

# Quarterly Report

## First quarter 2015

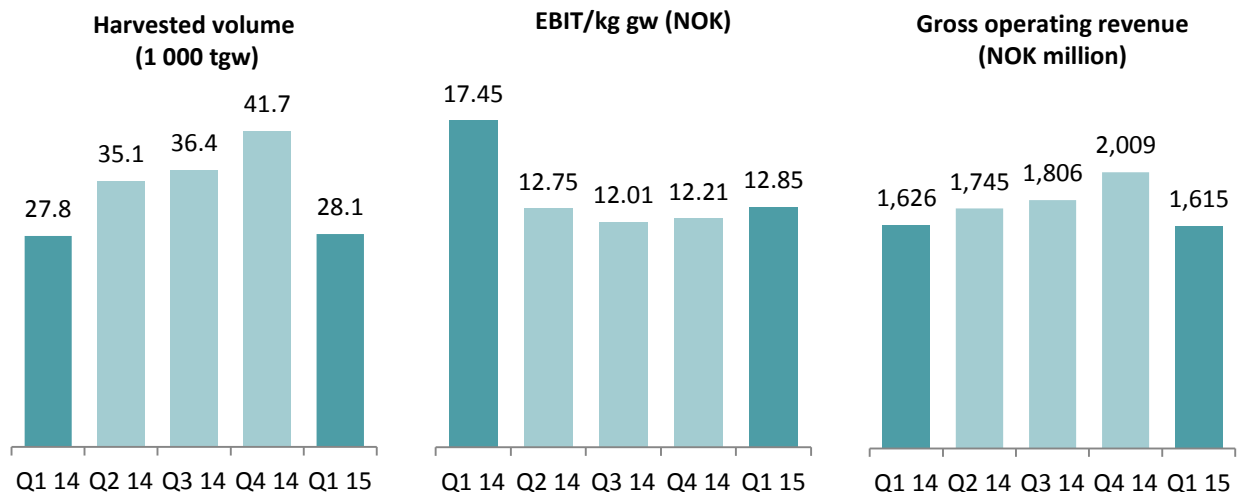
## SATISFACTORY RESULT DRIVEN BY GOOD PRICES

### HIGHLIGHTS OF THE FIRST QUARTER 2015

- Improved underlying operations.
- Biological situation continues to drive costs.
- Improved results for Sales and Processing.

### KEY FIGURES - GROUP

NOK million	Q1 15	Q1 14	Year 2014
Gross operating revenue	1,615.0	1,626.2	7,185.9
Operational EBIT	360.8	485.2	1,879.0
Operational EBIT %	22.3%	29.8%	26.1%
Fair value adjustments	-59.5	-184.3	-232.3
Profit from associates	16.1	36.4	96.1
Profit before tax	295.3	309.9	1,628.8
EPS	1.93	1.96	10.53
NIBD	1,757.5	1,506.8	2,301.3
Equity ratio %	55.6%	54.0%	50.7%
Harvested volume (1000 t <sub>gw</sub> )	28.1	27.8	141.0
EBIT/kg gw (NOK)	12.85	17.45	13.33





## FINANCIAL PERFORMANCE IN THE FIRST QUARTER

### Revenues and results in the first quarter 2015

The SalMar Group harvested around 28,100 tonnes of fish in the first quarter 2015, down from 41,700 tonnes in the previous quarter, but up from 27,800 tonnes in the first quarter 2014.

In addition, a total of 5,600 tonnes was harvested by Norskott Havbruk (Scottish Sea Farms). This is 100 tonnes more than in the fourth quarter 2014, but 7,300 tonnes less than in the corresponding quarter in 2014. SalMar owns 50 per cent of Norskott Havbruk.

Following a sharp rise during the last few weeks of 2014, prices fell gradually through the first quarter.

Nevertheless, the average price of salmon (NASDAQ Salmon Index) for the period came to NOK 41.12 per kg, which – despite the falling trend – is NOK 2.03 up on the previous quarter. Compared with the first quarter 2014, the average price was NOK 6.46 per kg lower.

