SalMar ASA

Presentation Q1 2014

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Oslo, 22 May 2014

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Agenda

- Highlights
- Financial update
- Operational update
- Outlook

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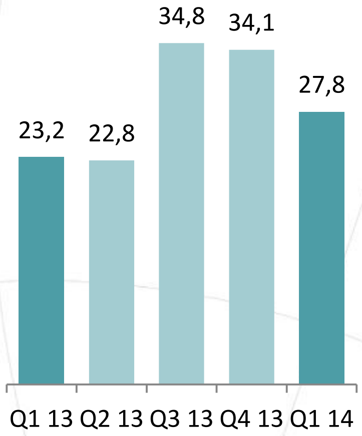
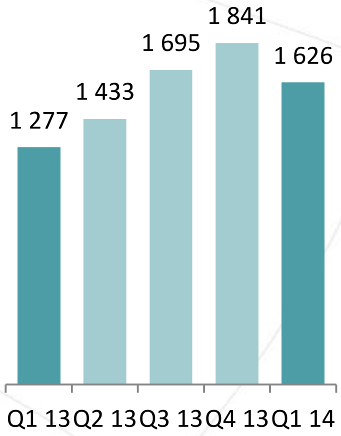
First quarter highlights

- Record high operational EBIT driven by high prices
- Satisfying performance from all farming segments
- Average salmon-price up ~30% from Q1 13
- Continued operational challenges driving costs
- Earnings in sales & process. negatively affected by 35% of volumes on fixed price contracts

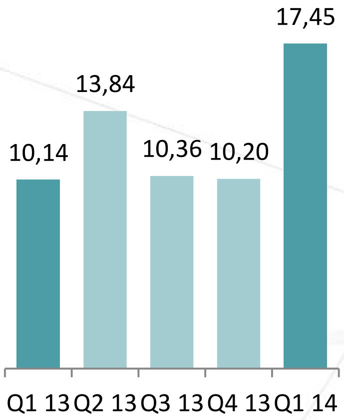
Harvest volume (1,000 tons)



Operating income (NOKm)



EBIT/kg (NOK)



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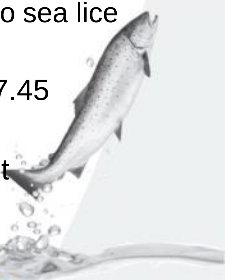
Financial update

Group profit and loss

NOK million	1Q 14	1Q 13	FY 2013
Operating income	**1 626,2**	**1 276,7**	**6 245,9**
Cost of goods sold	655,4	630,3	3 051,2
Payroll expenses	168,9	130,7	623,1
Other operating expenses	247,2	233,6	1 086,3
EBITDA	554,8	282,1	1 485,3
Depreciations	69,5	47,2	225,8
Operational EBIT	**485,2**	**234,9**	**1 259,5**
Fair value adjustment	-184,3	64,0	528,2
Particular biological events			-
Non-recurring gains on aquisition	-	-	161,8
Operational profit	**301,0**	**298,9**	**1 949,4**
Income from investments in associates	36,4	40,0	158,0
Other financial items	-27,5	-30,5	214,7
Profit before tax	**309,9**	**308,4**	**2 322,1**
Tax	73,0	73,0	418,7
Net profit for the period	**236,9**	**235,4**	**1 903,4**

- Revenues boosted by higher prices, average salmon price at NOK 47.58/kg, up 32% yoy*
- Harvest volume of 27 800 tons, down from 34 100tons in Q4 13. In line with Q1 13.
- Contract share of 35%, with average price well below spot
- An operational and biological challenging quarter
  - PD-fish / handling
  - Continued challenges related to sea lice
- Strong group EBIT/kg at NOK 17.45
- Reduced underlying interest cost



