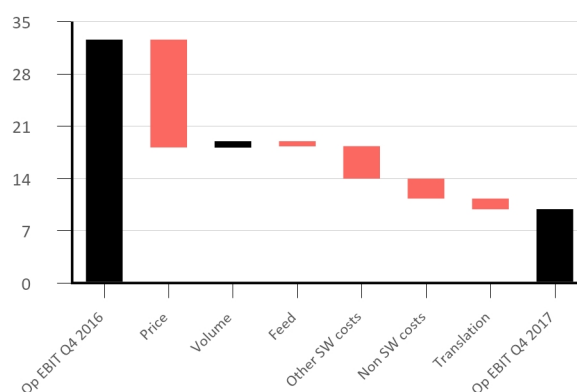
The sea lice levels at the end of the quarter were lower than at the end of the comparable quarter of 2016.

Production in the fourth quarter has been adversely impacted by treatments and mortality. While the general fish health situation improved for our Scottish operations during the three first quarters of 2017, the biological performance has been more challenging in the fourth quarter. This situation is not expected to improve significantly in the next quarter. Combined with low volumes costs are expected to remain at the current high level also in the first quarter of 2018.

## Salmon of Canadian origin

EUR million	Q4 2017	Q4 2016
<b>Operational EBIT</b>	<b>9.9</b>	<b>32.6</b>
<b>EBIT</b>	<b>11.9</b>	<b>59.8</b>
Harvest volume (GWT)	10 036	9 769
<b>Operational EBIT per kg (EUR)</b>	<b>0.98</b>	<b>3.33</b>
- of which Markets	0.16	0.41
- of which Consumer Products	0.00	0.00
Exceptional items incl in op. EBIT	-1.1	0.0
Exceptional items per kg (EUR)	-0.11	0.00
Price achievement/reference price	99%	101%
Contract share	0%	0%
Superior share	90%	87%

Operational EBIT Salmon of Canadian Origin  
Q4 2017 vs Q4 2016



### Financial results

Operational EBIT amounted to EUR 9.9 million in the fourth quarter (EUR 32.6 million), the equivalent of EUR 0.98 per kg (EUR 3.33). The decrease in Operational EBIT compared to the fourth quarter of 2016 is due to significantly lower prices and increased costs.

Financial EBIT amounted to EUR 11.9 million (EUR 59.8 million).

### Price and volume development

Spot prices for Canadian salmon in the fourth quarter were significantly reduced as a consequence of increased volumes from Chile and Europe into the North American market. Market prices for fresh whole Canadian salmon decreased by 14% in the fourth quarter of 2017 compared to the fourth quarter of 2016. The average price per lb gutted weight (Uerner Barry 10-12 lb) was USD 3.24 per lb.

Price achievement in the fourth quarter of 2017 was 1% below the reference price (1% above). There were no contracts for salmon of Canadian origin in the fourth quarter of 2017 or 2016. The superior share was 90% in the fourth quarter (87%).

### Costs and operations

The cost level in the fourth quarter of 2017 was higher than in the comparable quarter of 2016, due to low oxygen levels in sea and other adverse environmental circumstances which led to increased mortality and reduced growth. Operational EBIT in the fourth quarter of 2017 was also negatively impacted by EUR 0.7 million related to the build-up and preparation phase for our East Canadian operations.

The biological costs per kg salmon harvested in the quarter increased by 15%, due to reduced biological performance and increased spending in sea water production. The cost of feed per kg harvested salmon was up by 4% compared to the corresponding quarter of 2016.

Sea lice levels at the end of the quarter were lower than the comparable quarter of 2016.

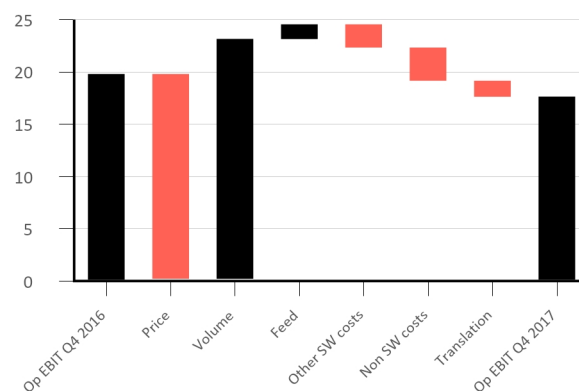
Incident based mortality of EUR 1.1 million was recognized in the fourth quarter (no incident based mortality in the fourth quarter of 2016), due to three sites with severe environmental conditions related to jelly fish, plankton and oxygen levels.

Production has been lower than in the fourth quarter of 2016, due to mortality and reduced growth caused by environmental conditions in sea.

## Salmon of Chilean origin

EUR million	Q4 2017	Q4 2016
<b>Operational EBIT</b>	<b>17.6</b>	<b>19.8</b>
<b>EBIT</b>	<b>-85.4</b>	<b>20.0</b>
Harvest volume (GWT)	17 096	7 577
<b>Operational EBIT per kg (EUR)</b>	<b>1.03</b>	<b>2.61</b>
- of which Markets	0.39	0.26
- of which Consumer Products	0.00	0.00
Exceptional items incl in op. EBIT	-0.7	-0.1
Exceptional items per kg (EUR)	-0.04	-0.01
Price achievement/reference price	97%	99%
Contract share	11%	10%
Superior share	87%	94%

Operational EBIT Salmon of Chilean Origin  
Q4 2017 vs Q4 2016



### Financial results

Operational EBIT amounted to EUR 17.6 million in the fourth quarter (EUR 19.8 million), the equivalent of EUR 1.03 per kg (EUR 2.61). Compared to the fourth quarter of 2016, harvest volumes have improved significantly, as volumes in the comparable quarter were negatively impacted by the toxic algal bloom incident in Region X. However, the effect of improved harvest volumes are more than offset by lower market prices and increased costs.

Financial EBIT amounted to EUR -85.4 million (EUR 20.0 million).

### Price and volume development

The Urner Barry reference price for Chilean salmon was down by 15% compared to the fourth quarter of 2016 on increased supply. The average price per lb fillet in the quarter (Urner Barry D-trim 3-4 lb) was USD 4.73.

North America remains the most important market for salmon of Chilean origin. Price achievement for Chilean salmon was 3% below the reference price in the quarter (1% below). Price achievement was negatively impacted by USD 0.8 million due to maturity issues.

The contract share was 11% in the quarter, compared to 10% in the fourth quarter of 2016.

Harvested volume was 17 096 tonnes gutted weight in the fourth quarter (7 577 tonnes). The increase compared to the fourth quarter of 2016 is mainly due to the algal bloom in 2016. Harvested volume is also somewhat impacted by early harvesting in the quarter following sanitary pressure due to SRS.

### Costs and operations

The biological costs per kg salmon harvested in the quarter increased by 2%, despite reduced feed costs on lower feed prices.

The increase of non-seawater costs compared to the fourth quarter of 2016 is impacted by one-offs related to sale of fixed assets in the comparable quarter.

Incident based mortality of EUR 0.7 million was recognized in the quarter due to SRS. SRS remains a concern in our Chilean operations, with three sites affected.

The sea lice situation in Region X is challenging, particularly for sites where the fish have been two summers in sea. Sea lice levels at the end of the fourth quarter have increased compared to last year. The industry is coordinating sea lice mitigation activities.

Costs are expected to increase in the first quarter of 2018.

### Recognition of impairment loss in financial EBIT

In accordance with IFRS, financial EBIT in the fourth quarter has been impacted by an impairment loss of USD 110 million, or EUR 97.2 million, related to book value of farming licenses in Chile. Marine Harvest Chile has 187 seawater licenses, and a large part of the capacity is unused. Based on an assessment of the recent regulatory changes for fish farming in Chile and estimated volumes going forward, the value-in-use of the licenses is considered to be impaired. See also Note 13. In addition, an impairment of fixed assets of EUR 3.5 million has been recognized in financial EBIT in the fourth quarter.

