SalMar ASA

Presentation Q4 2013

CEO Leif Inge Nordhammer, CFO Trond Tuvstein

Oslo, 27 February 2014

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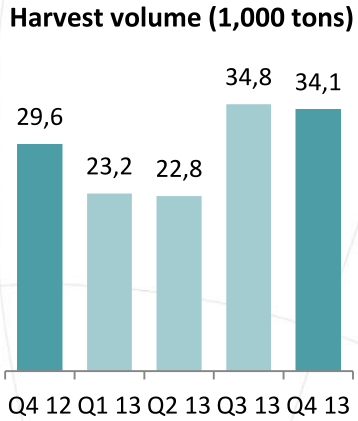
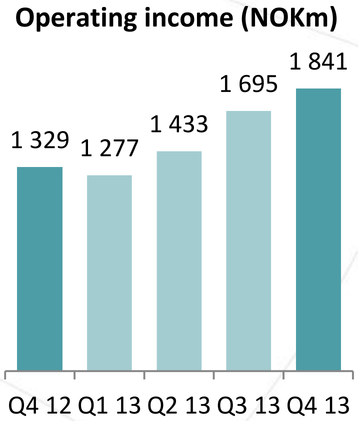
Agenda

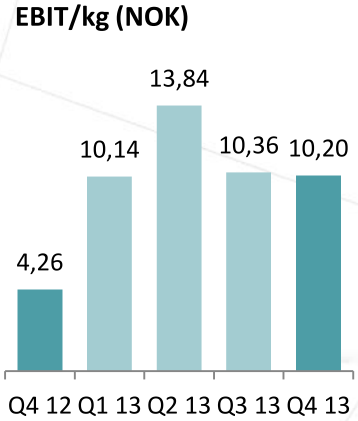
- Highlights
- Financial update
- Operational update
- Outlook

Fourth quarter highlights

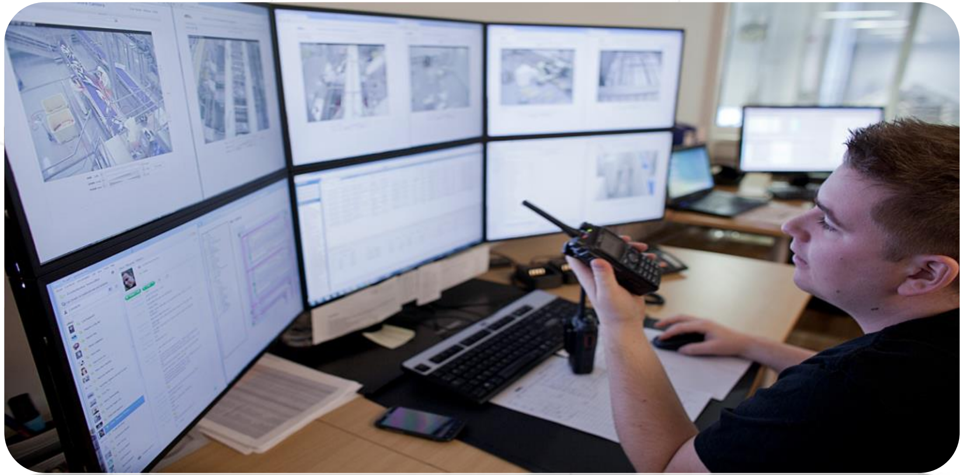
- Strong quarter driven by higher prices
- Average salmon-price up ~55% from Q4 12
- Operational and biological challenges related to PD handling and sea lice
- Earnings negatively affected by 25% of volumes on fixed price contracts
- The board recommends a dividend payment of NOK 8.00 per share.