** Historical prices adjusted*

Group balance sheet

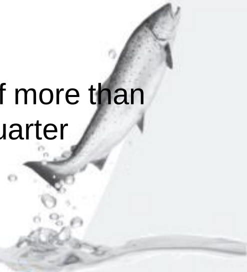
NOK Million	31.03.2014	31.03.2013	31.12.2013
ASSETS			
Intangible fixed assets	2 467,7	2 134,7	2 464,1
Tangible fixed assets	1 933,7	1 269,6	1 859,3
Financial fixed assets	443,3	1 014,6	408,8
Total fixed assets	**4 844,7**	**4 418,9**	**4 732,2**
Inventory	3 034,1	2 258,6	3 248,7
Accounts receivables	649,0	634,6	662,1
Other short-term receivables	198,1	199,0	217,6
Cash and cash equivalents	1 086,7	63,0	1 071,0
Total current assets	**4 968,0**	**3 155,2**	**5 199,4**
TOTAL ASSETS	**9 812,7**	**7 574,2**	**9 931,6**
EQUITY AND LIABILITIES			
Paid-in equity	476,6	493,8	476,6
Reserves	4 465,9	2 613,5	4 246,4
Minority interests	352,5	28,6	337,8
Total equity	**5 294,9**	**3 135,9**	**5 060,8**
Provisions for liabilities	1 271,7	945,5	1 199,6
Int. bearing long-term liabilities	2 349,8	2 163,4	2 446,2
Total long-term liabilities	**3 621,5**	**3 108,9**	**3 645,8**
Int. bearing short-term liabilities	243,7	530,7	397,2
Other short-term liabilities	652,6	798,7	827,8
Total short-term liabilities	**896,3**	**1 329,3**	**1 225,0**
TOTAL EQUITY AND LIABILITIES	**9 812,7**	**7 574,2**	**9 931,6**
Net interest bearing debt	**1 506,8**	**2 631,1**	**1 772,4**
Equity share	**54,0 %**	**41,4 %**	**50,9 %**

- Total assets down NOK 119.0m from Q4 to NOK 9 812.7m
- Tangible fixed assets up NOK 74.4m
- Inventory down NOK 214.5m
  - Reduced fair value adjustment
  - Reduced biomass compared to year end
- Equity up NOK 234.1m to NOK 5 294.9m
  - Equity-ratio increased to 54.0%
- Net interest bearing debt reduced by NOK 265.6m to NOK 1 506.8m

Group cash flow

NOK Million	Q1 14	Q1 13	FY 2013
Profit before tax	309,9	308,4	2 322,1
Tax paid in period	-1,4	-2,3	-6,5
Depreciation	69,5	47,2	225,8
Share of profit/loss from associates	-36,4	-40,0	-158,0
Realized and unrealized gains on financial assets	-	-	-341,8
Non-recurring gains on acquisitions	-	-	-161,8
Change in fair value adjustments	184,3	-64,0	-528,2
Change in working capital	-108,7	-59,8	-417,6
Other changes	29,8	38,3	172,0
Net cash flow from operating activities	**446,9**	**227,7**	**1 106,0**
Net cash flow from investing activities	**-136,1**	**-49,4**	**698,7**
Change in interest-bearing debt	-261,6	-125,7	-540,8
Dividend paid out	-	-	-0,1
Buy-out of non-controlling interest	-	-	-70,4
Interest paid	-28,0	-44,8	-158,1
Other changes	-4,9	-	-20,6
Net cash flow from financing activities	**-294,4**	**-170,4**	**-790,0**
Net change in cash for the period	16,5	7,9	1 014,6
Foreign exchange effects	-0,7	-0,2	1,1
Cash in the beginning of the period	1 071,0	55,3	55,3
Cash and cash equivalents end of period	**1 086,7**	**63,0**	**1 071,0**

- Strong cash flow from operations during the quarter, NOK 446.9m
- Negative cash flow from investments at NOK 136.1m
  - Ongoing investment programs throughout the value chain in the Group.
- Negative cash flow from financing at NOK 294.4m
  - Debt instalments of NOK 261.6m
  - Interest paid NOK 28.0m
  - Options scheme NOK 4.9m
- Cash and cash equivalents of more than NOK 1bn by the end of the quarter