The Group generated gross operating revenues of NOK 1,615.0 million in the first quarter 2015, compared with NOK 2,008.7 million in the previous quarter, and NOK 1,626.2 million in the first quarter 2014.

The Group made an Operational EBIT of NOK 360.8 million during the period, compared with NOK 508.7 million in the fourth quarter 2014, and NOK 485.2 million in the first quarter 2014.

This resulted in an Operational EBIT per kg of NOK 12.85 for the period, compared with NOK 12.21 per kg in the previous quarter, and NOK 17.45 per kg in the first quarter last year.

Please see the individual segment reports for a more detailed account of Operational EBIT.

SalMar's most important key figure for measuring its performance under IFRS is Operational EBIT. This shows the result of the Group's underlying operations during the period. Specific items not associated with underlying operations are presented on separate lines.

Fair value adjustments reduced recognised operating profit by NOK 59.5 million in the quarter. This relates to changes in the value of the standing biomass, which decreased by NOK 186.4 million as a result of lower prices and a reduction in biomass volume.

The remaining fair value adjustments relate to a NOK 40.7 million change in the value of unrealised Fish Pool contracts, a NOK 52.7 million change in the value of unrealised forward currency contracts, and a NOK 33.6 million change in provisions for loss-making contracts.

In the first quarter 2014, fair value adjustments reduced operating profit by NOK 184.3 million. See Note 4 for further details.

Operating profit for the first quarter 2015 totalled NOK 301.3 million. This is unchanged from the corresponding period the year before, but NOK 80.0 million lower than in the fourth quarter 2014.

The Group's share of the profit from associates totalled NOK 16.1 million in the period. The contribution derives in its entirety from Norskott Havbruk. In the same period in 2014, associates contributed a total of NOK 36.4 million.

Other financial items in the quarter were negative in the amount of NOK 22.1 million. These largely relate to net interest expenses of NOK 23.4 million. In the same period last year, net other financial items were negative in the amount of NOK 27.5 million. See Note 7 *Other financial items*, for further details. Profit before tax came to NOK 295.3 million, compared with NOK 309.9 million in the first quarter last year.

A tax expense of NOK 77.1 million has been calculated for the period, such that net profit totalled NOK 218.2 million. In the first quarter 2014, the tax expense came to NOK 73.0 million, while net profit totalled NOK 236.9 million.

### Cash flow

The SalMar Group generated a positive cash flow from operating activities amounting to NOK 676.0 million in the first quarter 2015. Strong operating earnings, combined with the release of working capital explain the strong cash flow.

Net cash flow from investing activities in the period was negative in the amount of NOK 109.6 million. Disbursements relate to ongoing investment programmes throughout the Group's value chain.

Net cash flow from financing activities in the period was negative in the amount of NOK 648.1 million. This relates primarily to a NOK 624.6 million reduction in interest-bearing debt. In addition, interest amounting to NOK 23.4 million was paid during the quarter.

This gave SalMar a net cash flow of NOK -81.7 million during the period, such that the Group's total holdings of cash and cash equivalents at the close of the first quarter 2015 stood at NOK 86.1 million.

### Financial position

As at 31 March 2015, SalMar's total balance came to NOK 9,678.5 million. This is down from NOK 10,124.4 million at the close of 2014 and from NOK 9,812.7 million at the close of the first quarter last year.

The book value of the Group's property, plant and equipment rose by NOK 28.7 million through the quarter to NOK 2,046.2 million. Investments are undertaken in line with predefined plans, largely relating to investments in sites as well as the expansion of smolt production. The investment level exceeded depreciation, a situation that will continue in coming periods.

As at 31 March 2015, the Group had total current assets of NOK 4,157.2 million. This is NOK 511.8 million less than three months before. The decrease is attributable to a NOK 177.7 million reduction in inventory. The standing biomass has been scaled back during the period, while fair value adjustments were lower due to reduced prices.



