



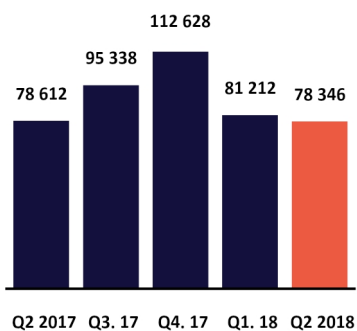
marineharvest



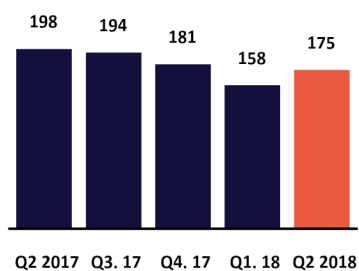
## Q2 / 2018 / SECOND QUARTER MARINE HARVEST GROUP

- Operational EBIT of EUR 175 million. Financial EBIT of EUR 255 million
- High prices in all markets on strong demand
- Record high Q2 results in Norway and Chile on improved costs and volumes year-over-year
- Issuance of EUR 200 million bond
- Quarterly dividend of NOK 2.60 per share

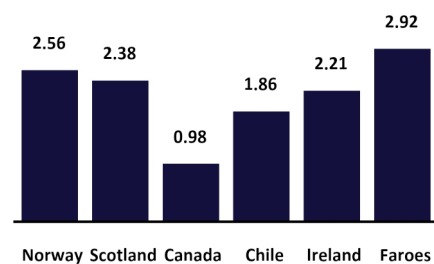
Harvest volume  
GWT



Operational EBIT  
EUR million



Operational EBIT  
EUR per kg



## HIGHLIGHTS - SECOND QUARTER 2018

- Operational EBIT of EUR 175.2 million. Financial EBIT of EUR 255.0 million.
- High prices in all markets on strong demand.
- Blended Farming costs per kg stable year-over-year on improved costs in Norway and Chile.
- Seasonally record high results in Norway and Chile.
- Harvested volume at 78 346 GWT, somewhat below the guidance for the second quarter.
- Acquisition of Northern Harvest completed in the beginning of July, following the issuance of a No Action Letter by Canadian competition authorities.
- Estimated total harvest volumes for 2018 are reduced from 400 000 GWT to 372 000 GWT excluding Northern Harvest. Including Northern Harvest, estimated volumes for 2018 are 380 000 GWT. The reduction is a consequence of biological issues and low growth in Canada and the southern part of Norway.
- Issuance of EUR 200 million five year senior unsecured bond with coupon of 3 months EURIBOR + 2.15% p.a.
- Earnings in Consumer Products impacted by volatile raw material prices and phasing of the Easter season.
- Seasonally record high sold volume for Feed.
- Net interest-bearing debt (NIBD) of EUR 950.7 million. Long term NIBD target revised from EUR 1 200 million to EUR 1 400 million on the back of the acquisition of Northern Harvest.
- Net cash flow per share of EUR 0.12 in the quarter.
- Underlying earnings per share (EPS) of EUR 0.26 in the quarter.
- 25.7% 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	Q2 2018	Q2 2017	YTD Q2 2018	YTD Q2 2017	2017
Operational revenue <sup>2)</sup>	888.4	884.1	1 750.5	1 776.1	3 653.8
Operational EBITDA <sup>3)</sup>	212.8	235.5	407.6	491.7	942.5
Operational EBIT <sup>3)</sup>	175.2	197.9	332.7	417.1	792.1
EBIT	255.0	176.1	524.6	263.8	484.9
Net financial items	-23.8	-84.1	-61.5	58.0	37.7
Profit or loss for the period	172.8	66.5	351.8	283.9	462.7
Cash flow from operations	112.8	162.3	304.3	410.1	632.4
Total assets	4 587.5	4 243.7	4 587.5	4 243.7	4 330.3
NIBD <sup>4)</sup>	950.7	550.9	950.7	550.9	831.9
Basic EPS (EUR)	0.35	0.14	0.72	0.62	0.97
Underlying EPS (EUR) <sup>5)</sup>	0.26	0.31	0.49	0.67	1.23
Net cash flow per share (EUR) <sup>6)</sup>	0.12	0.24	0.33	0.62	0.74
Dividend declared and paid per share (NOK)	2.60	3.00	5.20	5.80	12.40
ROCE <sup>7)</sup>	25.7%	31.2%	25.2%	32.4%	26.7%
Equity ratio	52.5%	59.7%	52.5%	59.7%	53.5%
Adjusted equity ratio <sup>8)</sup>	49.7%	58.1%	49.7%	58.1%	51.7%
Harvest volume (GWT)	78 346	78 612	159 558	162 380	370 346
Operational EBIT per kg (EUR) - Total <sup>9)</sup>	2.24	2.52	2.09	2.57	2.15
Norway	2.56	2.50	2.41	2.48	2.20
Scotland	2.38	3.10	2.12	3.11	2.55
Canada	0.98	2.34	1.03	2.87	2.06
Chile	1.86	1.46	1.58	1.64	1.30
Ireland	2.21	3.35	3.38	3.07	3.07
Faroes	2.92	—	1.93	4.14	3.17

- 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 previous year.)

(EUR million)	Q2 2018	Q2 2017
<b>Operational EBIT</b>	<b>175.2</b>	<b>197.9</b>
Change in unrealized margin	-1.2	0.4
Gain/loss from derivatives	—	1.5
Net fair value adjustment on biomass including onerous contracts	71.1	-30.4
Restructuring costs	0.4	0.2
Other non-operational items	0.0	0.3
Income from associated companies	9.5	7.5
Impairment losses on fixed assets/intangibles	0.1	-1.3
<b>EBIT</b>	<b>255.0</b>	<b>176.1</b>

Operational EBIT amounted to EUR 175.2 million. The decrease from the comparable quarter is mainly due to reduced market prices from record high levels. The contribution from Feed was EUR 0.8 million (EUR 1.8 million), and Farming contributed EUR 156.7 million (EUR 169.5 million). Markets contributed EUR 8.3 million (EUR 10.6 million) and Consumer Products contributed EUR 13.1 million (EUR 19.2 million).

Earnings before financial items and taxes (EBIT) came to EUR 255.0 million (EUR 176.1 million). EBIT is positively impacted by net fair value adjustment on biomass including onerous contracts of EUR 71.1 million (EUR -30.4 million), due to higher prices and increased biomass in sea at the end of the second quarter compared to the end of the previous quarter.

### Financial items

(EUR million)	Q2 2018	Q2 2017
Interest expenses	-12.6	-11.1
Net currency effects	-4.3	0.5
Other financial items	-6.9	-73.5
<b>Net financial items</b>	<b>-23.8</b>	<b>-84.1</b>

Other financial items include a negative effect of increased fair value of the conversion liability component of the convertible bond of EUR 10.5 million, mainly explained by the increase in the Marine Harvest share price. This effect was partly offset by positive development in market value of financial instruments of EUR 3.3 million.

### Cash flow and NIBD

(EUR million)	Q2 2018	Q2 2017
<b>NIBD beginning of period</b>	<b>-856.6</b>	<b>-842.0</b>
Operational EBITDA	212.8	235.5
Change in working capital	-43.2	-3.0
Taxes paid	-53.3	-71.5
Other adjustments	-3.5	1.3
<b>Cash flow from operations</b>	<b>112.8</b>	<b>162.3</b>
Net Capex	-68.1	-64.2
Other investments and dividends received	22.9	24.5
<b>Cash flow to investments</b>	<b>-45.2</b>	<b>-39.7</b>
Net interest and financial items paid	-9.3	-7.5
Other items	-10.6	-8.8
Net convertible bonds converted	0.0	328.0
Dividend / return of paid in capital	-134.0	-154.8
Currency effect on interest-bearing debt	-7.7	11.5
<b>NIBD end of period</b>	<b>-950.7</b>	<b>-550.9</b>

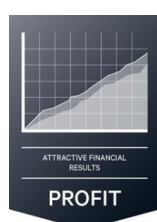
Cash flow from operations amounted to EUR 112.8 million (EUR 162.3 million). During the second quarter, there was a build-up of working capital driven by increased biomass in sea and inventory in our Feed operations.

Net Capex was EUR 68.1 million (EUR 64.2 million). Other investments and dividends received are mainly related to dividends received from the associated company Nova Sea.

Currency effects on interest-bearing debt of EUR -7.7 million (EUR 11.5 million) during the quarter was mainly due to the weakening of EUR vs. USD and NOK.

A quarterly dividend of EUR 134.0 million (EUR 154.8 million), as announced in the previous quarterly report, has been distributed as ordinary dividend.

As a result of the acquisition of Northern Harvest completed in the third quarter of 2018, the Board of Directors has revised the long-term NIBD target from EUR 1 200 million to EUR 1 400 million. It should also be assessed in combination with the deep in-the-money EUR 340 million convertible bond.



GUIDING PRINCIPLE	AMBITION	ACHIEVEMENT
Profitability	ROCE exceeding 12%	Q2 25.7% YTD 25.2%
Solidity	Long term NIBD target: EUR 1 400 million Farming NIBD / kg EUR 2.2	June 30, 2018 EUR 951 million Farming NIBD / kg EUR 1.4

# PROFIT - OPERATIONAL PERFORMANCE AND ANALYTICAL DATA

EUR million	Feed		Farming		Sales and Marketing				Other		Group <sup>1)</sup>	
	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Markets		Consumer Products		Q2 2018	Q2 2017	Q2 2018	Q2 2017
					Q2 2018	Q2 2017	Q2 2018	Q2 2017				
External revenue	1.9	4.0	12.6	24.9	370.3	379.8	503.6	475.4	0.0	0.0	888.4	884.1
Internal revenue	86.2	61.1	503.2	514.0	157.6	164.5	7.1	12.9	5.1	4.9	0.0	0.0
Operational revenue	88.0	65.0	515.8	538.9	528.0	544.3	510.7	488.3	5.1	4.9	888.4	884.1
<b>Operational EBIT</b>	<b>0.8</b>	<b>1.8</b>	<b>156.7</b>	<b>169.5</b>	<b>8.3</b>	<b>10.6</b>	<b>13.1</b>	<b>19.2</b>	<b>-3.6</b>	<b>-3.2</b>	<b>175.2</b>	<b>197.9</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	-1.2	0.4
Gain/loss from derivatives	0.0	0.0	-3.7	1.3	-0.1	-0.6	1.7	-2.9	2.1	3.7	0.0	1.5
Net fair value adjustment on biomass, onerous contract provisions	-0.1	0.0	71.2	-30.4	0.0	0.0	0.0	0.0	0.0	0.0	71.1	-30.4
Restructuring costs	0.0	0.0	0.0	0.6	0.4	0.0	0.0	-0.3	0.0	-0.2	0.4	0.2
Other non-operational items	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Income from associated companies	0.0	0.0	9.5	7.6	0.0	0.0	0.0	0.0	-0.1	-0.1	9.5	7.5
Impairment losses of fixed assets	0.0	0.0	0.0	-0.7	0.0	-0.2	0.1	0.1	0.0	-0.5	0.1	-1.3
<b>EBIT</b>	<b>0.7</b>	<b>1.8</b>	<b>233.7</b>	<b>148.3</b>	<b>8.6</b>	<b>9.8</b>	<b>14.8</b>	<b>16.1</b>	<b>-1.5</b>	<b>-0.3</b>	<b>255.0</b>	<b>176.1</b>
Operational EBIT %	0.9%	2.8%	30.4%	31.5%	1.6%	1.9%	2.6%	3.9%	na	na	19.7%	22.4%

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 -3.6 million in the quarter (EUR -3.2 million in the comparable quarter, of which EUR 0.7 million related to foreign currency transactions against EUR recognized as income/cost in Marine Harvest ASA and Marine Harvest Markets Norway respectively).

EUR million	SOURCES OF ORIGIN						Other	Group
	Norway	Scotland	Canada	Chile	Ireland	Faroes		
OPERATIONAL EBIT								
Farming	115.5	14.7	7.3	14.4	2.8	2.0		156.7
Sales and Marketing								
Markets	4.4	1.8	0.6	0.9	0.0	0.3	0.2	8.3
Consumer Products	4.4	4.8	0.0	3.1	-0.1	0.0	0.8	13.1
Subtotal	124.4	21.3	7.8	18.3	2.7	2.3	1.1	178.0
Feed	2.3						-1.5	0.8
Other entities <sup>1)</sup>							-3.6	-3.6
Total	126.7	21.3	7.8	18.3	2.7	2.3	-4.0	175.2
Harvest volume (GWT)	49 491	8 958	8 031	9 849	1 239	778		78 346
Operational EBIT per kg (EUR) <sup>2)</sup>	2.56	2.38	0.98	1.86	2.21	2.92		2.24
- of which Feed	0.05	0.00	0.00	0.00	0.00	0.00		0.01
- of which Markets	0.09	0.21	0.08	0.09	0.00	0.34		0.11
- of which Consumer Products	0.09	0.53	0.00	0.32	-0.08	0.00		0.17
ANALYTICAL DATA								
Price achievement/reference price (%)	91%	104%	96%	91%	na	113%		93%
Contract share (%)	48%	69%	0%	29%	86%	0%		43%
Quality - superior share (%)	89%	95%	87%	86%	92%	94%		89%
Incident based mortality in Operational EBIT	-2.1	0.0	-1.9	0.0	-1.4	0.0		-5.4
Incident based mortality per kg (EUR)	-0.04	0.00	-0.24	0.00	-1.16	0.00		-0.07
GUIDANCE								
Q3 2018 harvest volume (GWT)	67 000	9 500	12 500	14 500	2 500	2 000		108 000
2018 harvest volume (GWT)	227 500	42 000	44 500	50 000	6 500	9 500		380 000
Q3 2018 contract share (%)	39%	73%	0%	30%	88%	0%		37%

1) Corporate and Holding companies

2) Including Corporate and Holding companies

## MARKET OVERVIEW

### Industry

The value of salmon increased in all main markets in the quarter driven by good demand. Prices continued to rise in all markets compared to the levels seen at the end of the first quarter.