Financial update



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Group profit and loss

NOK Million	Q4 2013	Q4 2012	FY 2013	FY 2012
Operating income	**1 841,1**	**1 329,1**	**6 245,9**	**4 204,8**
Cost of goods sold	939,0	746,5	3 051,2	2 324,8
Payroll expenses	186,5	144,4	623,1	483,2
Other operating expenses	294,9	264,6	1 086,3	886,0
EBITDA	420,7	173,6	1 485,3	510,8
Depreciations	72,6	47,6	225,8	170,2
Operational EBIT	**348,1**	**126,1**	**1 259,5**	**340,7**
Fair value adjustment	470,4	205,8	528,2	290,4
Particular biological events	-	-	-	-54,6
Non-recurring gains on aquisition	-35,8	-15,0	161,8	62,4
Operational profit	**782,7**	**316,9**	**1 949,4**	**638,9**
Income from investments in associates	33,4	42,8	158,0	93,9
Other financial items	22,2	-18,6	214,7	-124,3
Profit before tax	**838,3**	**341,1**	**2 322,1**	**608,5**
Tax	185,6	72,3	426,9	127,1
Net profit for the period	**652,7**	**268,8**	**1 895,2**	**481,4**

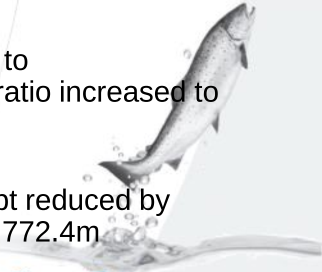
- Revenues boosted by higher prices, average salmon price at NOK 42.02/kg, up 55% yoy*
- Harvest volume of 34 100 tons, up from 29 600 tons in Q4 12. In line with Q3 13
- Contract share of 25%, with average price below spot
- An operational and biological challenging quarter
  - PD handling
  - Sea lice an increasing issue
- Group EBIT/kg at NOK 10.20

** Historical prices adjusted*

Group balance sheet

NOK million	31.12.2013	30.09.2013	31.12.2012
ASSETS			
Intangible fixed assets	2 464,1	2 448,3	2 135,5
Tangible fixed assets	1 859,3	1 512,8	1 268,8
Financial fixed assets	408,8	1 016,4	970,9
Total fixed assets	**4 732,2**	**4 977,5**	**4 375,1**
Inventory	3 248,7	2 774,8	2 289,9
Accounts receivables	662,1	738,7	660,9
Other short-term receivables	217,6	160,8	245,5
Cash and cash equivalents	1 071,0	345,8	55,3
Total current assets	**5 199,4**	**4 020,2**	**3 251,7**
TOTAL ASSETS	**9 931,6**	**8 997,7**	**7 626,8**
EQUITY AND LIABILITIES			
Paid-in equity	476,6	493,8	493,2
Reserves	4 246,5	3 601,2	635,1
Minority interests	329,5	291,5	1 839,4
Total equity	**5 052,6**	**4 386,5**	**2 967,7**
Provisions for liabilities	1 207,1	1 058,0	872,9
Int. bearing long-term liabilities	2 446,2	2 128,0	2 223,4
Total long-term liabilities	**3 653,4**	**3 186,1**	**3 096,4**
Int. bearing short-term liabilities	397,2	627,4	596,3
Other short-term liabilities	828,4	797,7	966,5
Total short-term liabilities	**1 225,6**	**1 425,1**	**1 562,8**
TOTAL EQUITY AND LIABILITIES	**9 931,6**	**8 997,7**	**7 626,8**
Net interest bearing debt	**1 772,4**	**2 409,6**	**2 764,4**
Equity share	**50,9 %**	**48,8 %**	**38,9 %**

- Total assets up NOK 934m from Q3 to NOK 9 931.6m
- Tangible fixed assets up NOK 346.5 m
  - Financial lease InnovaMar
- Financial fixed assets down NOK 607.5 m
  - Sale of Bakkafrost shares
- Inventory up NOK 473.9m
  - Biomass value adjustments of NOK 426.4m
- Equity up NOK 666.1m to NOK 5 052.6m, equity-ratio increased to 50.9%
- Net interest bearing debt reduced by NOK 637.2m to NOK 1 772.4m