## Salmon of Irish origin

EUR million	Q4 2017	Q4 2016
Operational EBIT	6.7	3.0
EBIT	7.9	6.5
Harvest volume (GWT)	2 358	2 677
Operational EBIT per kg (EUR)	2.86	1.13
- of which Markets	0.01	0.01
- of which Consumer Products	0.29	0.19
Exceptional items incl in op. EBIT	-0.8	-0.7
Exceptional items per kg (EUR)	-0.35	-0.24
Price achievement/reference price	na	na
Contract share	87%	84%
Superior share	89%	92%

Operational EBIT amounted to EUR 6.7 million in the fourth quarter (EUR 3.0 million), which was EUR 2.86 per kg (EUR 1.13 per kg).

Financial EBIT amounted to EUR 7.9 million (EUR 6.5 million).

The strong earnings in the quarter are mainly explained by improved market conditions and prices for organic salmon.

Costs increased somewhat from the comparable quarter.

Harvest volume was 2 358 tonnes gutted weight, which is somewhat lower than in the comparable quarter of 2016 (2 677 tonnes). This is due to early harvest in previous quarters as a consequence of good biological performance.

## Salmon of Faroese origin

EUR million	Q4 2017	Q4 2016
Operational EBIT	11.8	15.1
EBIT	4.9	3.1
Harvest volume (GWT)	3 767	4 212
Operational EBIT per kg (EUR)	3.13	3.59
- of which Markets	1.53	0.12
- of which Consumer Products	0.00	0.00
Exceptional items incl in op. EBIT	0.0	-2.0
Exceptional items per kg (EUR)	0.00	-0.47
Price achievement/reference price	154%	99%
Contract share	4%	9%
Superior share	92%	93%

Operational EBIT amounted to EUR 11.8 million (EUR 15.1 million), which was EUR 3.13 per kg (EUR 3.59 per kg).

Financial EBIT amounted to EUR 4.9 million (EUR 3.1 million).

The majority of the harvested salmon in the fourth quarter of 2017 was sold at very favorable prices, well above the reference price level. However, achieved prices were lower than the record-high levels of Q4 2016 and Q1 2017.

Costs on harvested fish increased by 21% compared to the fourth quarter of 2016 on increased health costs and some negative scale effects from reduced volume.

Production has been negatively impacted by lice issues. The level of sea lice was higher at the end of the fourth quarter compared to the fourth quarter of 2016.

Costs are expected to increase in the first quarter of 2018 on low volumes.

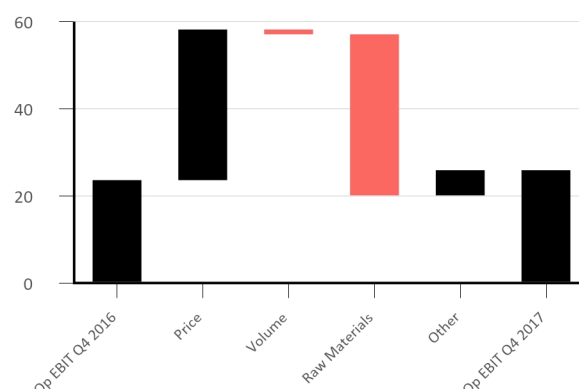
## Consumer Products

EUR million	Q4 2017	Q4 2016
Operating revenues	468.5	448.9
<b>Operational EBIT <sup>1)</sup></b>	<b>25.9</b>	<b>23.6</b>
Operational EBIT %	5.5%	5.3%
<b>EBIT <sup>2)</sup></b>	<b>24.8</b>	<b>23.4</b>
Volume sold (tonnes product weight)	35 747	37 494
Exceptional items	0.0	0.0
Volume share salmon	78%	79%
Revenue share salmon	84%	83%

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

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

### Operational EBIT Consumer Products Q4 2017 vs Q4 2016



### Financial results

Operational EBIT for Consumer Products was EUR 25.9 million (EUR 23.6 million), which is record high. The Operational EBIT margin was 5.5% (5.3%).

Financial EBIT<sup>2)</sup> amounted to EUR 24.8 million (EUR 23.4 million).

Operational EBIT for our Fresh operations in the fourth quarter of 2017 was above the comparable quarter of 2016. In general, the increase is due to operational improvements, adjustments of sales prices and successful promotions. The development of MAP sales has been strong in the quarter.

For our Chilled operations, our French plants had a positive development in earnings compared to the fourth quarter of 2016. However, this was offset by the Chilled operations in Central and Eastern Europe.

### Price and volume development

Consumer Products' operating revenues were EUR 468.5 million (EUR 448.9 million). Average price achieved per sold volume in the fourth quarter of 2017 has increased compared to the fourth quarter of 2016.

Total volume sold in the fourth quarter of 2017 was 35 747 tonnes product weight. The volume has decreased for Fresh sales, as demand is tested by the higher consumer prices. The volume for Chilled sales is stable.

We experienced good sales growth in Benelux and Eastern Europe. We have also experienced improved demand and increased promotional activities with retailers in the fresh market, in both France and Germany, on the back of the lower salmon prices.

### Costs and operations

Both our Fresh operations and Chilled operations delivered good results in the quarter. 2017 has been the best year ever for several of our Consumer Products units, including Morpol, Bolougne, Rosyth, Pieters and Sterk.

Consumer Products	Q4 2017		
EUR million	Fresh	Chilled	Total
Volume sold (tonnes prod wt)	15 065	20 682	35 747
Operational EBIT	10.5	15.3	25.9
Operational EBIT per kg (EUR)	0.70	0.74	0.72

Consumer Products	Q4 2016		
EUR million	Fresh	Chilled	Total
Volume sold (tonnes prod wt)	16 973	20 521	37 494
Operational EBIT	7.4	16.3	23.6
Operational EBIT per kg (EUR)	0.43	0.79	0.63

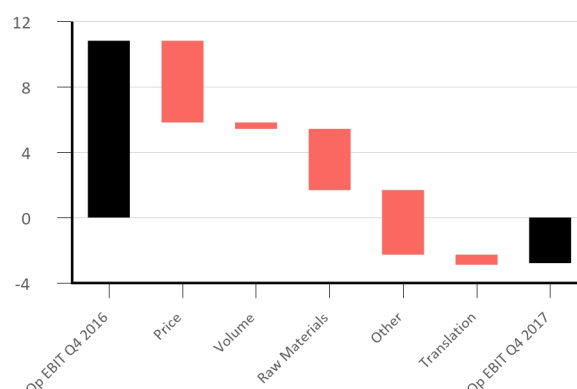


## Feed

EUR million	Q4 2017	Q4 2016
Operating revenues	93.0	107.2
<b>Operational EBIT</b>	<b>-2.8</b>	<b>10.8</b>
Operational EBIT %	-3.0%	10.1%
<b>EBIT</b>	<b>-2.8</b>	<b>-3.8</b>
Feed sold volume	82 772	86 014
Feed produced volume	84 578	89 672
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  
Q4 2017 vs Q4 2016



## Financial results

Operational EBIT was EUR -2.8 million (EUR 10.8 million) in the fourth quarter of 2017. Although underlying raw material prices decreased in the quarter, raw material costs were negatively impacted by currency effects and consumption of raw materials on stock purchased at higher prices in previous quarters. Feed prices were reduced in line with underlying raw material prices, with a corresponding negative effect on earnings. Operational EBIT was also negatively impacted by EUR 2.1 million related to the construction phase of the new feed plant in Scotland.

Financial EBIT amounted to EUR -2.8 million (EUR -3.8 million).

## Price and volume development

Operating revenues were EUR 93.0 million in the fourth quarter (EUR 107.2 million).

Volumes sold in the fourth quarter were 82 772 tonnes, compared to 86 014 tonnes in the fourth quarter of 2016. This accounted for 77% of total feed delivered to our Norwegian farming operations, compared to 86% in the fourth quarter of 2016. Rapid increase in demand exhausted finished goods stocks and the monthly capacity of the Bjugn feed plant, thereby necessitating external purchases of feed in Farming Norway.