Global harvest of Atlantic salmon amounted to 501,200 tonnes in the second quarter, an increase of 5% compared to the same quarter in 2017. The increased harvesting volumes were slightly more than the supply guidance, and mainly caused by more volumes from Chile.

Supply	Q2 2018 GWE	Change vs Q2 2017	12 month change	Q1 2018 GWT
Norway	253 900	8.0%	6.9%	261 900
Scotland	32 100	-21.3%	-4.1%	31 000
Faroe Islands	16 100	-27.8%	-7.8%	16 500
Ireland	2 000	-60.8%	-20.6%	3 000
<b>Total Europe</b>	<b>304 100</b>	<b>0.2%</b>	<b>4.5%</b>	<b>312 400</b>
Chile	140 000	19.0%	26.4%	158 600
North America	38 600	6.0%	2.8%	30 800
<b>Total Americas</b>	<b>178 600</b>	<b>16.0%</b>	<b>20.7%</b>	<b>189 400</b>
Australia	12 200	—%	18.7%	12 700
Other	6 300	-4.5%	5.7%	7 100
<b>Total</b>	<b>501 200</b>	<b>5.2%</b>	<b>9.8%</b>	<b>521 600</b>

Supply from Norway increased by 8% compared to the second quarter of 2017 which was in line with guidance. Sea water temperatures recovered as spring and early summer has been warm in Norway. Feed sales increased in the second quarter and average harvest weights continue to be higher than last year. However, in July the biomass contracted and according to Kontali the biomass is only up by 4% year-over-year end of July.

Harvest in Scotland declined by 21% compared to the second quarter of 2017. The decline was slightly more than expected, however, in tonnage terms Scottish harvest volumes developed more or less as expected. Volumes from the Faroe Islands declined by 28% in the quarter compared to the same quarter in 2017 which was in line with guidance.

Volumes from Chile increased by 19% compared to the second quarter of 2017. The increase was more than expected and driven by both a larger number of fish harvested and higher average weights. Feed sales in Chile were higher than expected in the second quarter.

In North America volumes increased by 6% which was in line with guidance.

Reference prices	Q2 2018 Market	Change vs Q2 2017	Q2 2018 NOK	Change vs Q2 2017
Norway <sup>1)</sup>	EUR 7.16	-0.8%	NOK 68.46	1.1%
Chile <sup>2)</sup>	USD 5.87	0.9%	NOK 47.12	-4.9%
Chile, GWE <sup>3)</sup>	USD 7.10	2.5%	NOK 56.98	-3.4%
North America <sup>4)</sup>	USD 3.81	12.3%	NOK 30.55	5.9%
North America, GWE <sup>3)</sup>	USD 7.99	14.1%	NOK 64.12	7.6%

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 1% compared to the second quarter of 2017. Salmon prices increased by 1% in Miami and 12% in Seattle in USD terms.

Market distribution	Q2 2018 GWE	Change vs Q2 2017	12 month change
EU	218 300	6.9%	4.4%
Russia	20 200	50.7%	26.7%
Other Europe	18 000	3.4%	11.5%
<b>Total Europe</b>	<b>256 500</b>	<b>9.1%</b>	<b>6.3%</b>
US	111 800	14.3%	11.6%
Brazil	19 300	6.6%	10.5%
Other Americas	24 500	-6.1%	5.3%
<b>Total Americas</b>	<b>155 600</b>	<b>9.6%</b>	<b>10.2%</b>
China/Hong Kong	27 500	48.6%	37.1%
Japan	12 200	-15.9%	-9.2%
South Korea/Taiwan	13 200	11.9%	27.5%
Other Asia	15 000	-28.6%	8.4%
<b>Total Asia</b>	<b>67 900</b>	<b>3.2%</b>	<b>16.0%</b>
All other markets	23 600	3.1%	5.8%
<b>Total</b>	<b>503 600</b>	<b>8.1%</b>	<b>8.6%</b>

Global consumption increased by 8% in the second quarter compared with the same period in 2017.

Consumption in the EU increased by approximately 7% in the quarter and the value of salmon consumed increased in all major markets. Promotional campaigns have been reinitiated which drive consumption. The developments in the Italian and Spanish markets continue to be supportive. Exports of frozen salmon from Chile to Russia, which increased significantly in the previous quarter, continued to grow in the second quarter.

US consumption increased by 14% compared with the same quarter in 2017. The growth in the pre-packed segment, including skin-packed products, drives demand. More and more retailers promote and offer these products across the US market. Pre-packed products are sold at an increasing rate through the e-commerce channel, including home delivery and in-store pick-up. Brazilian consumption continues to grow through the Foodservice segment, as more Chilean salmon is available.

Consumption in the Asian market increased by 3% in the quarter compared to the same period last year. Growth in China, Hong Kong and Vietnam was strong at 20%. Growth in China will be further supported going forward as export restrictions of salmon from the northern counties of Norway was removed in July. Less available salmon from Tasmania for the Asian market impacted volumes somewhat negatively.

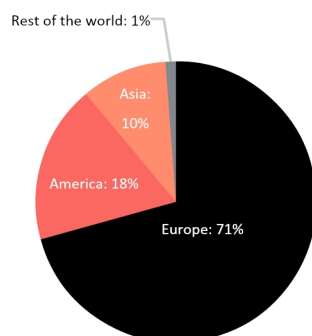
Source: Kontali and Marine Harvest

## Marine Harvest

### Geographic market presence

Revenues in the second quarter were distributed as shown in the graph below. Europe is by far the largest market for Marine Harvest with 71% (71%). France, Germany and the UK are the main markets for our products.

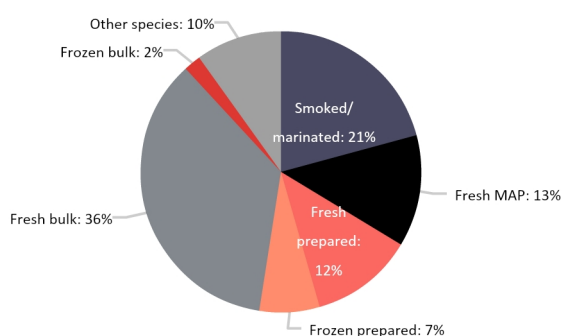
Sales by Geography Q2 2018



### Sales by product

The Group's main species is Atlantic salmon. Revenues for our external sales channels in Sales & Marketing were distributed across product categories as follows:

Sales by product Q2 2018



Fresh bulk salmon represented 36% (39%), while smoked/marinated and elaborated salmon together accounted for 53% (50%).

### Branding and product development efforts

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

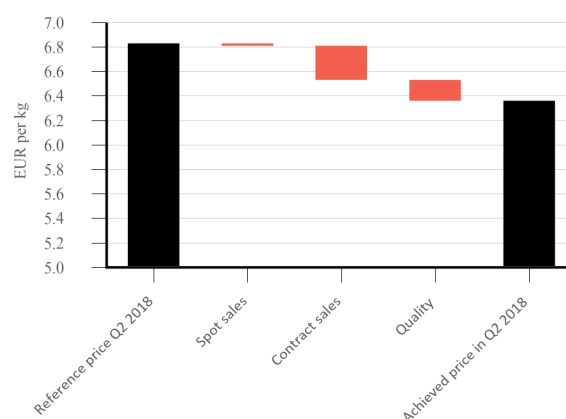
Our Mowi brand in Asia has developed positively, with 3.2% volume growth in the second quarter of 2018 compared to the second quarter of 2017. In addition to strong demand from existing customers, a new retailer has also added Mowi products to their portfolio.

In the US, our Ducktrap brand continues its positive development, with 4.7% volume growth compared to the comparable quarter of 2017. Ducktrap has now completed the construction of its second plant in Maine.

### Price achievement

The combined global price achieved was 7% below the reference price in the period (7% below also in the second quarter of 2017).

Global Price Achievement Q2 2018



Reference price for salmon of superior quality vs. price achieved in Norway, Scotland, Canada, Chile and Faroes.

Achieved prices were negatively impacted by contract prices, although the relative effect improved from the comparable quarter.

Markets				
Q2 2018	Norwegian	Scottish	Canadian	Chilean
Contract share	48%	69%	0%	29%
Quality - superior share	89%	95%	87%	86%
Price achievement	91%	104%	96%	91%

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



## PROFIT - OPERATIONAL PERFORMANCE

### Salmon of Norwegian origin

EUR million	Q2 2018	Q2 2017
Operational EBIT	126.7	98.4
EBIT	200.9	84.3
Harvest volume (GWT)	49 491	39 372
Operational EBIT per kg (EUR)	2.56	2.50
- of which Feed	0.05	0.05
- of which Markets	0.09	0.12
- of which Consumer Products	0.09	0.34
Price achievement/reference price	91%	91%
Contract share	48%	64%
Superior share	89%	91%

#### Financial results

Operational EBIT amounted to EUR 126.7 million (EUR 98.4 million) in the second quarter, which is seasonally record high. Operational EBIT per kg was EUR 2.56 per kg (EUR 2.50). The positive effects of increased volume and decreased costs more than offset the negative effect of lower allocated margin from Sales & Marketing compared to the second quarter of 2017.

Financial EBIT amounted to EUR 200.9 million (EUR 84.3 million).

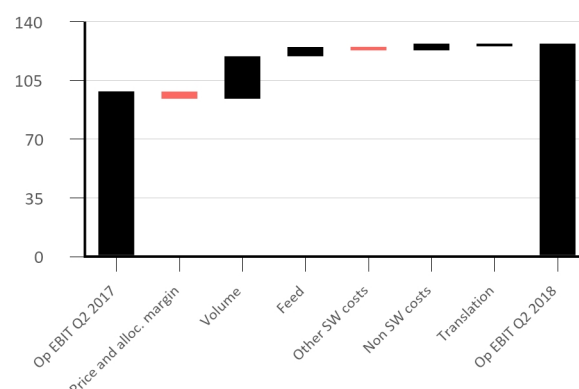
#### Price and volume development

The reference price of EUR 7.16 for salmon of Norwegian origin in the second quarter was 1% below the record high levels in the second quarter of 2017. The reference price increased by 15% in the second quarter of 2018 compared to the first quarter of 2018 on strong demand.

The overall price achieved was 9% below the reference price in the second quarter of both 2018 and 2017. Although negative in both quarters, contribution from contracts relative to the reference price improved in the second quarter of 2018 compared to the second quarter of 2017 on lower contract share. Marine Harvest had a contract share of 48% for salmon of Norwegian origin in the second quarter, compared to 64% in the second quarter of 2017.

Harvested volume in the second quarter was 49 491 tonnes gutted weight (39 372 tonnes gutted weight).

### Operational EBIT Salmon of Norwegian Origin Q2 2018 vs Q2 2017



#### Costs and operations

The cost level increased by EUR 0.13 per kg from the first quarter of 2018. However, compared to the second quarter of 2017, costs improved by EUR 0.19 per kg.

The biological cost<sup>1)</sup> of harvested fish decreased by 2% compared to the second quarter of 2017, mainly due to 6% lower feed costs and 3% lower health costs per kg. The cost decrease is the result of improved biology and positive scale effects from higher volumes.

Lice is still a challenge for the Norwegian farming operations, particularly in combination with fish being weakened by other biological challenges. Consequently, sea lice mitigation costs are still at a high level, although it is encouraging to see that for the second quarter in a row health costs are lower than in the comparable quarter. Sea lice levels in Regions Mid and North were lower at the end of the second quarter of 2018 compared to the second quarter of 2017. However, in Region South, where the general fish health situation is more challenging, lice levels were higher year-over-year.

Incident based mortality losses in the amount of EUR 2.1 million have been recognized in the quarter, mainly due to CMS in Region Mid. Losses from incident-based mortality in the second quarter of 2017 amounted to EUR 1.6 million.

Costs are expected to be reduced in the third quarter of 2018 on increased volumes.

<sup>1)</sup> As defined in the Annual Report 2017, section "Analytical information" p. 236: Total of feed cost and other seawater costs, before transportation to the processing plant.