Group cash flow

NOK Million	Q4 2013	Q4 2012	FY 2013	FY 2012
Profit before tax	838,3	341,1	2 322,1	608,5
Tax paid in period	-4,2	-76,0	-6,5	-80,7
Depreciation	72,6	47,6	225,8	170,2
Share of profit/loss from associates	-33,4	-42,8	-158,0	-93,9
Realized and unrealized gains on financial assets	-59,5	-	-341,8	-
Non-recurring gains on acquisitions	35,8	15,0	-161,8	-62,4
Change in fair value adjustments	-470,4	-197,0	-528,2	-290,4
Change in working capital	20,4	-98,7	-417,6	-158,6
Other changes	46,4	-12,6	172,0	94,2
Net cash flow from operating activities	**446,0**	**-23,5**	**1 106,0**	**186,8**
Net cash flow from investing activities	**242,3**	**-26,8**	**331,2**	**-399,7**
Change in interest-bearing debt	89,0	153,6	-173,3	95,5
Dividend paid out	-	-	-0,1	-2,9
Equity paid in	-	-	-	303,4
Buy-out of non-controlling interest	-0,8	-	-70,4	-
Interest paid	-38,1	-94,5	-158,1	-174,4
Other changes	-14,4	-0,3	-20,6	-0,3
Net cash flow from financing activities	**35,7**	**58,8**	**-422,5**	**221,3**
Net change in cash for the period	724,0	8,4	1 014,6	8,4
Foreign exchange effects	1,2	-0,0	1,1	-0,7
Cash in the beginning of the period	345,8	46,9	55,3	47,6
Cash and cash equivalents end of period	**1 071,0**	**55,3**	**1 071,0**	**55,3**

- Strong cash flow from operations during the quarter, NOK 446m
- Positive Cash flow from investments at NOK 242m
  - Disposal of shares/dividend: NOK 696.7 m
  - Capex: NOK 146 m
  - Financial lease: NOK 312.2 m
- Net cash flow from financing at NOK 35.7m
  - Interest-bearing debt up NOK 89m
  - Financial lease: NOK 359.6 m
  - Refinanced Villa: NOK 48.5 m
  - RCF repaid: NOK 183
  - Ordinary debt instalments NOK 37 m
- Cash and cash equivalents of more than NOK 1bn by the end of the quarter

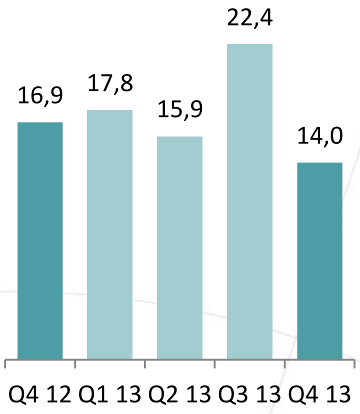
Operational update

Farming site Oterneset, SalMar Nord

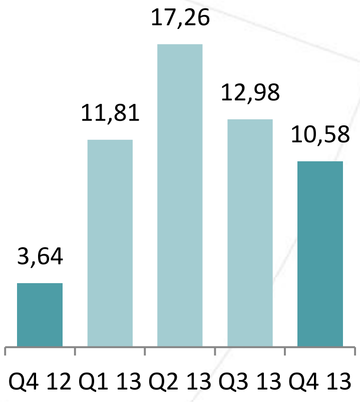
Farming Central Norway

NOKm	Q4 13	Q4 12	FY 2013	FY 2012
Operating income (mill.)	546,7	463,5	2 702,0	1 727,7
Operational EBIT (mill.)	148,4	61,5	924,2	202,6
Operational EBIT %	27,2%	13,3%	34,2%	11,7%
Harvested volume (1,000 tgw)	14,0	16,9	70,2	65,3
EBIT/ kg gw (NOK)	10,58	3,64	13,17	3,10

Harvest volume (1,000 tons)



EBIT/kg (NOK)



- Somewhat disappointing EBIT margin in the quarter
- Earnings lifted by higher prices
- Harvest volume skewed towards first half of the quarter
- PD-handling, increased cost:
  - On-growth in sea
  - Logistics
- Increased number of lice treatments
  - Higher direct lice cost
  - Reduced number of feeding days
- Expect harvest volumes of 73 000 tons in 2014