As a result of normal seasonal variations, the volume of receivables has also been scaled back. Overall, receivables have been reduced by NOK 253.2 million. At the close of the period, the Group had total equity of NOK 5,376.4 million, which corresponds to an equity ratio of 55.6 per cent. See the separate statement of movements in equity for further details of changes during the quarter.

Total interest-bearing debt at the close of the quarter stood at NOK 1,843.6 million. Of this amount, debt to credit institutions accounted for NOK 1,399.0 million, ordinary

leasing liabilities accounted for 124.0 million, while leasing liabilities associated with InnovaMar accounted for NOK 315.3 million. Short-term interest-bearing debt comprises the first year's instalments on long-term interest-bearing debt in the amount of NOK 153.5 million and a NOK 161.7 million overdraft.

Corrected for cash and cash equivalents, this gives the Group a net interest-bearing debt of NOK 1,757.5 million as at 31 March 2015, NOK 543.8 million less than three months earlier.





## OPERATIONAL PERFORMANCE IN THE FIRST QUARTER 2015

### Fish farming – Central Norway

NOK million	Q1 15	Q1 14	2014
Operating revenue	616	448	2 864
Operational EBIT	202	191	946
Operational EBIT%	33%	43%	33%
Harvested volume (1 000 tgw)	15.7	9.9	75.2
EBIT/kg gw (NOK)	12.81	19.35	12.58

SalMar's Central Norway segment harvested a total of 15,700 tonnes of salmon in the first quarter 2015, compared with 9,900 tonnes in the corresponding period last year. This generated gross operating revenues of NOK 615.6 million, up from NOK 448.1 million in the first quarter 2014.

The volume harvested rose gradually through the quarter. Since prices fell steadily during the period, this had a negative impact on the prices achieved.

Operating profit per kg gutted weight in the quarter came to NOK 12.81, up from NOK 11.41 in the previous quarter, but down from NOK 19.35 in the first quarter 2014.

Profit-sharing associated with jointly operated licences, reduced the segment's operating profit by NOK 0.45 per kg during the quarter.

During the quarter, fish were harvested from the generation that was transferred to the sea in the autumn of 2013. These fish had a slightly higher production cost than the previous generation. The fish are distributed across several smaller sites, which gives a higher capacity cost per kg produced.

The biological situation in Central Norway remains challenging, and is pushing up costs. The lice cost of harvested salmon in the first quarter was higher than in the corresponding period last year.

SalMar expects the Central Norway segment to harvest around 79,000 tonnes of salmon in 2015 as a whole.

### Fish farming – Northern Norway

NOK million	Q1 15	Q1 14	2014
Operating revenue	306	332	1 443
Operational EBIT	90	149	477
Operational EBIT%	29%	45%	33%
Harvested volume (1 000 tgw)	7.8	7.1	37.5
EBIT/kg gw (NOK)	11.55	21.05	12.72

*With effect from the third quarter 2014, SalMar's share of Villa Organic has been consolidated into the Northern Norway segment. See Note 8 for further details.*

The segment harvested around 7,800 tonnes of salmon during the first quarter 2015, compared with 7,100 tonnes in the corresponding period last year.

Despite a slightly higher harvested volume, gross operating revenues totalled NOK 306.2 million in the quarter, down from NOK 331.8 million in the same period last year. The decrease is attributable primarily to lower prices.

The last of the fish that were transferred to the sea in the spring of 2013 were harvested during the quarter, and the harvesting of fish transferred to the sea in the autumn of 2013 got underway. One of the segment's sites has had its application for expansion rejected, and additional harvesting commenced during the quarter in order to comply with the rules for maximum allowable biomass (MAB). A low harvested weight has resulted in higher production costs per kg, and lower realised sales prices.

Of the total volume harvested (7,800 tonnes), 709 tonnes derives from jointly operated licences. This volume has a slightly higher production cost compared with the rest of the segment.

Operating profit per kg in the first quarter 2015 came to NOK 11.55, 45 per cent less than the NOK 21.05 per kg achieved in the first quarter 2014. Operating profit per kg in the previous quarter came to NOK 13.30.