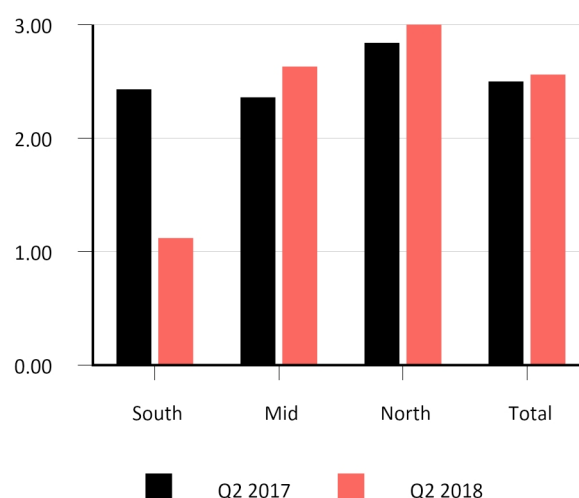
## Salmon of Norwegian origin by region

Regions	South	Mid	North	Total
EUR million	Q2 2018	Q2 2018	Q2 2018	Q2 2018
Operational EBIT	9.6	71.3	45.9	126.7
Harvest volume (GWT)	8 572	27 112	13 808	49 491
Operational EBIT per kg (EUR)	1.12	2.63	3.32	2.56
Superior share	87%	88%	90%	89%

Regions	South	Mid	North	Total
EUR million	Q2 2017	Q2 2017	Q2 2017	Q2 2017
Operational EBIT	21.8	47.7	28.9	98.4
Harvest volume (GWT)	8 960	20 237	10 175	39 372
Operational EBIT per kg (EUR)	2.43	2.36	2.84	2.50
Superior share	93%	91%	90%	91%

Operational EBIT per kilo per region Q2 2018 vs Q2 2017 incl. sales margin



### Region South

- Operational EBIT totaled EUR 9.6 million in the second quarter (EUR 21.8 million), or EUR 1.12 per kg (EUR 2.43).
- The low-performing 2016 generation has now been completely harvested out. Earnings in the second quarter were negatively impacted by harvesting from sites with particularly high costs as a consequence of low growth, high mortality and high treatment costs. The share of harvesting from better performing sites in Agder was higher in the comparable quarter. Furthermore, costs in the second quarter were negatively impacted by the rebuilding of the processing plant in Hjelmeland, which has now been completed.
- The level of sea lice was higher at the end of the second quarter compared to the second quarter of 2017. In general, the fish health situation in Region South is more challenging than in the other regions due to CMS, gill issues, PD and lice.
- No incident based mortality was recognized in the quarter.
- A total of 8 572 tonnes gutted weight (8 960 tonnes) was harvested. The slight reduction is mainly due to lower opening biomass.
- Seawater production was higher than in the second quarter of 2017 due to a better performing generation of fish.

### Region Mid

- Operational EBIT totaled EUR 71.3 million in the second quarter (EUR 47.7 million), or EUR 2.63 per kg (EUR 2.36).
- Biological cost per kg harvested biomass in the second quarter decreased by 7% from the second quarter of 2017 mainly due to lower feed and health costs on improved biology.
- A total of 27 112 tonnes gutted weight (20 237 tonnes) was harvested. The increase is due to improved growth and the return to a more normal harvest volume following biological issues in 2017.
- Incident based mortality in the amount of EUR 2.0 million was recognized in the quarter, mainly related to CMS and smolt output (EUR 1.7 million in the second quarter of 2017). CMS is an increasing concern for our farming operations in Region Mid.
- Seawater production has improved substantially compared to 2017. The main reason is lower sea lice levels and less treatments.

### Region North

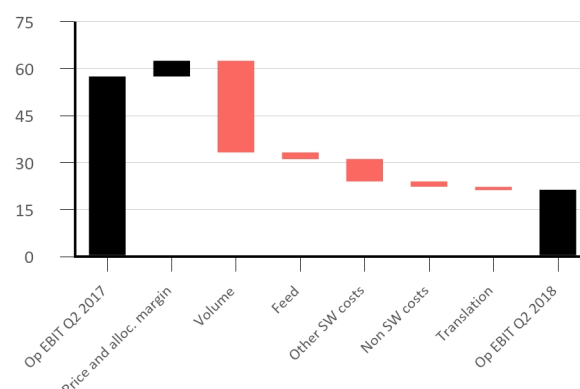
- Operational EBIT totaled EUR 45.9 million in the second quarter (EUR 28.9 million), or EUR 3.32 per kg (EUR 2.84).
- Biological costs per kg harvested biomass in the second quarter decreased by 7% from the second quarter of 2017, mainly due to improved growth and lower feed costs on improved biology.
- A total of 13 808 tonnes gutted weight (10 175 tonnes) was harvested. The increase is due to improved growth and the return to a more normal harvest volume following biological issues in 2017.
- No incident based mortality was recognized in the quarter.
- Seawater production was higher than in the second quarter of 2017 due to higher opening biomass and a better performing generation than the year before.
- The level of sea lice was lower at the end of the second quarter compared to the second quarter of 2017.



## Salmon of Scottish origin

EUR million	Q2 2018	Q2 2017
<b>Operational EBIT</b>	<b>21.3</b>	<b>57.5</b>
<b>EBIT</b>	<b>30.8</b>	<b>51.8</b>
Harvest volume (GWT)	8 958	18 515
<b>Operational EBIT per kg (EUR)</b>	<b>2.38</b>	<b>3.10</b>
- of which Markets	0.21	0.25
- of which Consumer Products	0.53	0.17
Price achievement/reference price	104%	97%
Contract share	69%	39%
Superior share	95%	97%

Operational EBIT Salmon of Scottish Origin  
Q2 2018 vs Q2 2017



### Financial results

Operational EBIT amounted to EUR 21.3 million in the second quarter (EUR 57.5 million), the equivalent of EUR 2.38 per kg (EUR 3.10). The effects of higher achieved prices and increased margin from Consumer Products on salmon of Scottish origin were more than offset by lower harvest volume and cost increases.

Financial EBIT amounted to EUR 30.8 million (EUR 51.8 million).

### Price and volume development

The overall price achieved was 4% above the reference price in the quarter (3% below). The relative improvement in price achievement is mainly due to higher contract prices. Contribution from contracts relative to the reference price was positive in the second quarter of 2018, but negative in 2017.

Compared to the first quarter of 2018, achieved prices were stable.

The second quarter harvest volume was 8 958 tonnes gutted weight which is a significant decrease from the corresponding quarter in 2017 (18 515 tonnes). This is due to lower opening biomass as a consequence of timing of smolt stockings and lower performance on the fish harvested in 2018.

### Costs and operations

Cost per kg was reduced in the second quarter compared to the first quarter, however, compared to the second quarter in 2017 costs increased. The cost increase was due to negative scale effects from lower volumes and harvesting from lower performing sites than in the comparable quarter.

Biological costs per kg increased by 33% in the second quarter of 2018 compared to the corresponding quarter of 2017, mainly due to increased feed and health costs and negative scale effects.

No incident based mortality was recognized in the second quarter (EUR 1.5 million).

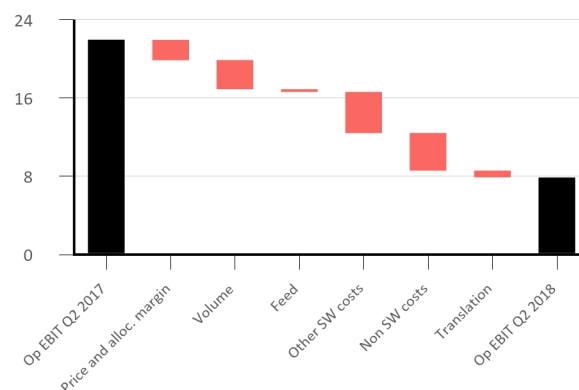
Sea lice levels at the end of the quarter were lower than at the end of the comparable quarter of 2017.

Production has been lower than in the second quarter of 2017 as a result of lower opening biomass.

## Salmon of Canadian origin

EUR million	Q2 2018	Q2 2017
<b>Operational EBIT</b>	<b>7.8</b>	<b>21.9</b>
<b>EBIT</b>	<b>-4.8</b>	<b>17.1</b>
Harvest volume (GWT)	8 031	9 350
<b>Operational EBIT per kg (EUR)</b>	<b>0.98</b>	<b>2.34</b>
- of which Markets	0.08	0.18
- of which Consumer Products	0.00	0.00
Price achievement/reference price	96%	99%
Contract share	0%	0%
Superior share	87%	90%

Operational EBIT Salmon of Canadian Origin  
Q2 2018 vs Q2 2017



### Financial results

Operational EBIT amounted to EUR 7.8 million in the second quarter (EUR 21.9 million), the equivalent of EUR 0.98 per kg (EUR 2.34). The decrease in Operational EBIT compared to the second quarter of 2018 is due to increased costs and lower volumes and achieved prices.

Financial EBIT amounted to EUR -4.8 million (EUR 17.1 million).

### Price and volume development

The reference price (Urner Barry 10-12 lb) for Canadian salmon in the second quarter increased by 12% to USD 3.81 year-over-year on strong demand in the North American market. Sequentially, prices increased by 3% in the second quarter of 2018 compared to the first quarter of 2018.

Achieved prices in the second quarter of 2018 were negatively impacted by the size distribution. Price achievement was 4% below the reference price in the second quarter of 2018 (1% below).

There were no contracts for salmon of Canadian origin in the second quarter of 2018 or 2017.

### Costs and operations

The cost level in the second quarter of 2018 was higher than in the comparable quarter of 2017 due to high mortality and reduced growth. The biological costs per kg salmon harvested in the quarter increased by 16% compared to the second quarter of 2017.

Incident based mortality of EUR 1.9 million was recognized in the second quarter due to gill issues (no incident based mortality in the second quarter of 2017).

Operational EBIT in the second quarter of 2018 was also negatively impacted by EUR 0.4 million related to the build-up and preparation phase for our East Canadian operations.

Sea lice levels at the end of the quarter were lower than the comparable quarter of 2017.

Production has been lower than in the second quarter of 2017 as a result of high mortality and reduced feed intake, both related to gill damage caused by environmental circumstances, as well as a lower opening biomass.

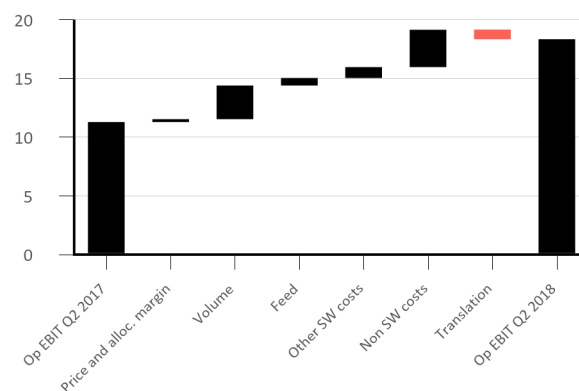
### Acquisition of Northern Harvest completed

In the beginning of the third quarter, the acquisition of Northern Harvest on the East Coast of Canada was completed. Northern Harvest will be consolidated in the group's financial statements starting in the third quarter. Estimated harvest volumes for Northern Harvest in the second half of 2018 are 8 000 GWT.

## Salmon of Chilean origin

EUR million	Q2 2018	Q2 2017
<b>Operational EBIT</b>	<b>18.3</b>	<b>11.3</b>
<b>EBIT</b>	<b>24.7</b>	<b>15.6</b>
Harvest volume (GWT)	9 849	7 741
<b>Operational EBIT per kg (EUR)</b>	<b>1.86</b>	<b>1.46</b>
- of which Markets	0.09	-0.05
- of which Consumer Products	0.32	0.22
Price achievement/reference price	91%	97%
Contract share	29%	28%
Superior share	86%	86%

Operational EBIT Salmon of Chilean Origin  
Q2 2018 vs Q2 2017



### Financial results

Operational EBIT amounted to EUR 18.3 million in the second quarter (EUR 11.3 million), which is seasonally record high. Operational EBIT per kg was EUR 1.86 (EUR 1.46). The increased earnings compared to the second quarter of 2017 is driven by increased harvest volumes and reduced costs.

Financial EBIT amounted to EUR 24.7 million (EUR 15.6 million).

### Price and volume development

The Urner Barry reference price for Chilean salmon was up by 1% compared to the second quarter of 2017. The average price per lb fillet in the quarter (Urner Barry D-trim 3-4 lb) was USD 5.87. Sequentially, prices increased by 15% from the first quarter of 2018 on strong demand.

North America remains the most important market for salmon of Chilean origin. Price achievement for Chilean salmon was 9% above the reference price in the quarter (3% below in the second quarter of 2017). Price achievement was negatively impacted by contracts, downgrading and timing of sales.

The contract share was 29% in the quarter compared to 28% in the second quarter of 2017.

Harvested volume was 9 849 tonnes gutted weight in the second quarter (7 741 tonnes). The increase is due to the return to a more normal harvest volume following biological issues in previous years.

### Costs and operations

Costs have improved in the second quarter of 2018 compared to the second quarter of 2017 on positive scale effects from higher volumes and a generally reduced cost level in our Chilean operations in the aftermath of the 2016 algal bloom.

Consequently, the biological costs per kg salmon harvested in the quarter decreased by 5% from the comparable quarter. Non-seawater costs decreased from the second quarter of 2017 by 28%.

There was no incident based mortality in the second quarter of 2018 and 2017.