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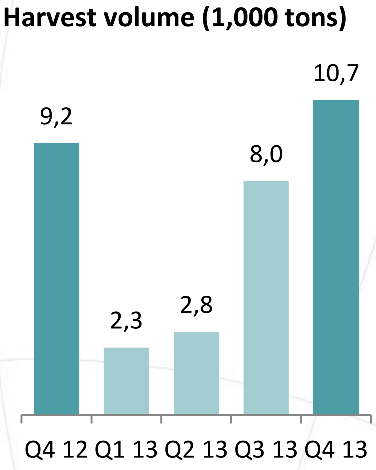
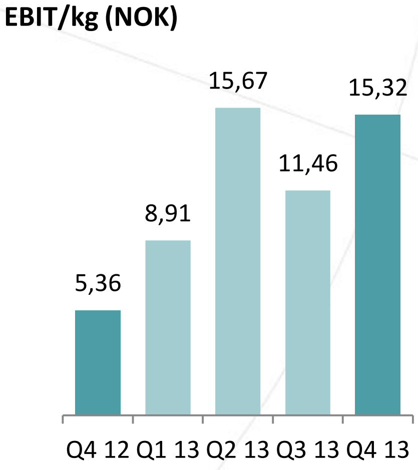
Farming Northern Norway

NOKm	Q4 13	Q4 12	FY 2013	FY 2012
Operating income (mill.)	429,0	320,3	912,7	692,0
Operational EBIT (mill.)	164,1	49,6	320,2	83,4
Operational EBIT %	38,3%	15,5%	35,1%	12,0%
Harvested volume (1,000 tgw)	10,7	9,2	23,8	22,4
EBIT/ kg gw (NOK)	15,32	5,36	13,45	3,73

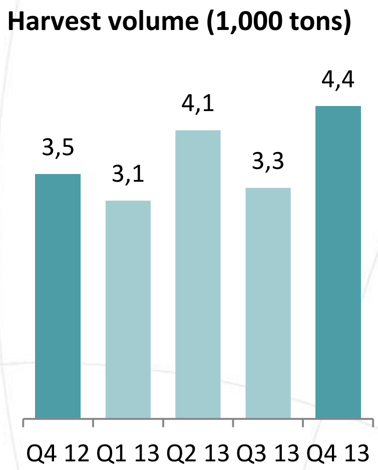


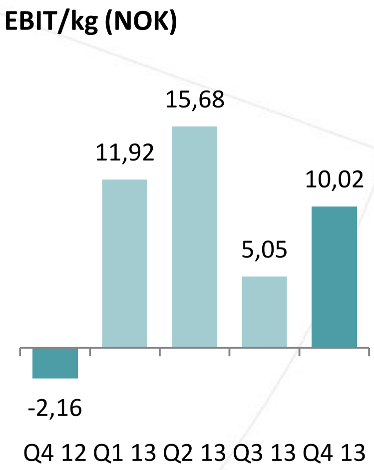


- Strong EBIT margin in the quarter
- Harvest volume evenly distributed throughout the quarter
- EBIT/kg at NOK 15.32 in Q4 vs. NOK 11.46 in Q3 and NOK 5.36 in Q4 12
- Good biological development improving underlying cost for standing biomass
- Expect harvest volumes of 38 000 tons in 2014

Farming Rauma

NOKm	Q4 13	Q4 12	FY 2013	FY 2012
Operating income (mill.)	187,0	97,0	595,4	419,4
Operational EBIT (mill.)	44,4	-7,5	161,9	0,8
Operational EBIT %	23,7%	-7,7%	27,2%	0,2%
Harvested volume (1,000 tgw)	4,4	3,5	14,9	14,9
EBIT/ kg gw (NOK)	10,02	-2,16	10,88	0,06



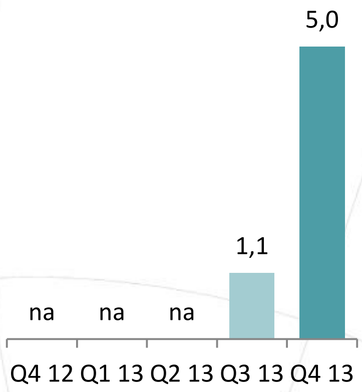


- Earnings-improvements from higher volumes and higher prices
- Operational challenges related to PD
- Organic salmon 45% of volumes
  - Premium squeeze at increasing spot-spices
- EBIT/kg at NOK 10.02 versus NOK 5.05 in Q3 and NOK -2.16 in Q4 12
  - Q4 12 results negatively affected by PD harvesting
- Harvest volume of 4 400 tons
  - Up from 3 300 in Q3 and 3 500 in Q4 12
- Expect harvest volumes of 17 000 tons in 2014