The segment's biological situation is considered to be good.

At the present time, SalMar expects the Northern Norway segment to harvest around 42,000 tonnes of salmon in 2015 as a whole.



## Fish farming – Rauma

NOK million	Q1 15	Q1 14	2014
Operating revenue	206	206	782
Operational EBIT	42	65	215
Operational EBIT%	21%	32%	27%
Harvested volume (1 000 t <sub>gw</sub> )	4.5	4.1	16.5
EBIT/kg gw (NOK)	9.31	15.68	13.04

The Rauma segment harvested around 4,500 tonnes of fish in the first quarter 2015, some 400 tonnes more than in the same period last year. The volume harvested was evenly distributed throughout the period.

Around 32 per cent of the harvested volume was organic salmon. Down from 50 per cent in the first quarter 2014, and down from 47 per cent in the previous quarter.

The Rauma segment generated gross operating revenues of NOK 205.6 million in the quarter, compared with NOK 206.0 million in the corresponding period last year.

Organic salmon normally carries a price premium compared with conventional salmon, and is sold under longer-term contracts. On the other hand, production costs are higher. Costs relating to delousing and the treatment of PD are particularly high in this segment. Operating profit per kg gutted weight came to NOK 9.31, up from NOK 8.74 per kg in the previous quarter.

Delousing treatments accumulate costs for marine-phase fish, and the steady rise in lice-related costs continued in the first quarter.

The general biological situation in the region is still considered to be challenging, and contributes to increased costs.

The Rauma segment harvested around 16,500 tonnes of fish in 2014 as a whole. An increase of around 1,500 tonnes is expected this year, such that the total harvested volume for 2015 is estimated at 18,000 tonnes.

## Sales and Processing

NOK million	Q1 15	Q1 14	2014
Operating revenue	1 605	1 387	6 848
Operational EBIT	46	-28	138
Operational EBIT%	3%	-2%	2%

The Sales and Processing segment generated gross operating revenues of NOK 1,604.6 million in the first quarter 2015, up from NOK 1,387.2 million in the first quarter last year, but down from NOK 1,994.5 million in the fourth quarter 2014. The segment sells the Group's entire harvested volume, with the exception of that deriving from joint operations with Lerøy in Finnmark, where 709 tonnes were harvested in the first quarter.

The segment made an operating profit of NOK 45.6 million in the period, compared with an operating loss of NOK 28.1 million in the first quarter 2014. In the fourth quarter last year, the segment made a profit of NOK 49.7 million.

Around 55 per cent of the harvested volume was sold under contract in the first quarter 2015, at prices in line with spot prices during the period. The contract rate for the second quarter is forecast to be around 50 per cent.

The situation relating to the Russian market remains unchanged from the previous quarter. Although the loss of market access has been a challenge, the sales volumes have been redirected to new and existing markets.

The harvesting business had a good operational quarter, despite relatively low capacity utilisation.

A total of approx. 28,800 tonnes was harvested during the quarter, which is some 5,400 tonnes more than in the corresponding period last year.

The total volume of third-party fish harvested in the period came to 11,900 tonnes.

The processing business handled large volumes, and performed well operationally during the quarter. The steady increase in profitability from previous quarters continued, with improvements in the majority of operational key figures.

## Eliminations

With effect from the fourth quarter 2013, R&D costs have been included under eliminations in the segment's financial reports. Of a total harvested volume of 28,100 tonnes in the quarter, R&D costs accounted for NOK 0.27 per kg.



## Associates

### Norskott Havbruk

Norskott Havbruk is recognised as an associate, with SalMar's share (50 per cent) of the company's profit/loss after tax (and fair value adjustment of the biomass) being posted to financial income. The figures in the table below reflect the company's total financial results.