Production has been higher in the second quarter of 2018 compared to the second quarter of 2017 due to higher opening biomass.

Sea lice levels at the end of the second quarter have increased compared to last year due to adverse environmental conditions.

### Events after the close of the quarter

In July, severe weather conditions caused serious structural damages at the Punta Redonda site in Region X, causing a major escape of fish. Approximately 245 000 fish were recovered and have been moved to a nearby site. 650 000 fish remain missing. Due to intensive recovery efforts, including cooperation with local fishermen, approximately 40 000 fish have been recaptured and disposed of. As a consequence of the escape incident, estimated volumes for Chile have been reduced by 2 500 GWT for 2018.

Costs are expected to increase in the third quarter. In addition, the escape incident is expected to negatively impact Operational EBIT in the second half of 2018 by approximately USD 3.5 million excluding margin.

## Salmon of Irish origin

EUR million	Q2 2018	Q2 2017
<b>Operational EBIT</b>	<b>2.7</b>	<b>12.2</b>
<b>EBIT</b>	<b>0.7</b>	<b>8.0</b>
Harvest volume (GWT)	1 239	3 634
<b>Operational EBIT per kg (EUR)</b>	<b>2.21</b>	<b>3.35</b>
- of which Markets	0.00	0.00
- of which Consumer Products	-0.08	0.12
Price achievement/reference price	na	na
Contract share	86%	79%
Superior share	92%	91%

Operational EBIT amounted to EUR 2.7 million in the second quarter (EUR 12.2 million), which was EUR 2.21 per kg (EUR 3.35 per kg). The significant reduction in earnings from the comparable quarter is mainly due to lower volumes.

Financial EBIT amounted to EUR 0.7 million (EUR 8.0 million).

Achieved prices were 10% higher in the second quarter of 2018 than in the second quarter of 2017 as a consequence of strong market conditions for organic salmon.

The biological costs per kg harvested biomass increased by 1% compared to the second quarter of 2017 on the back of negative scale effects.

Harvest volume was 1 239 tonnes gutted weight in the second quarter (3 634 tonnes). Harvesting was slowed down to improve harvest weights.

## Salmon of Faroese origin

EUR million	Q2 2018	Q2 2017
<b>Operational EBIT</b>	<b>2.3</b>	<b>-0.4</b>
<b>EBIT</b>	<b>4.0</b>	<b>2.7</b>
Harvest volume (GWT)	778	0
<b>Operational EBIT per kg (EUR)</b>	<b>2.92</b>	<b>0.00</b>
- of which Markets	0.34	0.00
- of which Consumer Products	0.00	0.00
Price achievement/reference price	113%	na
Contract share	0%	0%
Superior share	94%	na

Operational EBIT amounted to EUR 2.3 million (EUR -0.4 million), which was EUR 2.92 per kg (EUR 0.00 per kg).

Financial EBIT amounted to EUR 4.0 million (EUR 2.7 million).

Harvest volume was 778 tonnes gutted weight in the second quarter. In the comparable quarter of 2017, there was no harvesting in our Faroese operations.

The majority of the salmon has been sold to customers in Eastern Europe at favorable prices. However, prices were somewhat impacted by relatively low harvest weights.

The biological costs per kg harvested biomass decreased by 14% compared to the first quarter of 2018.

## Consumer Products

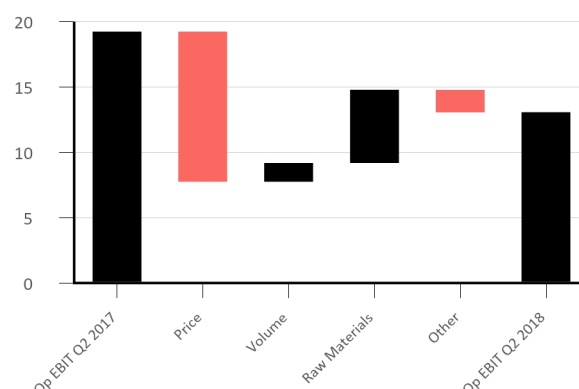
EUR million	Q2 2018	Q2 2017
Operating revenues <sup>1)</sup>	510.7	488.3
<b>Operational EBIT <sup>2)</sup></b>	<b>13.1</b>	<b>19.2</b>
Operational EBIT %	2.6%	3.9%
<b>EBIT <sup>3)</sup></b>	<b>13.1</b>	<b>19.0</b>
Volume sold (tonnes product weight)	39 372	36 644

<sup>1)</sup> The reporting segment includes Consumer Products in Europe, Asia and Americas.

<sup>2)</sup> Operational EBIT for salmon in Consumer Products is also included in the results per country of origin.

<sup>3)</sup> After elimination of unrealized gain/loss on group-internal hedging contracts.

### Operational EBIT Consumer Products Q2 2018 vs Q2 2017



### Financial results

Operational EBIT for Consumer Products was EUR 13.1 million (EUR 19.2 million), of which Consumer Products Europe contributed EUR 8.5 million (EUR 15.3 million). The Operational EBIT margin was 2.6% (3.9%). Adjusted for trading and bulk activities, the Operational EBIT margin was 2.8% (4.7%).

Financial EBIT<sup>3)</sup> amounted to EUR 13.1 million (EUR 19.0 million).

### Price, volume and operations

Consumer Products' operating revenues were EUR 510.7 million (EUR 488.3 million) in the quarter. Earnings were negatively impacted by volatile raw material prices and the phasing of the Easter season.

Total volume sold was 39 372 tonnes product weight (36 644), which is equivalent to an increase of 7.5%.

In Europe, volumes were stable for Fresh, but increased for Chilled. Developments were particularly positive in Germany, UK, Benelux and Eastern and Southern Europe. For Fresh, operational improvements are the main contributors to the positive development in Operational EBIT compared to the second quarter of 2017. In our Chilled operations in Europe, earnings were negatively impacted by promotional activities in a challenging price environment, partly compensated by higher volume. The comparable quarter of 2017 also included Easter, which is a high season for our Chilled products.

In Asia, volumes and earnings in our value-added operations were somewhat reduced from the comparable quarter of 2017, as sales to new customers did not fully compensate the loss of one of the retailer accounts.

For Fresh in the Americas, spot performance was impacted by the strong decline in market prices towards the end of the quarter. Nevertheless, earnings in the second quarter of 2018 has improved compared to the second quarter of 2017, as the start-up phase of the Dallas plant impacted Operational EBIT negatively in the comparable quarter. Volumes have also increased after the opening of the Dallas plant and the introduction of our products in several new retailer chains. Volumes and earnings for Chilled in the Americas were stable compared to the second quarter of 2017.

Consumer Products	Q2 2018		
EUR million	Fresh	Chilled	Total
Volume sold (tonnes prod wt)	19 514	19 858	39 372
Operational revenues	257.2	253.5	510.7
Operational EBIT	11.5	1.5	13.1
Operational EBIT %	4.5%	0.6%	2.6%

Consumer Products	Q2 2017		
EUR million	Fresh	Chilled	Total
Volume sold (tonnes prod wt)	19 333	17 312	36 644
Operational revenues	251.6	236.7	488.3
Operational EBIT	9.3	9.9	19.2
Operational EBIT %	3.7%	4.2%	3.9%

Consumer Products	Q2 2018			
EUR million	Europe	Americas	Asia	Total
Volume sold (tonnes prod wt)	33 426	3 101	2 844	39 372
Operational revenues	422.8	46.4	41.4	510.7
Operational EBIT	8.5	2.9	1.7	13.1
Operational EBIT %	2.0%	6.2%	4.2%	2.6%

Consumer Products	Q2 2017			
EUR million	Europe	Americas	Asia	Total
Volume sold (tonnes prod wt)	31 357	2 798	2 489	36 644
Operational revenues	403.9	42.2	42.2	488.3
Operational EBIT	15.3	1.4	2.5	19.2
Operational EBIT %	3.8%	6.0%	3.4%	3.9%

### Events after the close of the quarter

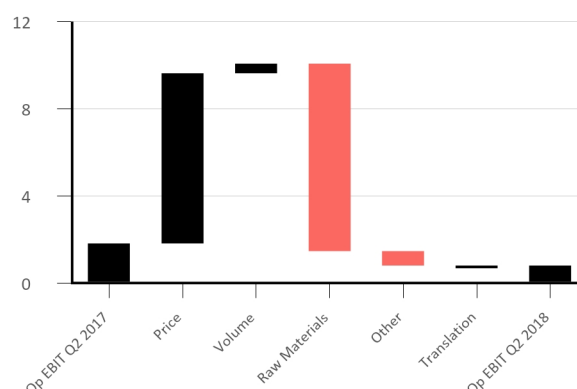
In July, there was a major fire at Marine Harvest Kritsen's plant in Landvisiau, France. As a consequence of the major damages caused by the fire, customers are served by other Marine Harvest plants. The factory was fully insured, and we expect that the ultimate cash effect is limited.

## Feed

EUR million	Q2 2018	Q2 2017
Operating revenues	88.0	65.0
<b>Operational EBIT</b>	<b>0.8</b>	<b>1.8</b>
Operational EBIT %	0.9%	2.8%
<b>EBIT</b>	<b>0.7</b>	<b>1.8</b>
Feed sold volume	70 232	56 394
Feed produced volume	87 032	79 440
Exceptional items	0.0	0.0

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

Operational EBIT Feed  
Q2 2018 vs Q2 2017



## Financial results

Operational EBIT was EUR 0.8 million (EUR 1.8 million) in the second quarter of 2018. The Operational EBIT margin was 0.9% (2.8%). Operational EBIT was negatively impacted by EUR 1.5 million related to the construction phase of the new feed plant in Scotland.

Financial EBIT amounted to EUR 0.7 million (EUR 1.8 million).

## Price and volume development

Operating revenues were EUR 88.0 million in the second quarter (EUR 65.0 million).

Volumes sold in the second quarter were 70 232 tonnes, compared to 56 394 tonnes in the second quarter of 2017. This accounted for 99% of total feed delivered to our Norwegian farming operations, compared to 88% in the second quarter of 2017. In order to prepare for the peak season, produced volume exceeded sold volume in the quarter.

Feed prices have improved in the second quarter of 2018 compared to the second quarter of 2017 in line with the upwards trend in raw material costs. Feed prices are set at market terms and benchmarked against third parties. As the largest buyer of salmon feed globally, we are able to efficiently benchmark our own feed prices against third party suppliers.

## Costs and operations

Raw material costs have increased compared to the second quarter of 2017, mainly related to fish oil, but also other input factors such as fish meal. This effect has been offset by increased prices and volumes. However, costs were also negatively impacted by the construction of new feed plant in Scotland.

We continue to develop our range of products to reduce the dependency on third party feed purchases.

Construction of our new feed plant in Scotland is progressing, and the plant is scheduled to start trial production in the latter part of the fourth quarter 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 4 escape incidents in the second quarter; 2 in Norway with 2 escaped fish and 2 in Canada with 2 escaped fish. In the second quarter of 2017, there were 3 escape incidents; 2 in Canada with 2 escaped fish, and 1 in Chile with 348 escaped fish. After the close of the second quarter of 2018, there was a major escape incident in Chile, as described in the Events section of this report.

### Fish health

**Pancreas Disease (PD):** 6 new sites were diagnosed with PD in the second quarter; 3 in Norway, 1 in Scotland and 2 in Ireland. In the second quarter of 2017, 5 new sites were diagnosed with PD.

**Infectious Salmon Anaemia (ISA):** No new sites were diagnosed with ISA in the second quarter of 2018 or 2017. Our monitoring and surveillance continues and we maintain strict measures to immediately harvest out sites with ISA according to regulatory requirements.

**Cardio Myopathy Syndrome (CMS):** CMS is an increasing concern in our farming operations in Norway, Scotland and Ireland. CMS principally affects harvest size fish and causes heart failure. The condition is caused by a virus and is transmissible. Currently there is no vaccine for CMS and control is achieved by early harvest and biosecurity measures to prevent transmission between sites.

**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 has historically also been reported in Norway in lumpsuckers. The bacteria is causing disease primarily in the period April-October, but has also caused mortality in our Scottish farming operations in the first quarter. There is no vaccine and control is achieved by use of licensed antibiotics and increased biosecurity.

**Amoebic Gill Disease (AGD):** High presence of a microscopic amoeba named *Paramoeba perurans* can cause AGD, with elevated mortality and reduced performance. In recent years, we have seen a significant decline in the incidence of AGD because of our immediate and effective management approach.

### Lice management

Marine Harvest actively works to reduce the sea lice load in all farming units. Except for Chile and Region South in Norway, all entities reported lower sea lice levels at the end of the second quarter of 2018 compared to the end of the second quarter of 2017.

In Norway and Scotland, the share of fish undergone medicinal treatments against sea lice decreased in the second quarter of 2018 compared with the second quarter of 2017, while it increased in Chile and was stable in Canada. The capacity of non-medicinal solutions has increased in the operating units, reducing the overall 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 second 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 second quarter was at a lower level than in the comparable quarter last year. Marine Harvest continues to assess the effect of a new SRS 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 second quarter, our use of antibiotics was 72.7 grams per ton biomass produced, which is a decrease from the second quarter of 2017. 61.6 grams are related to our Chilean farming operations (88.7 grams in the second quarter of 2017), and treatment of SRS in Chile remains our primary reason for the use of antibiotics.