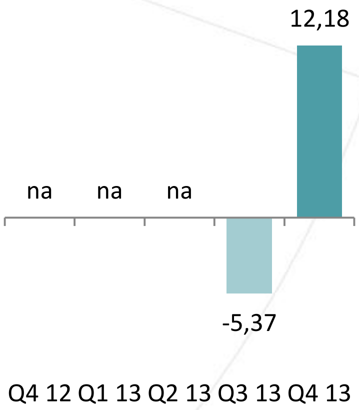
Villa Organic

NOKm	Q4 13	Q3 13	FY 2013
Operating income (mill.)	232,1	82,4	314,5
Operational EBIT (mill.)	60,5	-6,0	54,4
Operational EBIT %	26,0%	-7,3%	17,3%
Harvested volume (1,000 tgw)	5,0	1,1	6,1
EBIT/ kg gw (NOK)	12,18	-5,37	8,95

Harvest volume (1,000 tons)



EBIT/kg (NOK)



- Improved operational efficiency during the quarter
- Harvest volume 5 000 tons, up from 1 100 tons in Q3
  - Volumes somewhat skewed towards the two first months of the quarter
- EBIT/kg NOK 12.18 versus NOK -5.37 in Q3
- The process of splitting the company progresses as planned
- Expected harvest volume 1H 2014:
  - 10 000 tons
  - SalMars share: 5 000 tons

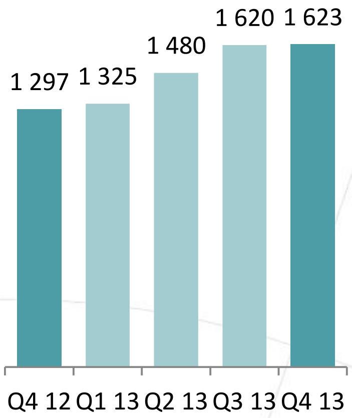
SALMAR

Sales & Processing

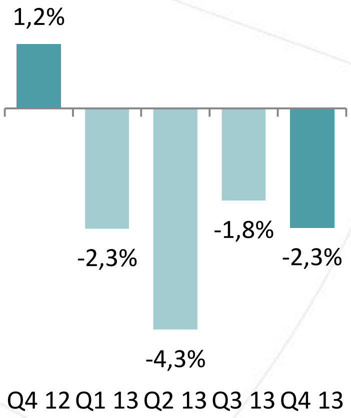
NOKm	Q4 13	Q4 12	FY 2013	FY 2012
Operating income (mill.)	1 622,8	1 296,8	6 047,4	4 231,3
Operational EBIT (mill.)	-37,6	16,2	-160,9	55,0
Operational EBIT %	-2,3%	1,2%	-2,7%	1,3%

- Operating income of NOK 1 623 million, up 25% yoy
  - Increased salmon prices
- 25% on fixed price contracts with average price below spot
- Challenges related to handling of PD-fish
  - Capacity and efficiency issues in both harvesting and VAP department
- Operating margin unchanged at -2% qoq, down from +1% in Q4 12

Operating income (NOK million)



EBIT-margin (%)



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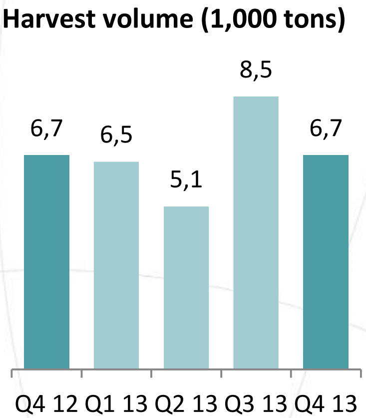
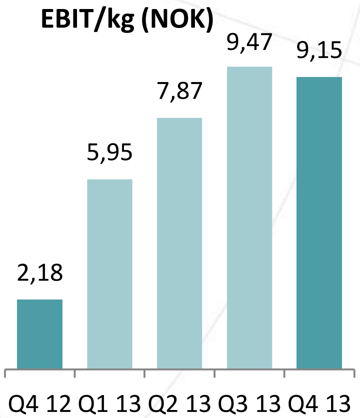
Norskott Havbruk (Scottish Seafarms)