Feed prices have decreased in the fourth quarter of 2017 compared to the fourth quarter of 2016. Feed prices are set at market terms and benchmarked against third parties. Feed prices decreased in line with underlying prices of the major input factors.

## Costs and operations

The combination of increased costs, decreased prices and lower volumes had a significant negative impact on Operational EBIT in the quarter.

In the fourth quarter, our Norwegian feed plant reached a major milestone, with 1 million tonnes of feed produced since the start-up in the second quarter of 2014.

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 well underway, and opening of the new plant is scheduled to take place in the summer of 2018.

## 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 5 escape incidents in the fourth quarter; 2 in Norway with 21 escaped fish, 2 in Scotland with 1 564 escaped fish and 1 in Chile with 348 escaped fish. In the fourth quarter of 2016, there were 3 escape incidents; 2 in Norway with 8 425 escaped fish and 1 in Scotland with 50 escaped fish.

### Fish health

Pancreas Disease (PD): 4 new sites were diagnosed with PD in the fourth quarter; 3 in Norway and 1 in Ireland. In the fourth quarter of 2016, no new sites were 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): 1 new site was diagnosed with ISA in the fourth quarter of 2017 (none in the fourth quarter of 2016). Our monitoring and surveillance continues and we maintain strict measures to immediately harvest out sites with ISA according to regulatory requirements.

*Pasteurella skyensis*: This is a bacteria that can cause mortality in Atlantic salmon. It was first identified around the mid-1990s, localized around the Isle of Skye in Scotland, and causing disease primarily in the period April-October. Infections have also been reported in Norway in lumpsuckers. There is no vaccine and control is achieved by use of licensed antibiotics. *Pasteurella skyensis* has caused mortality in our Scottish farming operations in the fourth quarter.

Enteric Redmouth Disease (ERM) / Yersiniosis: This is caused by the bacteria *Yersinia ruckeri*, which may lead to elevated mortality. To minimize the risk of disease, Marine Harvest uses sound husbandry and management practices and keep our fish in conditions that satisfy their biological needs for food, clean water, space and habitat. In the fourth quarter, ERM/Yersiniosis caused mortality and losses in Marine Harvest Norway Region Mid.

### Lice management

Marine Harvest actively works to reduce the sea lice load in all farming units. Except for Chile and the Faroes, all entities reported lower sea lice levels at the end of the fourth quarter of 2017 compared to the end of the fourth quarter of 2016.

In Norway, Scotland and Ireland, the share of fish undergone medicinal treatments against sea lice decreased in the fourth quarter of 2017 compared with the fourth 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

SRS (Salmonid Rickettsial Septicaemia) is still a concern for salmon farming in Chile. SRS is caused by an intracellular bacterium which occurs mainly in Chile. SRS is treated using licensed antibiotics. In the fourth quarter, treatment was carried out at several sites in Chile. Mortality caused by SRS is still a major challenge in Chilean salmon farming. Reported mortality due to SRS in the fourth quarter was at the same level as in the comparable quarter. A new SRS vaccine was launched in 2016, with positive expectations from the industry. Marine Harvest is currently assessing the effect of this vaccine under commercial conditions.

### 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 fourth quarter, our use of antibiotics was 52.1 grams per ton biomass produced compared to 53.7 grams per ton in the fourth quarter of 2016. Of this, 9.8 grams are related to our Scottish farming operations (0.2 grams in the fourth quarter of 2016) due to *Pasteurella skyensis*, and 0.2 grams are related to our Norwegian farming operations (0 gram in the fourth quarter of 2016) due to ERM/Yersiniosis in Region Mid. SRS in Chile is the primary reason for our use of antibiotics in our operations.

### ASC certifications

As of the close of the fourth quarter of 2017 we had 72 sites certified (51 in Norway, 14 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 2018. 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 Annual Report.



GUIDING PRINCIPLE - ISSUE	AMBITION	Q4 2017 Achievement
Ensure sustainable wild-farmed interaction in the farming activity	Zero escapes	Five escape incidents and 1 933 fish lost (three incidents with 8 475 fish lost in the fourth 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 98.5% (98.7% in the fourth 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 fourth quarter, the Group recorded 44 Lost Time Incidents (LTIs), which is a decrease from 73 in the fourth quarter of 2016. Measured in LTIs per million hours worked (rolling average), the figure has improved to 6.56 from 9.88 in 2016.

Absenteeism has also decreased to 4.9% from 5.7% in the same quarter of 2016.

### Code of Conduct

In the fourth quarter, the annual testing on our Code of Conduct principles was carried out globally. The test was done on-line, with mandatory participation by employees holding a company e-mail account.



GUIDING PRINCIPLE - ISSUE	AMBITION	Q4 2017 Achievement
Safe jobs	No lost time incidents (LTI)	LTIs per million hours worked was 6.56. 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

#### Kritsen Pure Origine ranked number 1



UFC Que Choisir, a French NGO working for consumer protection, ranked Marine Harvest Kritsen Pure Origine as the number 1 Norwegian smoked salmon product. In its December magazine, 23 smoked salmon products were evaluated on taste, quality and safety. Kritsen was ranked first for Norwegian smoked salmon. In the Scottish ranking, our Pure Origine was not part of the test, but two private label products made from our Scottish salmon were ranked number 2 and 3. We congratulate Kritsen on these achievements!

### Appéti'Marine's salmon canapés awarded

Every year, BBC Good Food Magazine invites British retailers to enter their Christmas specialties for the BBC Good Food Christmas Taste Awards. Marine Harvest Appéti'Marine's salmon canapés were among the 2017 award winners.

An expert BBC Good Food panel tasted its way through over 160 supermarket products to provide the British consumers with the best choices for their festive shopping list. Supermarkets were asked to submit their star product for each category. The products were judged blind by the jury, on taste and flavor. The expert panel was made up of five members – cooking experts and members of the editorial team – and the judging was overseen by an independent adjudicator who compiled the results and feedback.

We congratulate Appéti'Marine on the award!



GUIDING PRINCIPLE - ISSUE	AMBITION	Q4 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

### Conditional agreement to acquire Northern Harvest

In December, Marine Harvest Canada entered into a Share Purchase Agreement to purchase the East Coast Canadian salmon farmer Northern Harvest for CAD 315 million (approximately EUR 210 million) on a cash and debt free basis. The transaction is subject to approval by relevant competition authorities and customary closing conditions. Northern Harvest is fully integrated with its own broodstock, smolt/hatchery, farming sites and processing operations. Northern Harvest is expected to harvest 19,000 GWT of salmon in 2018, and currently has 45 farming licenses in Newfoundland and New Brunswick. The company has an additional 13 farming licenses in application mode.

### Restructuring of Marine Harvest Norway

Marine Harvest Norway has initiated a restructuring to adapt to the amended fish farming regulations in Norway regarding production areas, and to streamline the organization following the cost increases and volume reductions in recent years. With effect from 1 January 2018, the number of regions in Marine Harvest Norway has been reduced from four to three. The new regions are Region South, Region Mid and Region North. Financial EBIT in the fourth quarter has been impacted by the recognition of a provision of EUR 2 million related to this restructuring work.

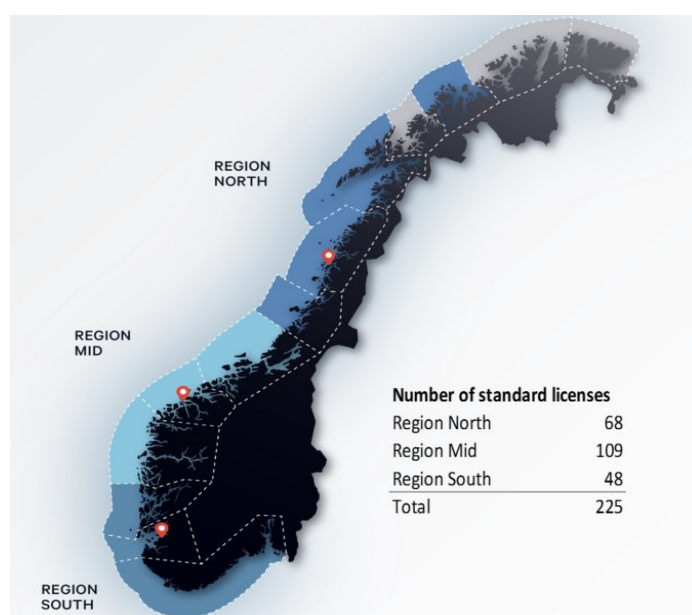


Illustration of the new regions in Marine Harvest Norway

### Investment in increased capacity in Norway

The amended fish farming regulations in Norway have given farmers in green production areas the opportunity to buy 6% growth on existing licenses, of which 2% is subject to a fixed price of NOK 120,000 per tonne. The remaining growth will be sold through an auction process. Marine Harvest's share of the fixed price growth is estimated to MAB 1,400 tonnes, which is equivalent to approximately NOK 168 million. For the remaining growth, the details of the auction process are yet to be determined.