### ASC certifications

As of the close of the second quarter of 2018 we had 73 sites certified (50 in Norway, 17 in Canada, 4 in Ireland, 1 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	Q2 2018 Achievement
Ensure sustainable wild-farmed interaction in the farming activity	Zero escapes	Four escape incidents and 4 fish lost (three incidents with 350 fish lost in the second quarter of 2017)
Ensure healthy stocks minimizing diseases and losses in the farming activities	Monthly survival rate of at least 99.5% within 2020	Average monthly survival rate in the quarter of 98.9% (98.9% in the second quarter of 2017)

## PEOPLE - SAFE AND MEANINGFUL JOBS

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

### Employee Health and Safety

In the second quarter, the Group recorded 25 Lost Time Incidents (LTIs), which is a decrease from 33 in the second quarter of 2017.

Measured in LTIs per million hours worked (rolling average), the figure has improved to 5.86 from 8.72 in the comparable quarter of 2017.

Absenteeism has increased to 5.0% from 4.9% in the same quarter of 2017.



GUIDING PRINCIPLE - ISSUE	AMBITION	Q2 2018 Achievement
Safe jobs	No lost time incidents (LTI)	LTIs per million hours worked was 5.86. Programs are in place to reduce the number.
Healthy working environment	Absenteeism < 4%	Absenteeism of 5.0% 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.*

### Eat salmon, Harvard says

According to the article "Eat these foods daily (or at least often)" recently published in Harvard Medical School's Health Blog, salmon tops the list of foods you should eat every day, or at least every week for better health. In the article, a Harvard professor of nutrition shares her recommendations, and salmon is described as follows: "This oily fish, known for its bright pink color, is rich not only in healthy protein but also in omega-3 fatty acids, which benefit both your heart and your brain. It also provides you with bone-building vitamin D. Still, serving up salmon every day would be a stretch for most people. Aim instead to eat it at least once a week to reap the health benefits."

### Positive development for our sushi products

Sushi has grown significantly in popularity over the last decade, and is becoming more and more mainstream. As a result, you can now find sushi almost anywhere, with a wide range of different combinations and flavors. With our focus on product development, high-quality ingredients and an attractive product presentation, we believe our sushi sales will continue to grow.

Our value adding facilities in Central Europe are making a particular contribution to the consumer shift to more convenient products. Our product categories stretch from fresh whole salmon to fillets; smoked, coated, specialty products and food-to-go products like sushi.



GUIDING PRINCIPLE - ISSUE	AMBITION	Q2 2018 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

### Investment in increased capacity in Norway

The amended fish farming regulations in Norway have given farmers the opportunity to buy growth. Marine Harvest Norway's investment in the fixed price part of the growth was described in the report for the fourth quarter of 2017. The remaining growth was sold through an auction process in June 2018. In the auction, Marine Harvest Norway purchased 2 930 tonnes increased MAB for EUR 49.2 million.

### Acquisition of Northern Harvest completed

In June 2018, Marine Harvest obtained a No-Action Letter from the Canadian Competition Bureau regarding the acquisition of Northern Harvest. The transaction was closed in the beginning of July 2018. Northern Harvest is fully integrated with its own broodstock, smolt/hatchery, farming sites and processing operations, and is expected to harvest 18 500 GWT of salmon in 2018, of which 8 000 GWT in the second half of the year. The company has 45 farming licenses in Newfoundland and New Brunswick, and has additional 13 farming licenses in application mode. Northern Harvest will be consolidated in Marine Harvest's financial statements starting in July.

### Status for development licenses in Norway

Status for the different concepts:

- Marine Harvest Norway has received a total of six licenses for the "Egg" concept, for the development of five units. Prototype construction is expected to commence in 2018 in cooperation with Hauge Aqua.
- In July, the Ministry of Fisheries decided to maintain the decision from the Directorate regarding the "Donut" concept. Thus, the "Donut" concept has received 1.41 licenses for the production of 1,100 tonnes biomass.
- 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.
- The Directorate of Fisheries has rejected the application for the "Ship" concept. The rejection has been appealed.
- Marine Harvest Norway has not received any notifications regarding the application for the "AquaStorm" concept, where we have applied for 36 licenses.

### The new Inchmore hatchery opened

On 1 June, Marine Harvest Scotland opened its new salmon hatchery at Inchmore. The new hatchery has the capacity to produce 800 tonnes per year, and replaces a much smaller hatchery which had been on the site for many years. The hatchery will grow salmon from eyed eggs into smolts, fry and parr which will then be transferred to the company's 49 seawater fish farms and 5 freshwater loch sites to be grown into mature fish. The new hatchery is the latest stage in Marine Harvest Scotland's expansion plans which includes the creation of new open sea fish farms in various locations in the Minch. Farms have already opened off Barra, Uist and Muck with a new site off the Isle of Rum receiving planning permission earlier this year.

### DESS Aquaculture Shipping's first vessel completed

DESS Aquaculture Shipping, the joint venture between Marine Harvest and SolstadFarstad, received their first new vessel in May: The harvest vessel "Aqua Merdø", which has a ten year contract with Marine Harvest Norway Region South. "Aqua Merdø" can harvest 20 000 fish per hour and transport 400 tonnes for further processing on land.

The new well boat "Aqua Tromøy" is expected to be delivered in the third quarter. In the fourth quarter it will be moved to Marine Harvest Canada on a five year contract. The well boat has a capacity of 3,000 m<sup>3</sup>.



"Aqua Merdø"



"Aqua Tromøy"

### Completed rebuilding of Norway's Ryfisk plant

The rebuilding of the Ryfisk plant in Marine Harvest Norway Region South was completed in June. The work has resulted in a capacity increase exceeding 35% to 72 000 tonnes per year as well as improved hygienic conditions.

### New harvesting facility in the Faroes

Marine Harvest Faroes has acquired a facility in Strendur which will be used for primary processing. The facility is expected to commence operations in the third quarter, after some modification and improvement work.

### Status on the new feed plant in Scotland

Construction of our new feed plant in Scotland is progressing, and the plant is scheduled to start trial production in the latter part of the fourth quarter of 2018. Next to the new plant, an interactive visitor center will be built. At the center, visitors can find out more about salmon farming.



The construction site at Kyleakin

### Major escape incident in Chile in July

In July, severe weather conditions caused serious structural damages at the Punta Redonda site in Region X, causing a major escape of fish. Approximately 245 000 fish were recovered and have been moved to a nearby site. 650 000 fish remain missing. Due to intensive recovery efforts, including cooperation with local fishermen, approximately 40 000 fish have been recaptured and disposed of. As a consequence of the escape incident, estimated volumes for Chile have been reduced by 2 500 GWT for 2018. The incident is expected to negatively impact



Operational EBIT in the second half of 2018 by approximately USD 3.5 million excluding margin.

### Severe fire in Marine Harvest Kritsen in July

In July, there was a major fire at Marine Harvest Kritsen's plant in Landivisiau, France. As a consequence of the major damages caused by the fire, customers are served by other Marine Harvest plants. The factory was fully insured, and we expect that the ultimate cash effect is limited.

### Marine Harvest Scotland awarded

Marine Harvest Scotland won the Best Aquaculture Company Award at the ceremony held in Aviemore in May. The firm's work with the local community on the Isle of Rum also resulted in the top prize in the Community Initiative category. Furthermore, Marine Harvest's environmentally friendly project to improve salmon gill health using different types of nets won the Innovation Award after impressive results with pilot projects on Skye and the Western Isles. Managing Director of Marine Harvest Scotland, Ben Hadfield said: *"We are delighted to have won these awards which are testament to the skill and dedication of our whole team at Marine Harvest. We produce top quality salmon which is in huge demand across the world, often in challenging conditions, and it is fantastic to see our hard work recognized"*.

### Marine Harvest tops sustainability index

Marine Harvest tops the new Collier FAIRR Protein Producer Index. This index is the world's first comprehensive assessment of how some of the world's biggest farmers of meat and fish are managing their sustainability risks. The assessment considers pollution, climate change, food safety and worker safety. It found that salmon farming companies rank as some of the most sustainable.

### Issuance of EUR 200 million bond

In the second quarter, Marine Harvest issued a EUR 200 million five year senior unsecured bond with maturity 12 June 2023. The bond loan has a coupon of 3 months EURIBOR + 2.15 % p.a and will be applied for listing on the Oslo Stock Exchange.

### Marine Harvest has launched the Industry Handbook for 2018

Marine Harvest has published an updated version of the Industry Handbook. Please refer to our web site [www.marineharvest.com](http://www.marineharvest.com) for details.

### Annual General Meeting

The Annual General Meeting in Marine Harvest ASA was held on 30 May 2018. All proposals by the Board of Directors were approved by the Annual General Meeting, and the board members due for election were re-elected. Please refer to the protocol available on [www.marineharvest.com](http://www.marineharvest.com) for details.

### Capital Markets Day 2018

Marine Harvest will host a Capital Markets Day on 13 November 2018 in Edinburgh, Scotland. The management presentations will be held in English and will also be webcast. Please refer to our web site [www.marineharvest.com](http://www.marineharvest.com) for details.

### 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

The results in the second quarter were good and supported by high salmon prices in all markets. Demand for salmon is strong and the value of salmon consumed continues to rise. The result in the farming business unit was good and will also be the main driver for group results going forward. Adjusted for Easter sales, results in Consumer Products were satisfactory. As expected, earnings in the Feed business area were impacted by low season.

The focus to reduce costs throughout the organization continues. The Board is pleased that more than half of the global cost savings program of EUR 50 million p.a. has been achieved. The cost savings have been realized across cost of materials, salaries and personnel expenses and other operating expenses. The cost savings program coupled with the ramp-up in harvest volumes in the second half of 2018 is expected to reduce blended farming costs compared to the second quarter.

Results in Farming Norway were good in the quarter. Prices were unusually strong post Easter, however, toward the end of the quarter spot prices were under pressure as Norwegian industry harvest volumes increased almost 20% year-over-year. It was encouraging that biological costs were reduced in the period compared to the second quarter of 2017. The improved biology in Norway is evident from lower sea lice levels and less treatments. Fish diseases such as CMS is however a growing challenge. The Board is pleased with reduced mortality, reduced feed conversion ratio and reduced cost-to-stock figures in the first half of 2018 compared to the first half of 2017. The Board also notes the many opportunities to improve farming operations further, and over time through R&D narrow the gap towards our ambitious KPI levels.

Financial results in Farming Scotland were good in the quarter and supported by favorable contract prices. The price achievement was above the reference price, and the Board is pleased that the sales contracts contribute positively. However, operationally the Scottish business unit has faced challenges with reduced volumes and increased feed and health costs. Harvest volumes in 2018 are low for the Scottish business unit, however, with the increased smolt stockings in 2018 and opening of new farming sites, the positive scale effects are expected to bring down costs in 2019.

Results in Farming Chile improved in the second quarter and were impacted by higher realized salmon prices and reduced biological costs compared to last year. However, in July severe weather conditions caused serious structural damages at the Punta Redonda site in Region X, causing a major escape of fish. The escape is very unfortunate and not acceptable to the company. An investigation is currently ongoing to identify what went wrong. Marine Harvest is extremely focused to operate in an environmental friendly and sustainable manner, and over time the ambition is to have zero escape incidents.

The recent consolidation announcements in Chile are supportive for the long-term development of the industry in this area, and the Board is pleased that bigger entities are formed. This enables improved farming husbandry, greater area control and reduced biological risk. The Canadian farming entity experienced a challenging second quarter. Biological headwinds resulted in many small fish being harvested, which in turn were sold at a discount compared to benchmark levels. Furthermore, high mortality and reduced growth impacted costs negatively. The Board does not expect the situation to improve significantly in the short term, however, in the mid-term the operational performance is expected to return to industry leading levels in Canada.

The Irish business entity had another good quarter and demand for organic salmon continues to be great. Marine Harvest Faroes harvested low volumes in the quarter, however, price achievement was good which lead to a positive result.

The Consumer Products business area experienced good volume growth in the quarter in a challenging price environment. The volume developments were positive in key European markets, and Marine Harvest also grew its sales in Asia and Americas. Selective expansions of processing plants globally will continue to meet a growing demand for convenient, fresh and tasty consumer products.

The production in Feed was seasonally record high in the quarter with 99% self sufficiency in Norway. This also positions the business unit for the forthcoming high season. However, fierce competition put pressure on margins. Construction of the new feed plant in Scotland is progressing and is expected to commence trial production towards year-end. The Peruvian anchovy fishing season increased significantly in the first half of 2018 compared to previous years, which put downward pressure on fish oil prices. This should support reduced raw material prices going forward.

The Board is pleased that the acquisition of Northern Harvest was completed in July. This positions Marine Harvest to grow in an attractive farming area on the East Coast of Canada. The market for salmon in North-East America continues to develop very favorably, and the acquisition represents as such a compelling value proposition. The acquisition of Northern Harvest triggers a revised net interest bearing debt target level. The revised target from EUR 1 200 million to EUR 1 400 million reflects leverage that is attributable to the acquisition, and should also be assessed in combination with the deep in-the-money EUR 340 million convertible bond.