NOK million	4Q 13	4Q 12	FY 2013	FY 2012
Operating income	316,2	235,7	1 189,1	936,6
EBIT before biomass adj.	61,3	14,5	221,1	55,3
EBIT before biomass adj. %	19,4 %	6,2 %	18,6 %	5,9 %
Value adjustment biomass	29,3	3,9	57,0	-0,0
Profit before tax	88,2	15,0	267,2	47,7
SalMars share after tax	33,4	5,5	101,1	17,6
Harvest volume (1,000 tgw)	6,7	6,7	26,9	27,1
EBIT/ kg gw (NOK)	9,15	2,18	8,23	2,04

- Another strong quarter
  - High salmon prices
  - High contract share, 51%
- Biological situation under control
  - Less salmon lice YoY
  - Less AGD YoY
- Harvest volume 2013
  - 26 900 tons
- Guiding 2014
  - Approx. 25 000 tons.
- Capex 2014
  - Approx. £22 mill. Freshwater

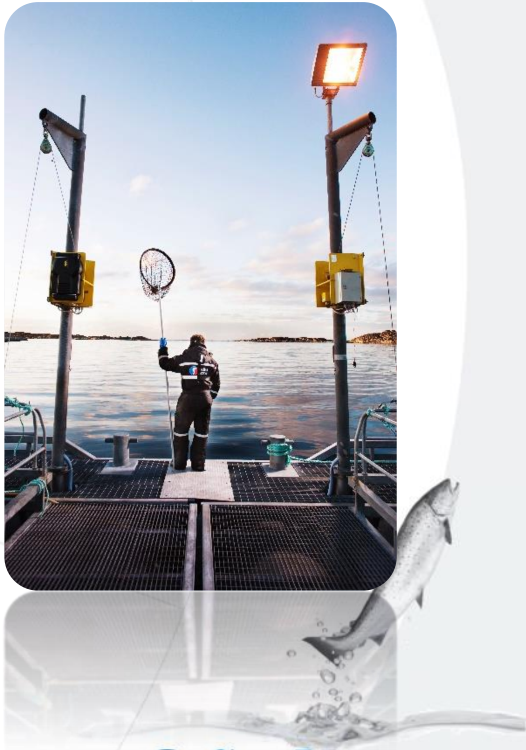




Outlook

Outlook

- Work towards continued improved biological performance and operational efficiency in all regions
  - Still cost challenges related to PD and sea lice going forward
- 2014 guiding Group: 145 500 tons
  - 133 000 tons from Norway, this include the groups relative share of Villa Organic volumes
  - 12 500 tons from UK, SalMars share of the 25 000 ton guiding in Norskott.
  - Approximately 40% of the volume in 1.H. Lower volumes in Q1 than Q2
- Total output of Atlantic salmon estimated +5% in 2014 (2,14 mill tons)
  - Norway: approx. 1 200 000 tons, +7% YoY
  - Chile: approx. 477 500 tons, +2% YoY
- Expect continued strong demand in core markets going forward
- Current contract share for 2014 app. 17%.
- Capex 2014 of total: NOK 574 m
  - Freshwater: NOK 142 m
  - Seawater: NOK 372 m
  - S&P: NOK 60 m
- BoD will propose a DPS of NOK 8.0



Post-Balance Sheets Events

- Leif Inge Nordhammer appointed new CEO, acting from 20 January 2014
- All applications on green licenses reinstated
- New Broodstock and R&D licenses
  - Two new broodstock licenses in the Rauma segment
  - One new R&D license in segment Northern Norway

Thank you for your attention

See www.salmar.no for more information

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