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Operational update

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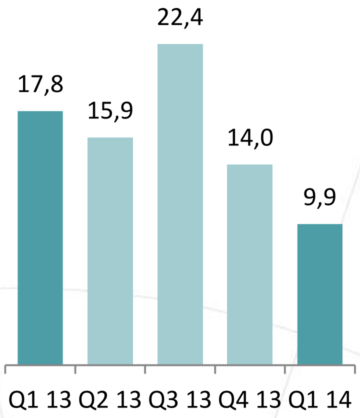
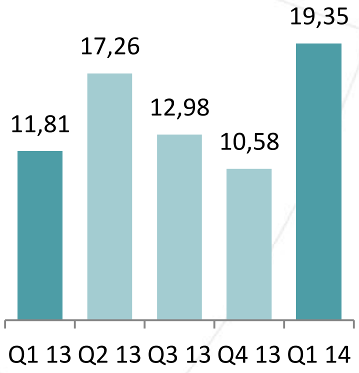
Farming Central Norway

NOKm	Q1 14	Q1 13	FY 2013
Operating income (mill.)	448,1	643,4	2 702,0
Operational EBIT (mill.)	190,9	209,9	924,2
Operational EBIT %	42,6%	32,6%	34,2%
Harvested volume (1,000 tgw)	9,9	17,8	70,2
EBIT/ kg gw (NOK)	19,35	11,81	13,17

Harvest volume (1,000 tons)



EBIT/kg (NOK)



- Strong EBIT margin in the quarter
- Earnings lifted by higher prices
- Harvest volume skewed towards the last month of the quarter
- PD-handling, increased cost:
  - On-growth in sea
  - Higher FCA
- Challenges with well boat logistics
  - Volume from sites north of PD zone.
  - Restrictions on use of well boats
  - Low utilization of capacity
- Increased number of lice treatments
  - Higher direct lice cost
- Expect harvest volumes unchanged at 73 000 tons in 2014

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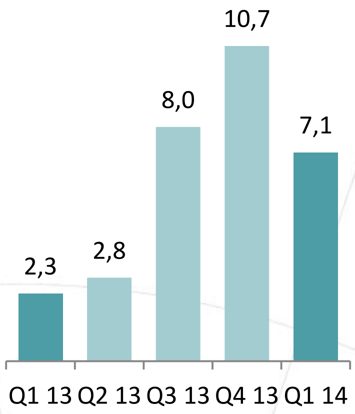
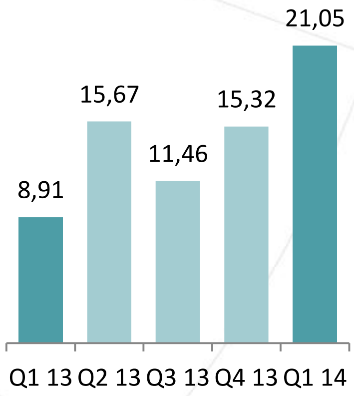
Farming Northern Norway

NOKm	Q1 14	Q1 13	FY 2013
Operating income (mill.)	331,8	77,5	912,7
Operational EBIT (mill.)	149,3	20,5	320,2
Operational EBIT %	45,0%	26,4%	35,1%
Harvested volume (1,000 tgw)	7,1	2,3	23,8
EBIT/ kg gw (NOK)	21,05	8,91	13,45

Harvest volume (1,000 tons)



EBIT/kg (NOK)



- Another strong quarter
- Harvest volume skewed towards the first month of the quarter
- Very strong EBIT/kg at NOK 21.05
  - Higher prices at the start of the quarter
- Good biological development improving underlying cost for standing biomass
  - Expect lower production costs going forward
- Expect harvest volumes of 38 000 tons in 2014

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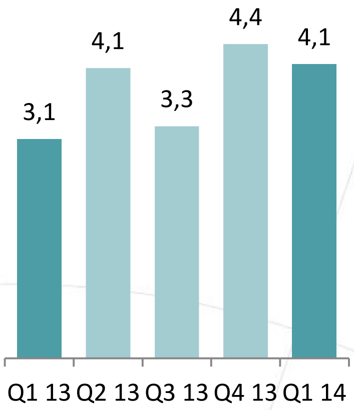
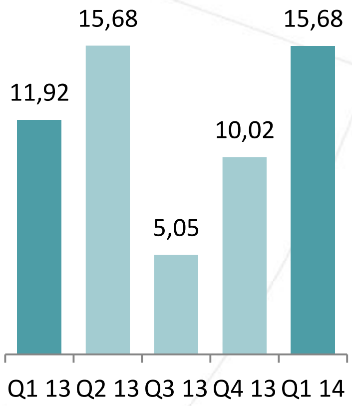
Farming Rauma