The company completed a EUR 200 million 5-year senior unsecured bond issue in the period. The coupon of 3 months EURIBOR + 2.15% p.a. was attractive. The bond issue complements Marine Harvest's various sources of financing, and supports the company's strategy for further growth ahead.

Estimated total volumes for 2018 are reduced from 400 000 GWT to 372 000 GWT excluding Northern Harvest. Including Northern Harvest, estimated volumes for 2018 are 380 000 GWT. The reduction is driven by lower volumes in primarily Norway, Canada and Scotland as a consequence of biological issues. The guidance for Chile is also somewhat down.

Consumption growth of salmon globally was strong in the period as the value of salmon increased in all main markets. In general, the developments in Europe continued the positive trend. In the US more and more salmon is sold as pre-packed, including skin-packed products which Marine Harvest has focused on in recent years. More retailers promote and offer pre-packed products across the US market. Additionally, pre-packed products are sold at an increasing rate through the e-commerce channel which drive volume growth. In Asia, the combined growth from China/Hong Kong/Vietnam of 20% year-over-year is impressive. Growth in China will be further supported going forward as export restrictions of salmon from the northern counties of Norway were removed in July.

Kontali Analyse expects supply growth for 2018 to increase by 6%, and in 2019 by 4%. The 12-month forward Nasdaq price is unchanged at EUR 6.4 per kg.

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

## SUMMARY YEAR TO DATE

- Operational EBIT of EUR 333 million. Financial EBIT of EUR 525 million.
- High prices on strong demand.
- Blended Farming costs reduced in the first half of 2018 compared to the first half of 2017, on improved costs in Norway and Chile.
- Harvest volume somewhat below guidance.
- Acquisition of Northern Harvest completed in the beginning of July, following the issuance of a No Action Letter by Canadian competition authorities.
- Strong first half results in Consumer Products on high volumes and good operational performance.
- From 2018, our value-added operations in Asia and Americas are also included in the Consumer Products reporting segment.
- Issue of EUR 200 million five year senior unsecured bond with coupon of 3 months EURIBOR + 2.15% p.a.
- Net cash flow per share of EUR 0.33, Underlying earnings per share (EPS) of EUR 0.49 and EPS of EUR 0.72.
- Return on capital employed (ROCE) 25.2%.
- Net interest-bearing debt (NIBD) of EUR 950.7 million
- Dividend of NOK 5.20 per share has been paid out in 2018 as ordinary dividends.

## RISKS

Marine Harvest has not identified any additional risk exposure beyond the risks described in note 3 of this report and the 2017 Annual Report.

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

## CONFIRMATION FROM BOARD OF DIRECTORS AND CEO

We confirm, to the best of our knowledge, that the interim financial report for the first half of 2018 has been prepared in accordance with IFRS as issued by IASB and as adopted by EU, and gives a true and fair view of the Group's consolidated assets, liabilities, financial position and result for the period. Furthermore, we confirm that the interim management report includes a fair view of the information required under the Norwegian Securities Trading Act § 5- 6, fourth paragraph.

Bergen, August 21, 2018

The Board of Directors of Marine Harvest ASA



Ole-Eirik Lerøy  
CHAIRMAN OF THE BOARD



Lisbet K. Nærø  
DEPUTY CHAIR OF THE BOARD



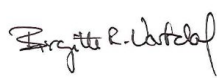
Cecilie Fredriksen



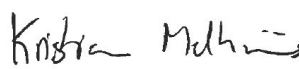
Paul Mulligan



Jean-Pierre Bienfait



Birgitte Ringstad Vartdal



Kristian Melhuus



Unni Sværen



Anders Sæther



Jørgen Wenggaard



Alf-Helge Aarskog  
CHIEF EXECUTIVE OFFICER



## INTERIM FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unaudited, in EUR million	Note	Q2 2018	Q2 2017	YTD Q2 2018	YTD Q2 2017	2017
<b>Revenue</b>	4, 5	<b>886.3</b>	<b>883.0</b>	<b>1 748.6</b>	<b>1 776.7</b>	<b>3 649.4</b>
Cost of materials		-425.2	-400.0	-831.1	-807.2	-1 688.5
Net fair value adjustment biomass	6	74.4	-38.1	168.9	-253.8	-340.3
Salaries and personnel expenses		-112.5	-106.6	-235.3	-221.4	-477.9
Other operating expenses		-137.2	-139.1	-265.1	-262.6	-555.0
Depreciation and amortization		-37.6	-37.6	-74.9	-74.6	-150.4
Onerous contract provisions		-3.4	7.7	-8.4	100.9	119.8
Restructuring cost		0.4	0.2	-0.4	0.0	-2.5
Other non-operational items		0.0	0.3	0.1	0.3	0.3
Income from associated companies and joint ventures		9.5	7.5	22.1	7.4	33.7
Impairment losses		0.1	-1.3	0.2	-1.9	-103.8
<b>Earnings before financial items (EBIT)</b>		<b>255.0</b>	<b>176.1</b>	<b>524.6</b>	<b>263.8</b>	<b>484.9</b>
Interest expenses	8	-12.6	-11.1	-22.9	-23.0	-46.7
Net currency effects	8	-4.3	0.5	-0.2	7.3	-8.8
Other financial items	8	-6.9	-73.5	-38.4	73.7	93.2
<b>Earnings before tax</b>		<b>231.3</b>	<b>92.0</b>	<b>463.1</b>	<b>321.8</b>	<b>522.6</b>
Income taxes		-58.5	-25.5	-111.3	-37.9	-59.9
<b>Profit or loss for the period</b>		<b>172.8</b>	<b>66.5</b>	<b>351.8</b>	<b>283.9</b>	<b>462.7</b>
<b>Other comprehensive income</b>						
Currency translation differences		29.7	-117.3	8.8	-136.9	-192.6
Currency translation associated companies		2.4	-7.3	4.4	-8.7	-12.1
<b>Items to be reclassified to P&amp;L in subsequent periods:</b>		<b>32.1</b>	<b>-124.6</b>	<b>13.2</b>	<b>-145.5</b>	<b>-204.7</b>
Actuarial gains (losses) on defined benefit plans, net of tax		0.0	0.0	0.0	0.0	5.3
Other gains and losses in comprehensive income		0.0	-0.1	0.0	-0.1	-0.8
<b>Items not to be reclassified to profit and loss:</b>		<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.1</b>	<b>4.5</b>
<b>Other comprehensive income, net of tax</b>		<b>32.1</b>	<b>-124.6</b>	<b>13.2</b>	<b>-145.6</b>	<b>-200.3</b>
<b>Total comprehensive income in the period</b>		<b>204.9</b>	<b>-58.1</b>	<b>365.1</b>	<b>138.3</b>	<b>262.4</b>
<b>Profit or loss for the period attributable to</b>						
Non-controlling interests		0.4	0.1	0.6	0.4	0.3
Owners of Marine Harvest ASA		172.4	66.4	351.2	283.5	462.5
<b>Comprehensive income for the period attributable to</b>						
Non-controlling interests		0.4	0.1	0.6	0.4	0.3
Owners of Marine Harvest ASA		204.5	-58.2	364.4	137.9	262.2
Basic earnings per share (EUR)	9	0.35	0.14	0.72	0.62	0.97
Diluted earnings per share (EUR)	9	0.35	0.14	0.72	0.62	0.86
Dividend declared and paid per share (NOK)		2.60	3.00	5.20	5.80	12.40

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited, in EUR million	Note	30.06.2018	31.03.2018	31.12.2017	30.06.2017
<b>ASSETS</b>					
Licenses		688.4	627.0	615.2	729.0
Goodwill		255.4	255.4	255.7	259.7
Deferred tax assets		10.1	10.8	13.1	6.3
Other intangible assets		25.6	25.5	26.1	29.3
Property, plant and equipment		1 116.7	1 086.9	1 082.7	1 022.3
Investments in associated companies and joint ventures		179.4	193.5	170.7	147.5
Other shares and other non-current assets		1.7	3.3	3.3	5.1
<b>Total non-current assets</b>		<b>2 277.4</b>	<b>2 202.3</b>	<b>2 166.7</b>	<b>2 199.2</b>
Inventory		312.6	327.7	306.9	260.9
Biological assets	6	1 414.5	1 287.5	1 200.5	1 277.7
Current receivables		516.9	510.1	583.9	438.8
Cash		66.1	88.4	71.7	66.1
<b>Total current assets</b>		<b>2 310.1</b>	<b>2 213.6</b>	<b>2 163.0</b>	<b>2 043.5</b>
Asset held for sale		0.0	0.0	0.5	1.0
<b>Total assets</b>		<b>4 587.5</b>	<b>4 415.9</b>	<b>4 330.3</b>	<b>4 243.7</b>
<b>EQUITY AND LIABILITIES</b>					
Equity		2 406.5	2 342.4	2 314.2	2 531.2
Non-controlling interests		1.8	1.4	1.2	1.3
<b>Total equity</b>		<b>2 408.3</b>	<b>2 343.8</b>	<b>2 315.4</b>	<b>2 532.5</b>
Deferred tax liabilities		389.7	368.9	353.9	380.3
Non-current interest-bearing debt		1 016.7	943.7	773.3	486.6
Other non-current liabilities		133.9	123.4	87.9	102.7
<b>Total non-current liabilities</b>		<b>1 540.3</b>	<b>1 436.0</b>	<b>1 215.2</b>	<b>969.6</b>
Current interest-bearing debt		0.1	1.2	130.3	130.4
Other current liabilities		638.9	634.9	669.4	611.3
<b>Total current liabilities</b>		<b>638.9</b>	<b>636.1</b>	<b>799.7</b>	<b>741.7</b>
<b>Total equity and liabilities</b>		<b>4 587.5</b>	<b>4 415.9</b>	<b>4 330.3</b>	<b>4 243.7</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

2018

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 01.01.2018</b>	383.8	931.5	5.4	51.3	-5.2	947.3	2 314.2	<b>1.2</b>	<b>2 315.4</b>
<b>Comprehensive income</b>									
Profit						351.2	351.2	0.6	351.8
Other comprehensive income				27.4	4.4	-18.6	13.2		13.2
<b>Transactions with owners</b>									
Share based payment			-0.7			-5.0	-5.7		-5.7
Dividend						-266.5	-266.5		-266.5
<b>Total equity end of period</b>	<b>383.8</b>	<b>931.5</b>	<b>4.7</b>	<b>78.7</b>	<b>-0.8</b>	<b>1 008.4</b>	<b>2 406.5</b>	<b>1.8</b>	<b>2 408.3</b>

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 31.12.2017</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>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Unaudited, in EUR million	Q2 2018	Q2 2017	YTD Q2 2018	YTD Q2 2017	2017
Earnings before taxes (EBT)	231.3	92.0	463.1	321.8	522.6
Interest expense	12.6	11.1	22.9	23.0	46.7
Currency effects	4.3	-0.5	0.2	-7.3	8.8
Other financial items	6.9	73.5	38.4	-73.7	-93.2
Net fair value adjustment and onerous contracts	-70.9	30.4	-160.5	152.9	220.5
Income/loss from associated companies	-9.5	-7.5	-22.1	-7.4	-33.7
Depreciation and impairment losses	37.5	38.9	74.7	76.5	254.2
Change in working capital	-43.2	-3.0	-4.7	57.2	-114.6
Taxes paid	-53.3	-71.5	-103.8	-131.3	-177.4
Restructuring and other non-operational items	-0.9	-1.3	-1.8	-0.1	1.4
Other adjustments	-1.9	0.2	-2.1	-1.6	-2.8
<b>Cash flow from operations</b>	<b>112.8</b>	<b>162.3</b>	<b>304.3</b>	<b>410.1</b>	<b>632.4</b>
Proceeds from sale of fixed assets	2.5	5.1	4.4	5.1	6.2
Payments made for purchase of fixed assets	-70.5	-69.3	-149.2	-126.3	-254.9
Proceeds from associates and other investments	27.1	25.5	28.9	27.6	34.7
Purchase of shares and other investments	-4.2	-1.0	-14.7	-13.0	-20.7
<b>Cash flow from investments</b>	<b>-45.2</b>	<b>-39.6</b>	<b>-130.5</b>	<b>-106.6</b>	<b>-234.7</b>
Proceeds from new interest-bearing debt	0.0	23.6	37.9	23.6	308.2
Down payment of interest-bearing debt	63.0	0.0	63.0	-42.0	-42.0
Net interest and financial items paid	-9.3	-7.5	-16.2	-12.2	-27.5
Realized currency effects	2.0	-1.7	6.0	-3.9	-17.1
Dividend paid to owners of Marine Harvest ASA	-134.0	0.0	-266.5	0.0	0.0
Repayment of paid in capital	0.0	-154.8	0.0	-297.5	-640.3
Other financing items	-2.2	-6.7	-2.2	-6.7	-6.7
<b>Cash flow from financing</b>	<b>-80.6</b>	<b>-147.1</b>	<b>-178.1</b>	<b>-338.8</b>	<b>-425.5</b>
Change in cash in the period	-13.0	-24.5	-4.3	-35.4	-27.8
Cash - opening balance <sup>1)</sup>	67.2	77.2	59.1	88.0	88.0
Currency effects on cash - opening balance	-0.1	-0.8	-0.7	-0.7	-1.1
<b>Cash - closing balance <sup>1)</sup></b>	<b>54.1</b>	<b>52.0</b>	<b>54.2</b>	<b>52.0</b>	<b>59.1</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 for 2017 (as published on the Oslo Stock Exchange on March 20, 2018).