### Opening of the Surrey plant in Canada

Marine Harvest Canada opened its secondary processing plant in Surrey, British Columbia, in December. The plant will produce value-added products for sale in Western Canada and the North Western region of the US. The plant is expected to process approximately 12,000 tonnes of salmon annually, and employ 75 people. The Surrey plant is the latest addition to the value-added plant structure in

North America. Marine Harvest's other plants are located in Miami and Dallas. In addition, our branded smoked salmon producer Ducktrap is expanding its business, and more than doubling its production capacity.

### Global cost savings program in Marine Harvest

Marine Harvest has initiated a global cost savings program with a target of EUR 50 million savings p.a. The background for the program is the negative development in costs and volumes in recent years. The savings are expected to be realized in all parts of the organization. Marine Harvest will ensure that the initiatives do not compromise safety, quality and growth.

### Status for development licenses in Norway

Marine Harvest Norway has received two additional development licenses for the "Egg" concept, following its appeal to the Ministry of Fisheries described in the report for the third quarter. Thus, Marine Harvest Norway has received a total of six licenses for the development of five eggs.

Prior to the application deadline in November 2017, Marine Harvest Norway applied for 36 development licenses for the "AquaStorm" concept, which combines fish farming technology and subsea technology in order to produce fish offshore.

Status for the other concepts:

- The Directorate of Fisheries has maintained its previous decision regarding a maximum of two licenses for the "Donut" concept, and has sent the application to the Ministry of Fisheries for a final decision.
- The Ministry of Fisheries has repealed the rejection of the "Beck Cage" by the Directorate of Fisheries, and has sent the application back to the Directorate for a renewed consideration.
- Marine Harvest Norway has not received any notifications regarding the application for the "Ship" concept.

### EUR reporting in the Norwegian operations

Marine Harvest Norway and Marine Harvest Fish Feed Norway have changed functional currency and implemented EUR reporting from 1 January 2018. This change will make the reporting currency for all our Norwegian subsidiaries consistent with the group's reporting currency, cash flow and financing, and as such reduce financial risk.

### Update on the appeal process for the EU fine related to the Morpol acquisition

As described in the report for the third quarter, the EU General Court decided to maintain the EUR 20 million fine imposed by the EU Commission in 2014 related to the Morpol acquisition. Marine Harvest has decided to appeal this ruling. A final judgment is expected to be made by the EU Court of Justice in 2020.

### Change in the Board of Directors

In the extraordinary general meeting on 15 January 2018, Kristian Melhuus was elected new member for a term until the general meeting in 2019, replacing Mr. Ørjan Svanevik. The Board wishes to thank Mr. Svanevik for his contribution to the Board during his service at Marine Harvest.

### Dividend of NOK 2.60 per share

The Board of Directors has decided to pay out a quarterly dividend of NOK 2.60 per share to the shareholders as ordinary dividends.



## OUTLOOK STATEMENT FROM THE BOARD OF DIRECTORS

2017 was a great year for Marine Harvest with record earnings and dividend distributions. Although salmon spot prices disappointed in the fourth quarter, earnings were decent and supported by high earnings in Markets and record results in Consumer Products. Contributions from sales contracts were good, hence realized prices were significantly above the reference spot prices. The Feed business area had a weak quarter.

Results in Farming Norway were satisfactory in the quarter. Despite significantly reduced spot prices and increased farming costs compared to the fourth quarter in 2016, margins were supported by improved prices on sales contracts. Production costs in Norway have increased significantly in recent years whilst harvesting volumes have declined. These negative developments coupled with the previously announced amended fish farming regulations in Norway, which divides the coastline into 13 production areas, have encouraged a restructuring of Marine Harvest Norway. The Board supports the decision to reduce the number of regions in Marine Harvest Norway from four to three, and to streamline operations and save costs.

It is with great concern the Board has viewed the negative cost development for the Group. Marine Harvest has initiated a global cost savings program of EUR 50 million p.a. across all business units. Accordingly, it is of utmost importance that such initiatives are undertaken and managed closely going forward.

Results in Farming Scotland were satisfactory and supported mainly by higher contract prices. The Board is pleased that the sales contracts contribute positively to the results. The reduced US prices impacted the results negatively for our Canadian farming entity. The reduced US prices also impacted Marine Harvest Chile's results negatively. However, scale effects from increased harvesting in Marine Harvest Chile and better than expected costs released from stock in the period contributed positively.

Farming Ireland delivered another strong set of results. Organic salmon consistently achieves a significant price premium in the market, and through good farming husbandry production costs were reduced in 2017 compared to the previous year. The Board commends the Irish organization for their hard work and great results in 2017.

Marine Harvest Faroes also delivered a strong set of results as harvesting increased in the quarter and with salmon being sold at premium prices.

The Board is pleased with the record high earnings in Consumer Products. The business area has achieved underlying operational improvements throughout 2017 in both the Fresh and Chilled segments. The increased sales price and solid underlying demand for our elaborated products continue.

Operational performance in Feed was weak in the quarter. Although underlying raw material prices decreased in the quarter, raw material costs were negatively impacted by currency effects and consumption of raw materials on stock purchased at higher prices in previous quarters. Results were also negatively impacted by expensed costs related to the construction of the new feed plant in Scotland. The new feed plant at Kyleakin in Scotland is expected to commence operations during the summer of 2018.

In the fourth quarter Marine Harvest announced a conditional agreement to acquire Northern Harvest, an integrated salmon farmer on the East Coast of Canada. The transaction is subject to approval by relevant competition authorities and customary closing conditions. The potential acquisition is of strategic importance and supports Marine Harvest's long-term strategy of being a world leading integrated producer of seafood proteins.

In 2018 Marine Harvest will continue to invest across its value chain to support organic growth. The capital expenditure budget for 2018 is approximately EUR 290 million, which includes 2% MAB increase in Norway. In addition, working capital investments in the range of EUR 120 million relate to growth across the three business areas. Freshwater investments continue with two expansion initiatives in Norway, and one in the final phase in Scotland. Selected sea water expansions in Scotland, Canada and Chile will also be undertaken. In Canada, greenfield investments on the East Coast are planned for. Furthermore, Consumer Products expects to open a new plant in Miami, and expansion initiatives of Ducktrap and Morpol are sanctioned. The new Feed plant in Scotland is expected to be completed during summer 2018.

As a result of the new feed factory in Scotland and increased Farming NIBD/kg from EUR 1.8 to EUR 2.0 on expected higher long-term earnings, the Board of Directors has revised the long-term NIBD target from EUR 1,050 million to EUR 1,200 million.

Global demand for salmon in 2017 has been generally strong as consumption has increased at higher end-consumer prices. The developments in the USA have been positive and consumption reached an impressive 396,000 GWT. Marine Harvest has continued to grow its fresh pre-packed sales, which is in part driving the growth. The product portfolio and customer base is expanding, with new products including many seasoned flavors. With the expansion initiatives Marine Harvest has in place for the North American market, the Board expects the favorable developments to continue. Likewise, consumption trends in the Asian market have been positive in 2017, and with the recent market access to China of Norwegian salmon the Board expects that to continue. We have already experienced a double-digit growth of salmon supply into the Chinese market.