NOKm	Q1 14	Q1 13	FY 2013
Operating income (mill.)	206,0	110,8	595,4
Operational EBIT (mill.)	65,0	36,8	161,9
Operational EBIT %	31,6%	33,3%	27,2%
Harvested volume (1,000 tgw)	4,1	3,1	14,9
EBIT/ kg gw (NOK)	15,68	11,92	10,88

Harvest volume (1,000 tons)



EBIT/kg (NOK)

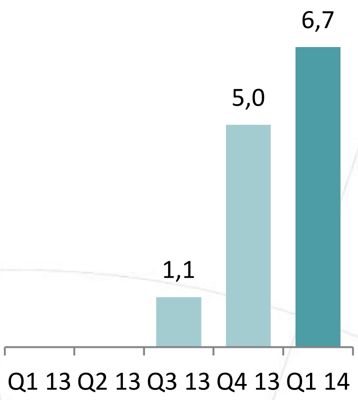


- Earnings-improvements from higher volumes and higher prices
- Harvest volume slightly skewed towards the end of the quarter
- Improved EBIT/kg at NOK 15.68
- Organic salmon 50% of volumes
  - Premium squeeze at increasing spot-prices
- Finished harvesting 12G-S1
  - Cost expected to improve going forward
- Challenges related PD and sea lice
  - Higher production cost
- Expect harvest volumes of 17 000 tons in 2014

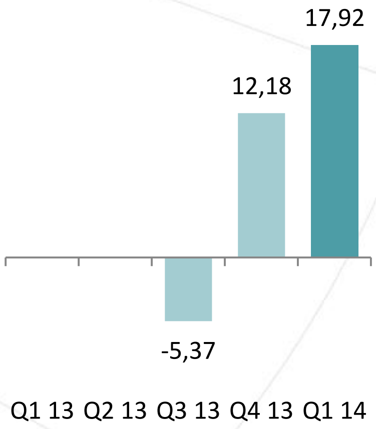
Villa Organic

Villa	1Q 14	4Q 13	FY 2013
Driftsinntekter (mill.)	312	232	315
Operasjonell EBIT (mill.)	120	61	54
Operasjonell EBIT i %	38 %	26 %	17 %
Slaktet kvantum (1 000 tgw)	6,7	5,0	6,1
Driftsresultat/ kg. gw (NOK)	17,92	12,18	8,95

Harvest volume (1,000 tons)



EBIT/kg (NOK)



- Strong revenue increase
- Harvest volume 6 700 tons, up from 5 000 tons in Q4
  - Volumes evenly distributed through the quarter
- EBIT/kg NOK 17.92 versus NOK 12.18 in Q4
- Continued positive cost development
  - Good performance on standing biomass
- The process of splitting the company progresses as planned
- Expected harvest volume 1H 2014:
  - 11 000 tons
  - SalMars share: 5 500 tons

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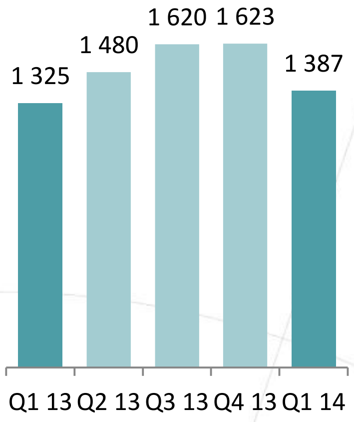
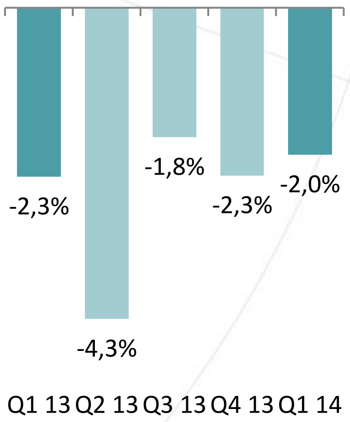
Sales & Processing

NOKm	Q1 14	Q1 13	FY 2013
Operating income (mill.)	1 387,2	1 325,0	6 047,4
Operational EBIT (mill.)	-28,1	-30,9	-160,9
Operational EBIT %	-2,0%	-2,3%	-2,7%