Two new accounting standards have been implemented with effect from 1 January 2018:

- The Group has adopted IFRS 15, the new IFRS standard regarding revenue from customers. This standard does not have any material effects on the Group's financial reporting. The reason for this is that the Group's main revenue derives from sales of goods (fish and elaborated fish products), and there are no significant changes between the old and the new standard regarding recognition of such revenue. The revenue is recognized when the significant risk and rewards of ownership of the goods have passed to the buyer, usually on delivery (i.e. a certain point in time). Thus, no changes have been made to comparative information or the opening balance of equity per 1 January 2018.
- The Group has adopted IFRS 9, the new IFRS standard regarding classification and measurement of financial instruments. This standard does not have any material effects on the Group's financial reporting, and no changes have been made to comparative information or the opening balance of equity per 1 January 2018.

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. Fair value of biological assets is calculated based on 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 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							
Q2 2018							
External revenue	1.9	12.6	370.3	503.6	0.0	0.0	888.4
Internal revenue	86.2	503.2	157.6	7.1	5.1	-759.2	0.0
Operational revenue	88.0	515.8	528.0	510.7	5.1	-759.2	888.4
Gain/loss from derivatives	0.0	-3.7	-0.1	-2.0	0.0	3.7	-2.1
Revenue in profit and loss	88.0	512.1	527.9	508.7	5.1	-755.5	886.3
Operational EBITDA	2.7	185.2	8.4	19.2	-2.7	0.0	212.8
Operational EBIT	0.8	156.7	8.3	13.1	-3.6	0.0	175.2
Change in unrealized internal margin	0.0	0.0	0.0	0.0	0.0	-1.2	-1.2
Gain/loss from derivatives	0.0	-3.7	-0.1	1.7	2.1	0.0	0.0
Net fair value adjustment on biological assets	-0.1	74.5	0.0	0.0	0.0	0.0	74.4
Onerous contract provisions	0.0	-3.4	0.0	0.0	0.0	0.0	-3.4
Restructuring cost	0.0	0.0	0.4	0.0	0.0	0.0	0.4
Other non-operational items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from associated companies and joint ventures	0.0	9.5	0.0	0.0	-0.1	0.0	9.5
Impairment losses and write-downs	0.0	0.0	0.0	0.1	0.0	0.0	0.1
EBIT	0.7	233.7	8.6	14.8	-1.5	-1.2	255.0
Q2 2017							
External revenue	4.0	24.9	379.8	475.4	0.0	0.0	884.1
Internal revenue	61.1	514.0	164.5	12.9	4.9	-757.5	0.0
Operational revenue	65.0	538.9	544.3	488.3	4.9	-757.5	884.1
Gain/loss from derivatives	0.0	1.3	-0.6	0.4	1.1	-3.3	-1.1
Revenue in profit and loss	65.0	540.2	543.7	488.7	6.1	-760.8	883.0
Operational EBITDA	3.6	197.6	10.7	25.8	-2.3	0.0	235.5
Operational EBIT	1.8	169.5	10.6	19.2	-3.2	0.0	197.9
Change in unrealized internal margin	0.0	0.0	0.0	0.0	0.0	0.4	0.4
Gain/loss from derivatives	0.0	1.3	-0.6	-2.9	3.7	0.0	1.5
Net fair value adjustment on biological assets	0.0	-38.0	0.0	0.0	0.0	0.0	-38.1
Onerous contract provisions	0.0	7.7	0.0	0.0	0.0	0.0	7.7
Restructuring cost	0.0	0.6	0.0	-0.3	-0.2	0.0	0.2
Other non-operational items	0.0	0.3	0.0	0.0	0.0	0.0	0.3
Income from associated companies and joint ventures	0.0	7.6	0.0	0.0	-0.1	0.0	7.5
Impairment losses and write-downs	0.0	-0.7	-0.2	0.1	-0.5	0.0	-1.3
EBIT	1.8	148.3	9.8	16.1	-0.3	0.4	176.1



BUSINESS AREAS	Feed	Farming	Sales and Marketing		Other	Eliminations	TOTAL
			Markets <sup>1)</sup>	Consumer Products <sup>1)</sup>			
EUR million							
YTD Q2 2018							
External revenue	3.1	35.5	720.0	992.0	0.0	0.0	1 750.5
Internal revenue	146.5	972.7	311.6	17.4	9.5	-1 457.7	0.0
Operational revenue	149.6	1 008.2	1 031.5	1 009.4	9.5	-1 457.7	1 750.5
Gain/loss from derivatives	0.0	-3.7	-2.6	0.7	0.0	3.9	-1.8
Revenue in profit and loss	149.6	1 004.5	1 028.9	1 010.1	9.5	-1 453.8	1 748.6
Operational EBITDA	0.3	349.8	18.7	46.4	-7.6	0.0	407.6
Operational EBIT	-3.5	293.1	18.4	34.0	-9.3	0.0	332.7
Change in unrealized internal margin	0.0	0.0	0.0	0.0	0.0	3.2	3.2
Gain/loss from derivatives	0.0	-10.8	-2.7	11.6	8.2	0.0	6.3
Net fair value adjustment on biological assets	0.0	168.9	0.0	0.0	0.0	0.0	168.9
Onerous contract provisions	0.0	-8.4	0.0	0.0	0.0	0.0	-8.4
Restructuring cost	0.0	-0.9	0.4	0.0	0.0	0.0	-0.4
Other non-operational items	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Income from associated companies and joint ventures	0.0	22.2	0.0	0.0	-0.2	0.0	22.1
Impairment losses and write-downs	0.0	0.0	0.0	0.2	0.0	0.0	0.2
EBIT	-3.5	464.1	16.1	45.8	-1.2	3.2	524.6
YTD Q2 2017							
External revenue	9.0	32.5	829.6	904.9	0.0	0.0	1 776.1
Internal revenue	119.6	1 078.3	320.4	17.6	10.1	-1 546.0	0.0
Operational revenue	128.6	1 110.8	1 150.0	922.5	10.1	-1 546.0	1 776.1
Gain/loss from derivatives	0.0	40.7	-0.2	0.4	2.7	-43.0	0.6
Revenue in profit and loss	128.6	1 151.5	1 149.8	922.9	12.8	-1 589.0	1 776.7
Operational EBITDA	5.7	429.2	20.8	45.5	-9.4	0.0	491.7
Operational EBIT	1.9	373.7	20.5	32.2	-11.2	0.0	417.1
Change in unrealized internal margin	0.0	0.0	0.0	0.0	0.0	-1.4	-1.4
Gain/loss from derivatives	0.0	41.0	-0.2	-42.9	-2.7	0.0	-4.7
Net fair value adjustment on biological assets	1.3	-255.1	0.0	0.0	0.0	0.0	-253.8
Onerous contracts provisions	0.0	100.9	0.0	0.0	0.0	0.0	100.9
Restructuring cost	0.0	0.6	-0.1	-0.3	-0.2	0.0	0.0
Other non-operational items	0.0	0.3	0.0	0.0	0.0	0.0	0.3
Income from associated companies and joint ventures	0.0	7.6	0.0	0.0	-0.2	0.0	7.4
Impairment losses and write-downs	0.0	-1.3	-0.2	0.1	-0.5	0.0	-1.9
EBIT	3.3	267.7	20.0	-10.9	-14.9	-1.4	263.8

BUSINESS AREAS	Feed	Farming	Sales and Marketing		Other	Eliminations	TOTAL
			Markets <sup>1)</sup>	Consumer Products <sup>1)</sup>			
EUR million							
<b>2017</b>							
External revenue	20.3	80.2	1 671.0	1 882.3	0.0	0.0	3 653.8
Internal revenue	333.5	2 234.4	649.9	34.8	22.8	-3 275.4	0.0
Operational revenue	353.8	2 314.6	2 320.9	1 917.1	22.8	-3 275.4	3 653.8
Gain/loss from derivatives	0.0	57.7	-5.7	0.0	4.0	-60.5	-4.4
<b>Revenue in profit and loss</b>	<b>353.8</b>	<b>2 372.3</b>	<b>2 315.2</b>	<b>1 917.1</b>	<b>26.9</b>	<b>-3 335.9</b>	<b>3 649.4</b>
<b>Operational EBITDA</b>	<b>16.3</b>	<b>772.5</b>	<b>59.5</b>	<b>102.4</b>	<b>-8.3</b>	<b>0.0</b>	<b>942.5</b>
<b>Operational EBIT</b>	<b>8.5</b>	<b>660.5</b>	<b>59.0</b>	<b>75.9</b>	<b>-11.8</b>	<b>0.0</b>	<b>792.1</b>
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 and joint ventures	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
<b>EBIT</b>	<b>9.6</b>	<b>427.4</b>	<b>52.9</b>	<b>13.8</b>	<b>-24.5</b>	<b>5.7</b>	<b>484.9</b>

1) Until 2018 the Consumer Products reporting segment consisted of Consumer Products Europe. From 2018 Consumer Products also includes the value-added operations in Asia and Americas, that were previously included in the Markets reporting segment. In addition, Marine Harvest Czech Republic was moved from Markets to Consumer Products in the second quarter of 2017. Comparison figures have been restated accordingly.

## Note 5 DISAGGREGATION OF REVENUE

BUSINESS AREAS	Feed	Farming	Sales and Marketing	TOTAL
EUR million				
<b>Q2 2018</b>				
<b>Geographical markets</b>				
Europe	1.9	12.1	619.0	633.0
Americas	0.0	0.3	158.1	158.3
Asia	0.0	0.0	86.2	86.2
Rest of the world	0.0	0.2	10.7	10.9
<b>External operational revenue</b>	<b>1.9</b>	<b>12.6</b>	<b>874.0</b>	<b>888.4</b>

### Source of revenue

The main source of revenue for the Group is sales of Atlantic salmon, including elaborated products.

The business area Sales & Marketing represents the majority of the Group's external revenue. The revenue distribution for Sales & Marketing according to product categories was as follows in the second quarter of 2018 (second quarter of 2017): Fresh bulk 36% (39%), smoked/marinated 21% (21%), fresh MAP 13% (13%), fresh prepared 12% (12%), frozen prepared 7% (4%), frozen bulk 2% (1%) and other 10% (10%).

The business area Feed sells some feed to external parties. The business area Farming has external revenue of EUR 12.6 million (EUR 24.9 million) related to sales of Atlantic salmon, and also other revenue which includes insurance income and rental income from sales of surplus primary processing capacity.

BUSINESS AREAS	Feed	Farming	Sales and Marketing	TOTAL
EUR million				
<b>Q2 2017</b>				
<b>Geographical markets</b>				
Europe	4.0	24.5	599.1	625.0
Americas	0.0	0.1	160.4	160.5
Asia	0.0	0.0	85.0	85.0
Rest of the world	0.0	0.3	10.8	11.1
<b>External operational revenue</b>	<b>4.0</b>	<b>24.9</b>	<b>855.3</b>	<b>884.1</b>

## Note 6 BIOLOGICAL ASSETS

EUR million	Norway	Scotland	Canada	Chile	Other	TOTAL
<b>Fair value adjustment on harvested fish in the statement of comprehensive income</b>						
Q2 2018	-122.1	-13.6	-17.5	-20.1	-4.5	<b>-177.7</b>
Q2 2017	-108.3	-47.6	-25.8	-16.4	-13.5	<b>-211.7</b>
YTD Q2 2018	-214.9	-24.9	-33.4	-31.9	-11.6	<b>-316.6</b>
YTD Q2 2017	-285.0	-116.6	-60.7	-31.0	-18.1	<b>-511.3</b>
2017	-540.0	-160.3	-102.3	-64.7	-46.0	<b>-913.4</b>
<b>Fair value adjustment on biological assets in the statement of comprehensive income</b>						
Q2 2018	194.7	23.0	6.2	26.4	4.8	<b>255.0</b>
Q2 2017	82.1	38.6	21.0	20.7	12.6	<b>175.1</b>
YTD Q2 2018	350.5	33.9	34.3	47.1	23.2	<b>489.1</b>
YTD Q2 2017	92.6	47.0	38.8	55.8	29.1	<b>263.4</b>
2017	323.8	70.5	74.2	68.1	48.8	<b>585.5</b>
<b>Fair value adjustment on incident based mortality in the statement of comprehensive income</b>						
Q2 2018	-0.8	0.0	-1.3	0.0	-0.8	<b>-2.9</b>
Q2 2017	-1.0	-0.2	0.0	0.0	-0.2	<b>-1.4</b>
YTD Q2 2018	-1.0	-0.2	-1.3	0.0	-1.0	<b>-3.5</b>
YTD Q2 2017	-4.4	-0.2	0.0	-0.9	-0.2	<b>-5.8</b>
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>						
Q2 2018	<b>71.8</b>	<b>9.5</b>	<b>-12.6</b>	<b>6.2</b>	<b>-0.4</b>	<b>74.4</b>
Q2 2017	<b>-27.3</b>	<b>-9.2</b>	<b>-4.8</b>	<b>4.3</b>	<b>-1.0</b>	<b>-38.1</b>
YTD Q2 2018	<b>134.6</b>	<b>8.9</b>	<b>-0.4</b>	<b>15.2</b>	<b>10.7</b>	<b>168.9</b>
YTD Q2 2017	<b>-196.8</b>	<b>-69.7</b>	<b>-21.9</b>	<b>23.9</b>	<b>10.8</b>	<b>-253.8</b>
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>
<b>Volumes of biomass in sea (1 000 tonnes)</b>						
30.06.2018						<b>258.2</b>
31.03.2018						<b>245.2</b>
31.12.2017						<b>258.0</b>
30.06.2017						<b>240.8</b>
<b>Fair value adjustment on biological assets in the statement of financial position</b>						
<b>30.06.2018</b>						
Fair value adjustment on biological assets	322.4	29.7	45.4	35.4	26.0	<b>458.9</b>
Biomass at cost*						<b>955.7</b>
<b>Total biological assets</b>						<b>1 414.5</b>
<b>31.03.2018</b>						
Fair value adjustment on biological assets	250.7	20.6	56.1	27.4	26.4	<b>381.2</b>
Biomass at cost*						<b>906.2</b>
<b>Total biological assets</b>						<b>1 287.5</b>
<b>31.12.17</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>

\* Includes costs related to seawater, freshwater, broodstock and cleanerfish

EUR million	Norway	Scotland	Canada	Chile	Other	TOTAL
<b>Reconciliation of changes in carrying amount of biological assets</b>						
Carrying amount 31.03.2018						1 287.5
Cost to stock						323.0
Net fair value adjustment						74.4
Mortality for fish in sea						-5.6
Cost of harvested fish						-279.1
Currency translation differences						14.5
<b>Total carrying amount of biological assets as of 30.06.2018</b>						<b>1 414.5</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.