Kontali Analyse expects supply growth for 2018 and 2019 to increase by approximately 6% and 5%, respectively. The 12 month forward Nasdaq price is EUR 5.5 per kg.

A quarterly dividend of NOK 2.60 per share will be paid as ordinary dividends.



## SUMMARY YEAR TO DATE

- All-time high Operational EBIT of EUR 792 million. Financial EBIT of EUR 485 million.
- Harvest volume below guidance, mainly due to biological challenges in Norway.
- Achieved prices increased compared to 2016 on strong demand. Prices reduced in the fourth quarter due to increased supply.
- Production costs increased in Norway and Canada compared to 2016. Production costs decreased in Scotland and Chile.
- 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.
- Conditional agreement to purchase Northern Harvest, a salmon farmer on the East Coast of Canada, for CAD 315 million (approximately EUR 210 million) on a cash and debt free basis. The transaction is subject to approval by relevant competition authorities and customary closing conditions.
- Financial EBIT impacted by impairment of book value of farming licenses in Chile of USD 110 million (equivalent to EUR 97.2 million) in accordance with IFRS.
- Net cash flow per share of EUR 0.74, Underlying earnings per share (EPS) of EUR 1.23 and EPS of EUR 0.97
- Return on capital employed (ROCE) 26.7%.
- Net interest-bearing debt (NIBD) of EUR 831.9 million.
- Dividend of NOK 12.40 per share has been paid out in 2017, as 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.

Bergen, February 13, 2018

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

Paul Mulligan

Jean-Pierre Bienfait

Birgitte Ringstad Vartdal

Kristian Melhuus

Lars Eirik Hestnes

Unni Sværen

Yngve Magnussen

Alf-Helge Aarskog  
CHIEF EXECUTIVE OFFICER

## INTERIM FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unaudited, in EUR million	Note	Q4 2017	Q4 2016	2017	2016
<b>Revenue</b>	4	<b>1 007.1</b>	<b>1 024.5</b>	<b>3 649.4</b>	<b>3 510.2</b>
Cost of materials		-500.2	-488.2	-1 688.5	-1 782.2
Net fair value adjustment biomass	5	-106.0	172.7	-340.3	386.2
Salaries and personnel expenses		-137.2	-122.0	-477.9	-440.0
Other operating expenses		-149.8	-129.9	-555.0	-472.5
Depreciation and amortization		-38.3	-36.6	-150.4	-142.5
Onerous contract provisions		11.5	-98.0	119.8	-108.7
Restructuring cost		-2.5	-0.9	-2.5	-5.4
Other non-operational items		0.0	0.0	0.3	1.3
Income from associated companies		12.8	21.0	33.7	62.6
Impairment losses	13	-101.7	1.7	-103.8	-17.7
<b>Earnings before financial items (EBIT)</b>		<b>-4.3</b>	<b>344.3</b>	<b>484.9</b>	<b>991.2</b>
Interest expenses	7	-11.6	-12.2	-46.7	-48.4
Net currency effects	7	-24.2	13.9	-8.8	26.9
Other financial items	7	43.5	-70.2	93.2	-210.5
<b>Earnings before tax</b>		<b>3.4</b>	<b>275.8</b>	<b>522.6</b>	<b>759.2</b>
Income taxes		24.8	-64.9	-59.9	-219.9
<b>Profit or loss for the period</b>		<b>28.2</b>	<b>210.9</b>	<b>462.7</b>	<b>539.3</b>
<b>Other comprehensive income</b>					
Currency translation differences		-63.0	-5.6	-192.6	49.0
Currency translation associated companies		-5.6	6.9	-12.1	6.9
<b>Items to be reclassified to P&amp;L in subsequent periods:</b>		<b>-68.6</b>	<b>1.3</b>	<b>-204.7</b>	<b>55.9</b>
Actuarial gains (losses) on defined benefit plans, net of tax		5.3	-3.4	5.3	-3.4
Other gains and losses in comprehensive income		-0.7	0.9	-0.8	0.9
<b>Items not to be reclassified to profit and loss:</b>		<b>4.6</b>	<b>-2.5</b>	<b>4.5</b>	<b>-2.5</b>
<b>Other comprehensive income, net of tax</b>		<b>-64.0</b>	<b>-1.2</b>	<b>-200.3</b>	<b>53.4</b>
<b>Total comprehensive income in the period</b>		<b>-35.9</b>	<b>209.7</b>	<b>262.4</b>	<b>592.7</b>
<b>Profit or loss for the period attributable to</b>					
Non-controlling interests		0.1	-0.1	0.3	-0.3
Owners of Marine Harvest ASA		28.1	211.0	462.5	539.6
<b>Comprehensive income for the period attributable to</b>					
Non-controlling interests		0.1	-0.1	0.3	-0.3
Owners of Marine Harvest ASA		-36.0	209.8	262.2	593.0
Basic earnings per share (EUR)	8	0.06	0.47	0.97	1.20
Diluted earnings per share (EUR)	8	-0.02	0.47	0.86	1.20
Dividend declared and paid per share (NOK)		3.40	2.30	12.40	8.60

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited, in EUR million	Note	31.12.2017	30.09.2017	31.12.2016
<b>ASSETS</b>				
Licenses	13	615.2	728.2	764.3
Goodwill		255.7	262.3	268.0
Deferred tax assets		13.1	8.0	2.6
Other intangible assets		26.1	28.7	32.4
Property, plant and equipment		1 082.7	1 051.6	1 008.1
Investments in associated companies		170.7	165.1	175.0
Other shares and other non-current assets		3.3	3.6	5.4
<b>Total non-current assets</b>		<b>2 166.7</b>	<b>2 247.5</b>	<b>2 255.8</b>
Inventory		306.9	272.3	248.2
Biological assets	5	1 200.5	1 379.1	1 573.8
Current receivables		583.9	503.8	625.1
Cash		71.7	85.6	103.9
<b>Total current assets</b>		<b>2 163.0</b>	<b>2 240.7</b>	<b>2 551.0</b>
Asset held for sale		0.5	0.9	3.5
<b>Total assets</b>		<b>4 330.3</b>	<b>4 489.1</b>	<b>4 810.4</b>
<b>EQUITY AND LIABILITIES</b>				
Equity		2 314.2	2 523.1	2 068.4
Non-controlling interests		1.2	1.1	0.9
<b>Total equity</b>		<b>2 315.4</b>	<b>2 524.2</b>	<b>2 069.3</b>
Deferred tax liabilities		353.9	392.6	453.5
Non-current interest-bearing debt		773.3	616.8	993.4
Other non-current liabilities		87.9	127.5	451.2
<b>Total non-current liabilities</b>		<b>1 215.2</b>	<b>1 136.8</b>	<b>1 898.0</b>
Current interest-bearing debt		130.3	132.8	0.1
Other current liabilities		669.4	695.3	843.1
<b>Total current liabilities</b>		<b>799.7</b>	<b>828.2</b>	<b>843.1</b>
<b>Total equity and liabilities</b>		<b>4 330.3</b>	<b>4 489.1</b>	<b>4 810.4</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

2017

Unaudited, in EUR million	Attributable to owners of Marine Harvest ASA							Non-controlling interests	Total equity
	Share capital	Other paid in capital	Shared based payment	Foreign currency translation reserve	Foreign currency translation reserve associated companies	Other equity reserves	Total		
<b>Equity 01.01.2017</b>	351.8	657.5	4.6	209.8	6.9	837.7	2 068.4	<b>0.9</b>	<b>2 069.3</b>
<b>Comprehensive income</b>									
Profit						462.5	462.5	0.3	462.8
Other comprehensive income				-158.5	-12.1	-29.6	-200.3		-200.3
<b>Transactions with owners</b>									
Share based payment			0.8			-5.5	-4.7		-4.7
Bond conversion	32.0	596.5					628.5		628.5
Repayment of paid in capital		-322.5				-317.8	-640.3		-640.3
<b>Total equity end of period</b>	<b>383.8</b>	<b>931.5</b>	<b>5.4</b>	<b>51.3</b>	<b>-5.2</b>	<b>947.3</b>	<b>2 314.2</b>	<b>1.2</b>	<b>2 315.4</b>