Operating income (NOK million)



EBIT-margin (%)

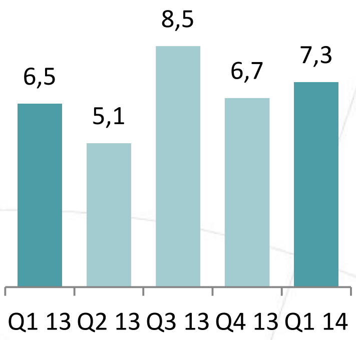


- Operating income of NOK 1 387.2 million
- 35% on fixed price contracts with average price well below spot
- Efficiency significantly improved by keeping PD-fish in waiting pens
- Operating margin unchanged QOQ at -2%

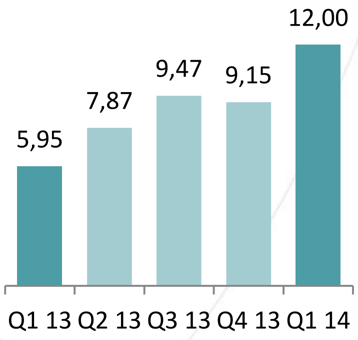
Norskott Havbruk (Scottish Seafarms)

NOK million	1Q 14	1Q 13	FY 2013
Operating income	391,0	289,1	1 189,1
EBIT before biomass adj.	87,2	38,8	221,1
EBIT before biomass adj. %	22,3 %	13,4 %	18,6 %
Value adjustment biomass	1,1	22,7	57,0
Profit before tax	90,5	59,6	267,2
SalMars share after tax	36,4	21,8	101,1
Harvest volume (1,000 tgw)	7,3	6,5	26,9
EBIT/ kg gw (NOK)	12,00	5,95	8,23

Harvest volume (1,000 tons)



EBIT/kg (NOK)



- Record operating profit
  - High salmon prices
  - High contract share, 46%
- EBIT/kg NOK 12.00 versus NOK 9.15 in Q4 13
- Harvested 740 tgw less than budget due to weather effects in Shetland in Q1
  - This fish will be harvested Q2 14
- Biological situation well managed and under control
- Expect harvest volumes of 25 000 tons in 2014

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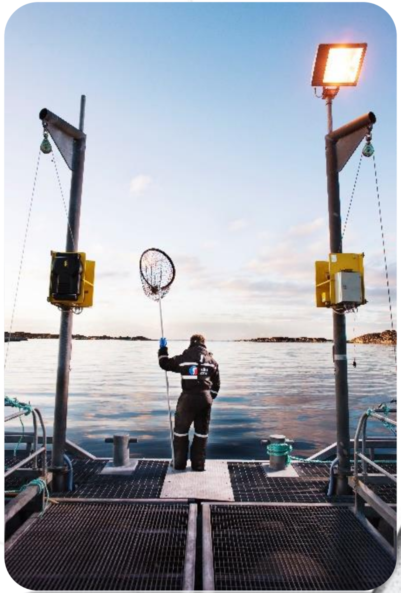
Outlook

Outlook

- Still cost challenges related sea lice going forward
- Still challenges related to PD in Farming Central Norway / Farming Rauma
  - Lower average weight on standing biomass YoY
- Strategic correct areas for the use of eight green licenses awarded in group B
  - New licenses will be put into production as quick as possible
- Total output of Atlantic salmon estimated +7% in 2014 (2,18 mill tons)
  - Norway: approx. 1 224 800 tons, +7% YoY
  - Chile: approx. 510 000 tons, +9% YoY
- Expect continued strong demand in core markets going forward
- Expect to harvest approx. 40% of the total volume of 133 000 tons in 1H 2014
- Sales & process.: Current contract share for 2q 2014 app. 40%.
- AGM to be held 4 June 2014 on Frøya. BoD will propose a DPS of NOK 8.0.



Post-Balance Sheets Events

- Friday April 11 the Directorate Of Fisheries announced the result for green licenses in group A (Troms and Finnmark).

  - All of SalMars 10 applications was rejected
  - SalMar is going to appeal this decision

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Thank you for your attention

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