NOK million	Q1 15	Q1 14	2014
Operating revenue	325	391	1 385
Operational EBIT	43	87	232
Operational EBIT%	13%	22%	17%
Fair value adj. biomass	0,6	1,1	8,3
Profit before tax	42	91	239
SalMar's share after tax	16	36	96
Harvested volume (1 000 t <sub>gw</sub> )	5,6	7,3	27,5
EBIT/kg gw (NOK)	7,72	12,00	8,44

Norskott Havbruk generated gross operating revenues of NOK 324.6 million in the first quarter 2015, up from NOK 288.6 million in the fourth quarter last year, but down from NOK 391.0 million in the first quarter 2014.

Norskott harvested around 5,600 tonnes of fish in the quarter, marginally more than in the previous quarter, but 1,700 tonnes less than in the corresponding period last year.

SalMar's share of the volume harvested came to 2,800 tonnes.

60 per cent of the volume in the quarter was sold under contract.

Operating profit per kg gutted weight in the first quarter 2015 came to NOK 7.72, up from NOK 5.34 per kg in the previous quarter, but down from NOK 12.00 per kg in the first quarter last year.

The biological status of Norskott Havbruk is considered good.

The company expects to harvest 31,000 tonnes of fish in 2015.

There was substantial growth in the supply of Atlantic salmon from producers in Chile and the Faeroe Islands through the whole of 2014. This trend reversed in the first quarter this year. Output from Chile totalled 148,300 in the period, down 1 per cent from the first quarter 2014, while output from the Faeroes fell by 22 per cent to 13,900 tonnes.

The supply of fish from the UK continued to decrease during the quarter. Compared with the first quarter 2014, output fell by 9 per cent to 33,700 tonnes.

Output from other producing countries rose by 18 per cent to 18,000 tonnes during the period.

Combined Norwegian exports of Atlantic salmon totalled approx. 280,000 tonnes round weight in the quarter, an increase of some 29,000 tonnes or 12 per cent compared with the first quarter 2014.

However, falling prices have dampened the growth in value measured in NOK. In the first quarter 2015, salmon worth some NOK 11.2 billion was exported, up from 10.6 billion in the same period last year. This corresponds to an increase of 5 per cent.

Exports of Norwegian salmon to the EU totalled 210,000 tonnes during the period, which corresponds to an increase of 22 per cent compared with the same period in 2014.

Developments in the main markets were, however, mixed. The most dramatic change came in Russia. While 22,400 tonnes were exported to this market in the first quarter 2014, the volume was zero in the first quarter 2015.

The loss of export volumes to Russia has been absorbed by other markets, particularly within the EU, where volume growth was experienced in all markets.

Exports to France rose by 12 per cent to 34,300 tonnes in the quarter, while exports to Poland rose by 18 per cent to 36,400 tonnes.

Exports to Denmark also rose by 18 per cent, to end the quarter at 19,600 tonnes. However, the strongest relative growth came in the UK and Spain, where exports rose by 35 and 34 per cent respectively, to 22,200 tonnes and 15,200 tonnes.

Developments in Asian markets have remained stable. Overall exports to the region came to 12,800 tonnes in the first quarter 2015, down just 1 per cent from the corresponding period last year.

## MARKETS

### Supply and demand

The global supply of Atlantic salmon totalled some 533,200 tonnes in the first quarter 2015, an increase of 5 per cent on the first quarter 2014.

The growth is largely driven by Norwegian producers, who harvested around 287,300 tonnes of Atlantic salmon in the quarter, an increase of 25,200 tonnes or 10 per cent compared with the corresponding period in 2014.

Growth continued in North America in the first quarter. Compared with the first quarter 2014, supply grew by 7,100 tonnes to 32,000 tonnes, which corresponds to a hefty 29 per cent increase.

### Prices and exchange rates

Following a sharp increase towards the end of last year, salmon prices fell steadily through the first quarter. Nevertheless, the average price of salmon was higher than in the previous quarter.

The average salmon price (NASDAQ Salmon Index) for the first quarter 2015 came to NOK 41.12 per kg, compared with NOK 39.09 per kg in the fourth quarter 2014 and NOK 47.58 in the first quarter 2014.