2016

Unaudited, in EUR million	Attributable to owners of Marine Harvest ASA							Non-controlling interests	Total equity
	Share capital	Other paid in capital	Shared based payment	Foreign currency translation reserve	Foreign currency translation reserve associated companies	Other equity reserves	Total		
<b>Equity 01.01.2016</b>	351.8	1 075.6	6.1	160.4	0.0	300.6	1 894.6	<b>0.9</b>	<b>1 895.6</b>
<b>Comprehensive income</b>									
Profit						539.6	539.6	-0.3	539.3
Other comprehensive income				49.4	6.9	-2.9	53.4		53.4
<b>Transactions with owners</b>									
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
<b>Total equity 31.12.2016</b>	<b>351.8</b>	<b>657.5</b>	<b>4.6</b>	<b>209.8</b>	<b>6.9</b>	<b>837.7</b>	<b>2 068.4</b>	<b>0.9</b>	<b>2 069.3</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Unaudited, in EUR million	Q4 2017	Q4 2016	2017	2016
Earnings before taxes (EBT)	3.4	275.8	522.6	759.2
Interest expense	11.6	12.2	46.7	48.4
Currency effects	24.2	-13.9	8.8	-26.9
Other financial items	-43.5	70.2	-93.2	210.5
Net fair value adjustment and onerous contracts	94.6	-74.6	220.5	-277.5
Income/loss from associated companies	-12.8	-21.0	-33.7	-62.6
Depreciation and impairment losses	139.9	34.9	254.2	160.2
Change in working capital	-99.9	-105.1	-114.6	-14.9
Taxes paid	-29.5	-10.3	-177.4	-92.6
Restructuring and other non-operational items	2.2	-0.3	1.4	-4.8
Other adjustments	-0.6	-4.6	-2.8	-5.8
<b>Cash flow from operations</b>	<b>89.7</b>	<b>163.2</b>	<b>632.4</b>	<b>693.2</b>
Proceeds from sale of fixed assets	0.6	11.5	6.2	12.4
Payments made for purchase of fixed assets	-70.3	-69.7	-254.9	-211.6
Proceeds from associates and other investments	0.2	1.0	34.7	17.1
Proceeds from sale of shares	0.0	0.0	0.0	52.3
Purchase of shares and other investments	0.0	0.0	-20.7	-2.8
<b>Cash flow from investments</b>	<b>-69.5</b>	<b>-57.2</b>	<b>-234.7</b>	<b>-132.6</b>
Proceeds from new interest-bearing debt	158.7	0.0	308.2	45.0
Down payment of interest-bearing debt	0.0	31.0	-42.1	-151.8
Net interest and financial items paid	-8.4	-6.4	-27.5	-22.9
Realized currency effects	-8.9	14.9	-17.1	14.8
Repayment of paid in capital	-173.7	-113.9	-640.3	-418.1
Other items	0.0	0.0	-6.7	0.0
<b>Cash flow from financing</b>	<b>-32.3</b>	<b>-74.5</b>	<b>-425.5</b>	<b>-533.0</b>
Change in cash in the period	-12.1	31.5	-27.8	27.6
Cash - opening balance <sup>1)</sup>	71.9	55.5	88.0	60.1
Currency effects on cash - opening balance	-0.7	1.0	-1.1	0.3
<b>Cash - closing balance <sup>1)</sup></b>	<b>59.1</b>	<b>88.0</b>	<b>59.1</b>	<b>88.0</b>

<sup>1)</sup> 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 and smolt are measured at cost less impairment losses, as the fair value cannot be measured reliably.

In the autumn of 2014, The Financial Supervisory Authority of Norway (Finanstilsynet) initiated an evaluation of certain aspects of the financial reporting prepared by fish farming companies listed on the Oslo Stock Exchange. The purpose of this process was to evaluate whether or not the industry companies reported in a uniform and consistent manner in accordance with IFRS. Finanstilsynet published a final report November 17, 2015 on their website (finansstilsynet.no).

As a result of the report from Finanstilsynet, Marine Harvest has applied a new model to measure fair value of the biomass as of Q4 2017. The refined model is based on a present value methodology, while the previous model was based on a growth methodology with proportionate allocation of expected net profit based on size of the fish and historical carried expenses added. The impact of applying the new model (see note 5) is considered a change in estimate, and does not represent a change of accounting principles.

The new model is a cash flow-based present value model, which does not rely on historical cost. Cash inflows are calculated as functions of estimated volume multiplied with estimated price. Fish ready for harvest (mature fish) is valued at expected sales price with a deduction of cost related to harvest, transport etc. Sales costs are not deducted. For fish not ready for harvest (immature fish), the new model uses an interpolation methodology where the known data points are the value of the fish when put to sea and when recognized as mature fish.

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	Feed	Farming	Sales and Marketing		Other	Eliminations	TOTAL
			Markets <sup>1)</sup>	Consumer Products <sup>1)</sup>			
EUR million							
Q4 2017							
External revenue	4.0	23.4	526.4	456.2	0.0	0.0	1 010.0
Internal revenue	89.0	605.0	197.6	12.4	8.8	-912.8	0.0
Operational revenue	93.0	628.4	724.0	468.5	8.8	-912.8	1 010.0
Gain/loss from derivatives	0.0	17.4	-3.4	0.0	0.7	-17.6	-2.9
Revenue in profit and loss	93.0	645.8	720.6	468.5	9.5	-930.3	1 007.1
Operational EBITDA	-0.5	153.2	30.8	31.5	4.1	0.0	219.0
Operational EBIT	-2.8	124.8	29.6	25.9	3.3	0.0	180.8
Change in unrealized internal margin	0.0	0.0	0.0	0.0	0.0	12.9	12.9
Gain/loss from derivatives	0.0	17.4	-3.4	-17.6	-8.5	0.0	-12.1
Net fair value adjustment on biological assets	0.0	-106.0	0.0	0.0	0.0	0.0	-106.0
Onerous contract provisions	0.0	11.5	0.0	0.0	0.0	0.0	11.5
Restructuring cost	0.0	-1.4	0.0	-1.1	0.0	0.0	-2.5
Other non-operational items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from associated companies	0.0	13.0	0.0	0.0	-0.2	0.0	12.8
Impairment losses and write-downs	0.0	-101.7	-0.1	0.2	0.0	0.0	-101.7
EBIT	-2.8	-42.5	26.2	7.3	-5.4	12.9	-4.3
Q4 2016							
External revenue	5.7	11.4	560.3	440.7	0.0	0.0	1 018.1
Internal revenue	101.5	629.0	220.5	8.2	7.5	-966.7	0.0
Operational revenue	107.2	640.4	780.7	448.9	7.6	-966.7	1 018.1
Gain/loss from derivatives	0.0	-29.5	0.0	0.0	6.2	29.7	6.4
Revenue in profit and loss	107.2	611.0	780.7	448.9	13.8	-937.0	1 024.5
Operational EBITDA	12.6	234.6	23.4	29.5	-4.0	0.0	296.0
Operational EBIT	10.8	207.7	22.3	23.6	-5.0	0.0	259.4
Change in unrealized internal margin	0.0	0.0	0.0	0.0	0.0	-5.2	-5.2
Gain/loss from derivatives	0.0	-29.2	0.0	29.5	6.9	0.0	7.1
Net fair value adjustment on biological assets	-1.1	173.8	0.0	0.0	0.0	0.0	172.7
Onerous contract provisions	0.0	-98.0	0.0	0.0	0.0	0.0	-98.0
Restructuring cost	0.0	0.0	0.0	-0.9	0.0	0.0	-0.9
Other non-operational items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from associated companies	0.0	21.1	0.0	0.0	-0.2	0.0	21.0
Impairment losses and write-downs	-13.5	1.0	0.0	0.7	0.0	0.0	-11.8
EBIT	-3.8	276.5	22.3	52.9	1.6	-5.2	344.3