	10.6	1.6	2.3	2.3	0.9	<b>17.7</b>
<b>Onerous contracts provision (included in other current liabilities in the statement of financial position)</b>						
31.03.2018						6.4
Change in onerous contracts provision in the statement of comprehensive income						3.4
Currency translation differences						—
<b>30.06.2018</b>						<b>9.8</b>

## Note 7 EXCEPTIONAL ITEMS

EUR million	Q1 2018	Q2 2018	YTD 2018
Incident-based mortality MH Norway	2.8	2.1	4.8
Incident-based mortality MH Scotland	1.0	0.0	1.0
Incident-based mortality MH Canada	1.1	1.9	3.0
Incident-based mortality MH Chile	0.1	0.0	0.1
Incident-based mortality MH Faroes	0.0	0.0	0.0
Incident-based mortality MH Ireland	0.4	1.4	1.8
<b>Incident based mortality</b>	<b>5.3</b>	<b>5.4</b>	<b>10.7</b>
Exceptional sea lice mitigation MH Norway	16.3	17.9	34.2
<b>Sum exceptional items</b>	<b>21.6</b>	<b>23.3</b>	<b>44.9</b>

## Note 8 FINANCIAL ITEMS

EUR million	Notes	Q2 2018	Q2 2017	YTD Q2 2018	YTD Q2 2017	2017
<b>Net interest expenses</b>		<b>-12.6</b>	<b>-11.1</b>	<b>-22.9</b>	<b>-23.0</b>	<b>-46.7</b>
Net currency effect on long term positions		-7.8	0.5	-5.8	5.0	25.0
Net currency effects on short term positions		-5.6	9.6	-9.9	14.1	-9.1
Net currency effects on short term currency hedges		0.2	6.6	0.1	5.7	-2.7
Net currency effects on long term currency hedges		8.9	-16.1	15.4	-17.5	-21.9
<b>Net currency effects</b>		<b>-4.3</b>	<b>0.5</b>	<b>-0.2</b>	<b>7.3</b>	<b>-8.8</b>
Change in fair value financial instruments		3.3	4.2	7.1	9.5	14.5
Change in fair value conversion liability component of convertible bonds	10	-10.5	-76.5	-45.7	67.1	82.4
Net other financial items		0.3	-1.2	0.3	-2.8	-3.8
<b>Other financial items</b>		<b>-6.9</b>	<b>-73.5</b>	<b>-38.4</b>	<b>73.7</b>	<b>93.2</b>
<b>Total financial items</b>		<b>-23.8</b>	<b>-84.1</b>	<b>-61.5</b>	<b>58.0</b>	<b>37.7</b>

## Note 9 EARNINGS PER SHARE

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

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

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

## Note 10 CONVERTIBLE BOND

EUR million

	Statement of financial position		Statement of comprehensive income	
	Non-current interest-bearing debt	Conversion liability component	Net interest expenses	Other financial items
<b>Initial recognition</b>				
EUR 340 mill 2015-bond	283.1	51.6		
<b>Subsequent measurement</b>				
<b>Recognized 2015, 2016 and 2017</b>				
Interest effects	23.2		-24.1	
Change in fair value of conversion liability components		24.3		24.3
Net recognized 2015, 2016 and 2017			-24.1	24.3
<b>Recognized 2018</b>				
<b>Q1 2018</b>				
Coupon interest			-0.1	
Amortized interest	2.8		-2.8	
Change in fair value of conversion liability components		35.3		35.3
<b>Q2 2018</b>				
Coupon interest			-0.1	
Amortized interest	2.8		-2.8	
Change in fair value of conversion liability components		10.5		10.5
<b>Net recognized end of period</b>	<b>311.9</b>	<b>121.6</b>	<b>-5.8</b>	<b>45.7</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 consolidated statement of financial position.

## Note 11 SHARE CAPITAL

	No of shares	Share capital (EUR million)	Other paid in capital (EUR million)
<b>Share capital</b>			
Issued at the beginning of 2018	490 167 777	383.8	931.5
New shares issued	0	0.0	0.0
Repayment of paid in capital	0	0.0	0.0
Issued at the end of period <sup>1)</sup>	<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 2018	0		
Treasury shares purchased in the period	717 815		12.2
Treasury shares sold in the period	-717 815		-5.2
Treasury shares end of period	<b>0</b>	Trade loss <sup>2)</sup>	<b>7.1</b>

<sup>1)</sup> At the end of period 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 2014.

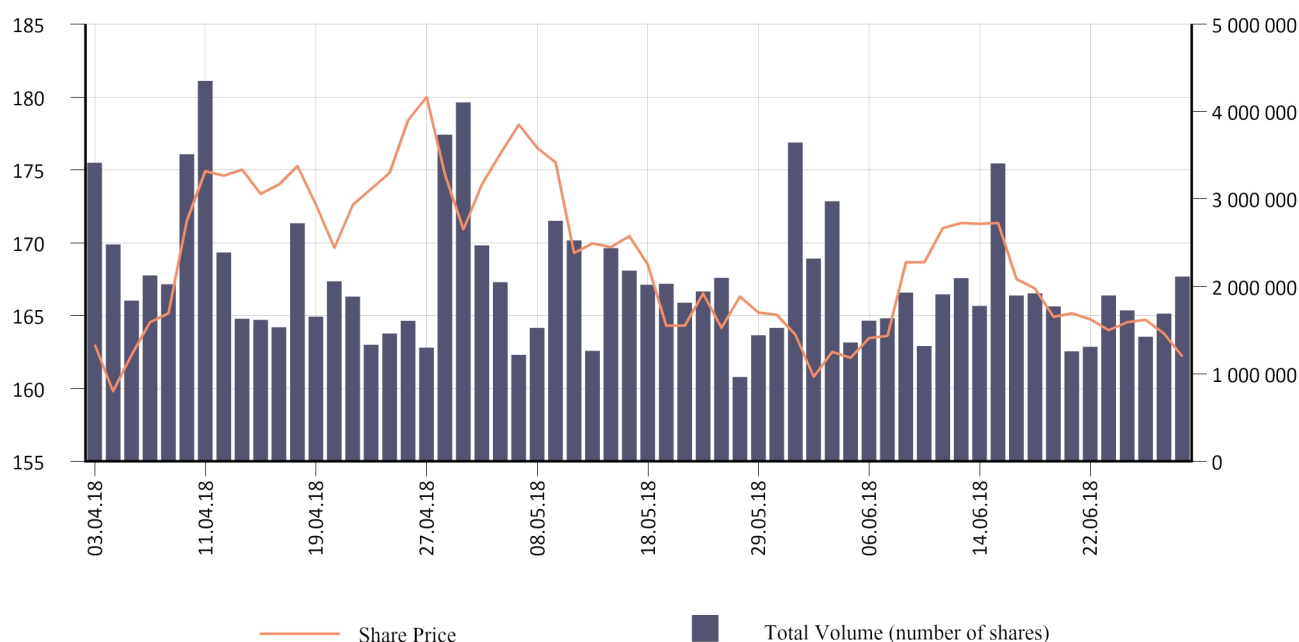
## Note 12 SHAREHOLDERS

Major shareholders as of 30.06.2018:

Name of shareholder	No. of shares	%
Geveran Trading Co Ltd	79 551 603	16.23%
Clearstream Banking S.A.	29 649 220	6.05%
Folketrygdfondet	29 462 752	6.01%
State Street Bank and Trust Comp	12 534 396	2.56%
State Street Bank and Trust Comp	11 813 953	2.41%
Jupiter European Fund	11 645 670	2.38%
State Street Bank and Trust Comp	10 940 766	2.23%
Citibank, N.A.	8 492 390	1.73%
State Street Bank and Trust Comp	8 484 030	1.73%
J.P Morgan Chase Bank, N.A., London	7 633 920	1.56%
State Street Bank and Trust Comp	6 485 569	1.32%
UBS Switzerland AG	6 300 085	1.29%
The Bank of New York Mellon SA/NV	5 825 392	1.19%
J.P Morgan Chase Bank, N.A., London	5 662 701	1.16%
The Northern Trust Comp, London Br	5 211 269	1.06%
J.P Morgan Chase Bank, N.A., London	4 708 651	0.96%
J.P Morgan Chase Bank, N.A., London	4 594 811	0.94%
J.P. Morgan Bank Luxembourg S.A.	4 353 559	0.89%
Citibank, N.A.	4 000 000	0.82%
KLP Aksjenorge Indeks	3 653 490	0.75%
<b>Total 20 largest shareholders</b>	<b>261 004 227</b>	<b>53.25%</b>
Total other	229 163 550	46.75%
<b>Total number of shares 30.06.2018</b>	<b>490 167 777</b>	<b>100%</b>

## Note 13 SHARE PRICE DEVELOPMENT

Share price development at Oslo Stock Exchange (ticker MHG)





## Note 14 BUSINESS COMBINATIONS

In December 2017, Marine Harvest entered into a conditional agreement to acquire 100 % of the shares in the salmon farmer Northern Harvest, located on the East Coast of Canada, for CAD 315 million (approximately EUR 210 million). The transaction was subject to approval by the Canadian Competition Bureau and customary closing conditions. In June 2018, Marine Harvest obtained a No Action Letter from the Canadian Competition Bureau. The transaction was closed on 3 July 2018, and this date has been identified as the acquisition date.

Northern Harvest is fully integrated with its own broodstock, smolt/hatchery, farmings sites and processing operations. Northern Harvest is expected to harvest 18 500 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.

The purchase of Northern Harvest is of strategic importance, and the benefits include expansion into a new region for Marine Harvest, as well as improved market access to the Eastern Canadian and US seafood markets. In 2017 we completed the purchase of the Gray Aqua Group, located in the same region, and we expect synergies through the combination of the two companies.

The provisional aggregated goodwill of EUR 28.1 million recognized arises from expected synergies from combining the assets and activities of Northern Harvest with the Marine Harvest Group. Goodwill is not deductible for income tax purposes. The table below summarizes the consideration paid for Northern Harvest and the preliminary assessed fair value of the assets acquired and liabilities assumed, recognized at the acquisition date. Note that Northern Harvest's external long term debt has been settled in July. Acquisition-related costs of EUR 1.3 million have been recognized as other operating expenses in the consolidated statement of comprehensive income in accordance with IFRS 3, of which EUR 1.2 million in 2018.

Recognized amounts of identifiable assets required and liabilities assumed	CAD million	EUR million
<b>Provisional fair value</b>		
Licenses	110 976	72 321
Property, plant and equipment	57 307	37 346
Inventory	7 664	4 994
Biological assets	130 675	85 158
Trade receivables	21 491	14 005
Other receivables	5 072	3 305
Cash and cash equivalents	2 068	1 348
Deferred tax liabilities	(43 055)	(28 058)
Other long term debt	(124 228)	(80 957)
Other current liabilities	(7 714)	(5 027)
<b>Total identifiable net assets</b>	<b>160 256</b>	<b>104 435</b>
<b>Goodwill</b>	<b>43 055</b>	<b>28 058</b>
<b>Cash consideration</b>	<b>203 311</b>	<b>132 493</b>

If Northern Harvest had been consolidated from 1 January 2018, revenue for the Group would have been increased by EUR 66.1 million and profit would have been increased by EUR 9.2 million in the consolidated statement of comprehensive income for the six months ended 30 June 2018.

## 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.