After a turbulent year for the NOK in 2014, the exchange rate held relatively steady in the first quarter 2015. Since the close of the fourth quarter 2014, the NOK has strengthened against the EUR by 3.7 per cent. Against the



USD and GBP, the NOK has weakened by 8.8 per cent and 3.4 per cent respectively.

Since the close of the first quarter last year, the NOK has weakened by, respectively, 5.4 per cent, 35.1 per cent and 20.1 per cent against the same currencies.

Any weakening of the NOK against other currencies may lead to an increase in the price of salmon measured in NOK and vice versa.

## Biomass

Norway's standing biomass totalled 660,600 tonnes round weight at the close of the first quarter 2015. This is 3 per cent higher than at the same point the year before, when the total biomass stood at 642,400 tonnes round weight. At the close of the previous quarter, Norway's biomass totalled 725,100 tonnes round weight.

At the close of the quarter, the UK's biomass was 4 per cent larger than at the same point the year before, totalling 84,600 tonnes round weight. The biomass in Chile was 2 per cent smaller than at the close of the first quarter 2014, totalling 306,000 tonnes round weight.

The overall biomass in the Faeroes at the close of the period is estimated at 38,100 tonnes round weight, a decrease of 3 per cent from a year before.

## EVENTS AFTER THE BALANCE SHEET DATE

No material events have occurred after the close of the quarter.

## SHARES AND SHAREHOLDERS

At the close of March 2015, SalMar had a total of 113,299,999 shared outstanding, divided between 3,500 shareholders.

The company's dominant shareholder, Kverva AS, owns 53.4 per cent of the company's shares. The company's 20 largest shareholders own a total of 75.95 per cent of the shares. As at 31 March 2015, SalMar ASA was the company's sixth largest shareholder, with 1.3 million shares or 1.15 per cent of the total number of outstanding shares.

During the first quarter 2015 SalMar's share price fluctuated between NOK 108.50 and NOK 134.00. The share price closed the quarter at NOK 116.00. At the close of the previous quarter the share price stood at NOK 127.50.

## TRANSACTIONS WITH RELATED PARTIES

During the period no changes or transactions involving related parties have occurred which materially alter the Group's financial position or result.

## OUTLOOK

The global supply of Atlantic salmon was around 5 per cent higher in the first quarter 2015 than a year before. Developments in coming quarters are expected to vary somewhat, but for the year as a whole, the total global output of Atlantic salmon is expected to increase by 4 per cent to more than 2.3 million tonnes.

At 287,300 tonnes, output in Norway in the first quarter was 10 per cent up on the same period last year. However, the rate of growth is expected to slow down as the year progresses, so that output for 2015 as a whole is forecast to grow by 5 per cent to 1,259,500 tonnes.

Chile's output in the first quarter fell by 1 per cent compared with the corresponding period last year. This is the first time output from the region has shown a decrease relative to the year before since the fourth quarter 2010. The downturn is expected to intensify through the year. For 2015 as a whole, the overall output from Chile is expected to fall by 3 per cent to 567,000 tonnes.

Output in North America was a substantial 29 per cent higher in the first quarter, bringing the overall output from North American producers to 32,000 tonnes in the period. High growth levels are expected to continue, and for the year as a whole, production is forecast to increase by an estimated 18 per cent, or 22,100 tonnes.

Only minor changes in tonnage are expected in the other regions.

As at the mid of May, Fish Pool forward prices indicate an average salmon price for June of NOK 38.20/kg. Forward prices for the third and fourth quarters indicate prices of NOK 37.13/kg and NOK 39.77/kg respectively. Fish Pool's forward price for the second half of 2015 stands at NOK 38.45.

On the 20 March 2015, the government published a White Paper that intend to pave the way for further predictable growth in the aquaculture industry. SalMar's response to this White Paper is a new structural concept for an open-ocean fish farm, which will make it possible to exploit areas that are less sheltered and more exposed to harsh weather conditions. The structural concept has been made in cooperation with leading international maritime research environments. The open-ocean fish farming facilities design will allow a usage in more exposed offshore locations – making it suitable for reducing biological challenges such as disease and salmon lice. Realisation of the open-ocean fish farming project will be cost-intensive, and will depend on the authorities licensing production volumes at terms that make it possible to realize the project.