BUSINESS AREAS	Feed	Farming	Sales and Marketing		Other	Eliminations	TOTAL
			Markets <sup>1)</sup>	Consumer Products <sup>1)</sup>			
EUR million							
2017							
External revenue	20.3	80.2	1 997.9	1 555.4	0.0	0.0	3 653.8
Internal revenue	333.5	2 234.4	711.4	43.8	22.8	-3 345.9	0.0
Operational revenue	353.8	2 314.6	2 709.3	1 599.2	22.8	-3 345.9	3 653.8
Gain/loss from derivatives	0.0	57.7	-5.7	0.0	4.0	-60.5	-4.4
Revenue in profit and loss	353.8	2 372.3	2 703.7	1 599.2	26.9	-3 406.4	3 649.4
Operational EBITDA	16.3	772.5	77.9	83.9	-8.3	0.0	942.5
Operational EBIT	8.5	660.5	73.2	61.7	-11.8	0.0	792.1
Change in unrealized internal margin	0.0	0.0	0.0	0.0	0.0	5.7	5.7
Gain/loss from derivatives	0.0	57.9	-5.7	-60.8	-11.6	0.0	-20.2
Net fair value adjustment on biological assets	1.1	-341.4	0.0	0.0	0.0	0.0	-340.3
Onerous contract provisions	0.0	119.8	0.0	0.0	0.0	0.0	119.8
Restructuring cost	0.0	-0.8	-0.1	-1.4	-0.2	0.0	-2.5
Other non-operational items	0.0	0.3	0.0	-0.1	0.0	0.0	0.3
Income from associated companies	0.0	34.2	0.0	0.0	-0.5	0.0	33.7
Impairment losses and write-downs	0.0	-103.1	-0.2	0.1	-0.5	0.0	-103.8
EBIT	9.6	427.4	67.1	-0.4	-24.5	5.7	484.9
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
<b>Fair value adjustment on harvested fish in the statement of comprehensive income</b>						
Q4 2017	-133.4	-16.9	-20.2	-17.0	-14.7	<b>-202.2</b>
Q4 2016	-239.4	-25.7	-30.3	14.9	-21.6	<b>-302.2</b>
YTD Q4 2017	-540.0	-160.3	-102.3	-64.7	-46.0	<b>-913.4</b>
YTD Q4 2016	-661.1	-77.3	-100.6	15.0	-45.7	<b>-869.6</b>
<b>Fair value adjustment on biological assets in the statement of comprehensive income</b>						
Q4 2017	56.2	-1.6	21.8	14.2	8.9	<b>99.5</b>
Q4 2016	314.9	106.3	57.5	-15.9	11.9	<b>474.8</b>
YTD Q4 2017	323.8	70.5	74.2	68.1	48.8	<b>585.5</b>
YTD Q4 2016	836.9	183.4	156.9	32.0	46.6	<b>1 255.8</b>
<b>Fair value adjustment on incident based mortality in the statement of comprehensive income</b>						
Q4 2017	-2.1	-1.7	0.4	0.0	0.0	<b>-3.4</b>
YTD Q4 2017	-7.1	-3.0	0.0	-0.9	-1.4	<b>-12.4</b>
<b>Net fair value adjustment biomass in the statement of comprehensive income</b>						
Q4 2017	<b>-79.3</b>	<b>-20.2</b>	<b>2.0</b>	<b>-2.8</b>	<b>-5.7</b>	<b>-106.0</b>
Q4 2016	<b>75.5</b>	<b>80.6</b>	<b>27.2</b>	<b>-1.0</b>	<b>-9.7</b>	<b>172.7</b>
YTD Q4 2017	<b>-223.3</b>	<b>-92.7</b>	<b>-28.1</b>	<b>2.5</b>	<b>1.5</b>	<b>-340.3</b>
YTD Q4 2016	<b>175.8</b>	<b>106.1</b>	<b>56.4</b>	<b>47.0</b>	<b>0.9</b>	<b>386.2</b>
<b>Volumes of biomass in sea (1 000 tonnes)</b>						
31.12.2017						<b>258.0</b>
30.09.2017						<b>270.9</b>
31.12.2016						<b>253.4</b>
<b>Fair value adjustment on biological assets in the statement of financial position</b>						
<b>31.12.2017</b>						
Fair value adjustment on biological assets	187.9	21.0	46.7	19.0	15.3	<b>289.9</b>
Biomass at cost*						<b>910.5</b>
<b>Total biological assets</b>						<b>1 200.5</b>
<b>30.09.2017</b>						
Fair value adjustment on biological assets	276.5	41.4	46.0	22.0	21.1	<b>406.9</b>
Biomass at cost*						<b>972.2</b>
<b>Total biological assets</b>						<b>1 379.1</b>
<b>31.12.16</b>						
Fair value adjustment on biological assets	432.9	116.0	78.7	19.0	13.9	<b>660.5</b>
Biomass at cost*						<b>913.3</b>
<b>Total biological assets</b>						<b>1 573.8</b>
* Includes costs related to seawater, freshwater, broodstock and cleaningfish						
<b>Reconciliation of changes in carrying amount of biological assets</b>						
Carrying amount 01.10.2017						1 379.1
Cost to stock						369.0
Net fair value adjustment						-119.2
Implementation of new biomass valuation model						13.2
Mortality for fish in sea						-14.2
Cost of harvested fish						-389.3
Other						0.2
Currency translation differences						-38.3
<b>Total carrying amount of biological assets as of 31.12.2017</b>						<b>1 200.5</b>

**Price sensitivities effect on fair value**

The sensitivities are calculated based on a EUR 0.1 change of the salmon price in all markets.

	9.0	1.3	1.9	2.0	0.6	<b>14.7</b>
<b>Onerous contracts provision (included in other current liabilities in the statement of financial position)</b>						
30.09.2017						13.7
Change in onerous contracts provision in the statement of comprehensive income						-11.5
Currency translation differences						-0.9
<b>31.12.2017</b>						<b>1.3</b>

## Note 6 EXCEPTIONAL ITEMS

EUR million	Q1 2017	Q2 2017	Q3 2017	Q4 2017	YTD 2017
Sea lice mitigation MH Norway	17.0	14.4	22.2	25.1	78.7
Incident-based mortality MH Norway	5.8	1.6	3.1	3.0	13.5
Incident-based mortality MH Scotland	0.7	1.5	2.1	5.4	9.8
Incident-based mortality MH Canada	0.0	0.0	0.7	1.1	1.9
Incident-based mortality MH Chile	1.4	0.0	0.4	0.7	2.6
Incident-based mortality MH Faroes	0.0	0.0	0.0	0.0	0.0
Incident-based mortality MH Ireland	0.2	1.2	2.5	0.8	4.7
<b>Exceptional items in Operational EBIT</b>	<b>25.2</b>	<b>18.6</b>	<b>31.2</b>	<b>36.2</b>	<b>111.1</b>

## Note 7 FINANCIAL ITEMS

EUR million	Notes	Q4 2017	Q4 2016	2017	2016
<b>Net interest expenses</b>		<b>-11.6</b>	<b>-12.2</b>	<b>-46.7</b>	<b>-48.4</b>
Net currency effect on long term positions		14.5	16.3	25.0	11.6
Net currency effects on short term positions		-13.7	-2.2	-9.1	-15.5
Net currency effects on short term currency hedges		-7.2	-26.7	-2.7	5.6
Net currency effects on long term currency hedges		-17.8	26.4	-21.9	25.2
<b>Net currency effects</b>		<b>-24.2</b>	<b>13.9</b>	<b>-8.8</b>	<b>26.9</b>
Change in fair value financial instruments		4.4	13.9	14.5	20.8
Change in fair value conversion liability component of convertible bonds	9	39.8	-82.8	82.4	-230.0
Net other financial items		-0.7	-1.3	-3.8	-1.3
<b>Other financial items</b>		<b>43.5</b>	<b>-70.2</b>	<b>93.2</b>	<b>-210.5</b>
<b>Total financial items</b>		<b>7.7</b>	<b>-68.5</b>	<b>37.7</b>	<b>-232.0</b>

## 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, and the effect on EPS was dilutive. The convertible bond is therefore included in diluted EPS. Year to date the effect is also diluted and included in diluted EPS.

The conversion liability component on the 2014 convertible bond was converted during the second 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		
<b>Initial recognition</b>					
EUR 375 mill 2014-bond	309.8	59.0			
EUR 340 mill 2015-bond	283.1		51.6		
<b>Subsequent measurement</b>					
<b>Recognized 2014, 2015 and 2016</b>					
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
<b>Recognized 2017</b>					
Q1, Q2 and Q3 2017					
Coupon interest				-1.3	
Amortized interest	13.1			-13.1	
Effect of conversion on amortization element	27.6				
Conversion of bond	-375.0	-281.2			
Change in fair value of conversion liability components		-41.1	-1.6		-42.7
Q4 2017					
Coupon interest				-0.1	
Amortized interest	2.9			-2.9	
Change in fair value of conversion liability components			-39.8		-39.8
<b>Net recognized end of period</b>	<b>306.3</b>	<b>0.0</b>	<b>75.9</b>	<b>-17.5</b>	<b>-82.4</b>

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.

## Note 10 SHARE CAPITAL

	No of shares	Share capital (EUR million)	Other paid in capital (EUR million)
<b>Share capital</b>			
Issued at the beginning of 2017	450 085 652	351.8	657.5
New shares issued <sup>1)</sup>	40 082 125	32.0	596.5
Repayment of paid in capital			-322.5
Issued at the end of period	<b>490 167 777</b>	<b>383.8</b>	<b>931.5</b>
<b>Treasury shares</b>			Cost (EUR million)
Treasury shares at the beginning of 2017	0		0
Treasury shares purchased in the period	829 775		13.0
Treasury shares sold in the period	-829 775		-5.0
Treasury shares end of period	<b>0</b>	Trade loss <sup>2)</sup> :	<b>8.1</b>

<sup>1)</sup> During the first two quarters of 2017 the EUR 375 million convertible bond was converted to shares. 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.

<sup>2)</sup> The trade loss arises from sale of shares under the share option scheme for senior executives from 2013 and from the share purchase programme for employees.



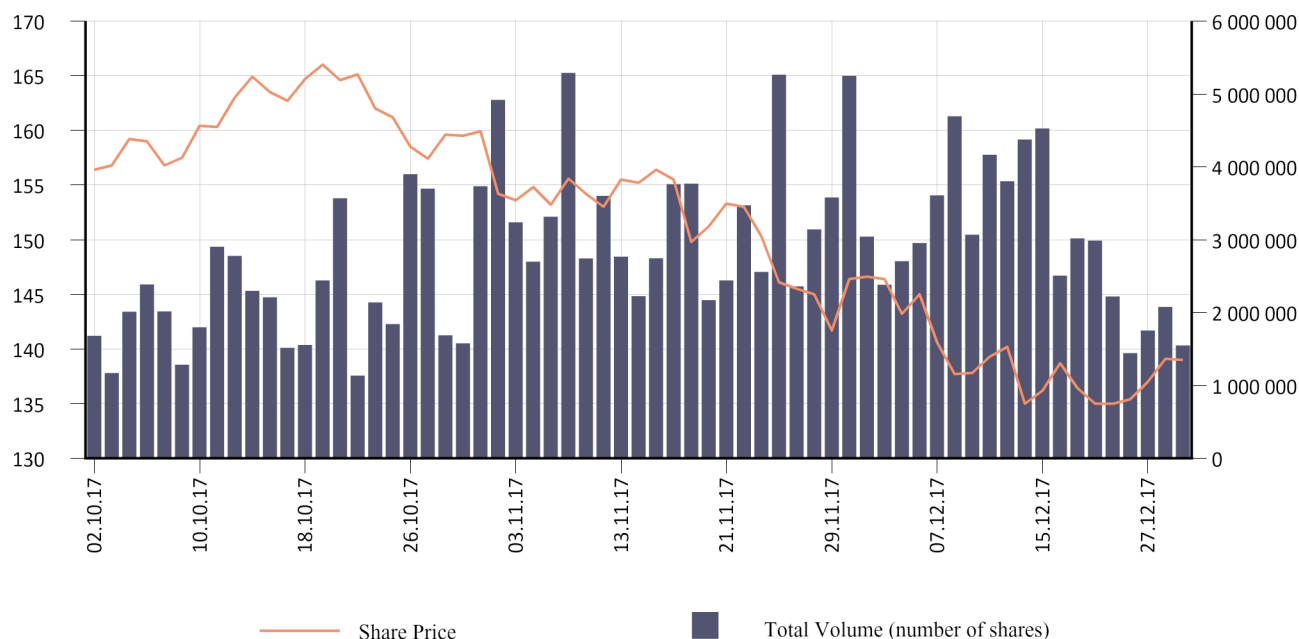
## Note 11 SHAREHOLDERS

Major shareholders as of 31.12.2017 :

Name of shareholder	No. of shares	%
Geveran Trading Co Ltd	79 551 603	16.23%
Folketrygdfondet	34 794 228	7.10%
Clearstream Banking S.A.	33 750 891	6.89%
Jupiter European Fund	10 095 670	2.06%
State Street Bank and Trust Comp	9 894 809	2.02%
Citibank, N.A.	9 461 363	1.93%
State Street Bank and Trust Comp	8 292 708	1.69%
State Street Bank and Trust Comp	7 363 489	1.50%
State Street Bank and Trust Comp	6 789 367	1.39%
The Bank Of New York Mellon SA/NV	5 798 534	1.18%
J.P Morgan Chase Bank, N.A., London	5 537 020	1.13%
J.P Morgan Chase Bank, N.A., London	5 317 631	1.08%
State Street Bank and Trust Comp	5 044 296	1.03%
BNP Paribas Securities Services	4 718 368	0.96%
The Northern Trust Comp, London Br	4 604 441	0.94%
J.P. Morgan Chase Bank, N.A., London	4 550 080	0.93%
Euroclear Bank S.A./N.V.	4 349 427	0.89%
J.P. Morgan Bank Luxembourg S.A.	3 976 116	0.81%
The Bank Of New York Mellon	3 923 824	0.80%
Aviva Investors	3 684 972	0.75%
<b>Total 20 largest shareholders</b>	<b>251 498 837</b>	<b>51.31%</b>
Total other	238 668 940	48.69%
<b>Total number of shares 31.12.2017</b>	<b>490 167 777</b>	<b>100%</b>

## Note 12 SHARE PRICE DEVELOPMENT

Share price development at Oslo Stock Exchange (ticker MHG)



## Note 13 IMPAIRMENT TESTING

Intangible asset with indefinite useful life, including licenses, are not amortized, but are tested for impairment annually or when circumstances otherwise indicate that the carrying value may be impaired. For all cash generating units in the group, the value-in-use of intangible assets in the impairment test has been calculated based on cash flow projections. If the carrying amount (book value) is higher than the calculated value-in-use, an impairment loss is recognized in the Consolidated Statement of Comprehensive Income, reducing the book value correspondingly. The key assumptions in the impairment test are harvested volumes, earnings margins, capital expenditure, discount rates and terminal growth rates.

Financial EBIT in the fourth quarter has been impacted by an impairment loss of USD 110 million, or EUR 97.2 million, related to book value of farming licenses in Chile. Marine Harvest Chile has 187 seawater licenses, and a large part of the capacity is unused. Based on an assessment of the recent regulatory changes for fish farming in Chile and estimated volumes going forward, the value-in-use of the licenses is considered to be impaired according to IAS 36. The main changes in the assumptions for Marine Harvest Chile since the previous impairment test are estimated harvest volumes and the corresponding negative effects on the cash flow projections.

After the recognition of the impairment loss, book value of our farming licenses in Chile is USD 142 million, or approximately 19% of total book value of licenses for the group.

For further information regarding impairment testing of intangible assets, please refer to the Annual Report.

## 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 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.