SalMar is finding the biological situation challenging. The anticipated increase in lice numbers and growing resistance to treatments could affect fish growth and harvesting plans in coming quarters, with consequent rises in costs.

Contract sales are expected to account for around 50 per cent of the volume in the second quarter 2015.

The board of directors expects SalMar to post strong results in the coming quarters of 2015.





## INCOME STATEMENT

NOK million	1Q 15	1Q 14	FY 2014
<b>Operating income</b>	<b>1 615,0</b>	<b>1 626,2</b>	<b>7 185,9</b>
Cost of goods sold	723,1	655,4	3 175,3
Payroll expenses	177,6	168,9	710,4
Other operating expenses	279,8	247,2	1 143,0
EBITDA	434,5	554,8	2 157,2
Depreciations	73,7	69,5	278,2
<b>Operational EBIT</b>	<b>360,8</b>	<b>485,2</b>	<b>1 879,0</b>
Fair value adjustment	-59,5	-184,3	-232,3
Particular biological events			
Non-recurring gains on acquisition	-	-	-
<b>Operational profit</b>	<b>301,3</b>	<b>301,0</b>	<b>1 646,7</b>
Income from investments in associates	16,1	36,4	96,1
Other financial items	-22,1	-27,5	-114,0
<b>Profit before tax</b>	<b>295,3</b>	<b>309,9</b>	<b>1 628,8</b>
Tax	77,1	73,0	413,4
<b>Net profit for the period</b>	<b>218,2</b>	<b>236,9</b>	<b>1 215,5</b>
<i>Items to be reclassified to profit and loss in subsequent periods:</i>			
Change in translation diff. associates, net tax	13,9	-2,0	58,8
Change in translation diff. Subsidiaries, net tax	0,8	-0,3	0,2
Change in fair value of currency instruments	-	-	3,1
<i>Items not to be reclassified to profit and loss in subsequent periods:</i>			
Share of other comprehensive income of associates			
Year's deviation in estimated pension liabilities	-	-	-
<b>Total comprehensive income</b>	<b>232,9</b>	<b>234,5</b>	<b>1 277,5</b>
Non-controlling interests share of result	-0,3	14,7	23,0
Controlling interests share of result	218,6	222,2	1 192,5
Earnings per share (NOK)	1,93	1,96	10,53
Earnings per share - diluted	1,93	1,96	10,53

## BALANCE SHEET – GROUP

NOK million	31.03.2015	31.03.2014	31.12.2014
<b>ASSETS</b>			
Intangible fixed assets	2 905,8	2 467,7	2 898,6
Tangible fixed assets	2 046,2	1 933,7	2 017,6
Financial fixed assets	569,3	443,3	539,2
<b>Total fixed assets</b>	<b>5 521,3</b>	<b>4 844,7</b>	<b>5 455,4</b>
Inventory	3 143,4	3 034,1	3 321,1
Accounts receivables	780,3	649,0	888,2
Other short-term receivables	147,4	198,1	292,6
Cash and cash equivalents	86,1	1 086,7	167,0
<b>Total current assets</b>	<b>4 157,2</b>	<b>4 968,0</b>	<b>4 669,0</b>
<b>TOTAL ASSETS</b>	<b>9 678,5</b>	<b>9 812,7</b>	<b>10 124,4</b>
<b>EQUITY AND LIABILITIES</b>			
Paid-in equity	476,6	476,6	476,6
Reserves	4 839,6	4 465,9	4 600,1
Minority interests	60,3	352,5	60,6
<b>Total equity</b>	<b>5 376,4</b>	<b>5 294,9</b>	<b>5 137,3</b>
Provisions for liabilities	1 215,3	1 271,7	1 262,6
Int. bearing long-term liabilities	1 528,4	2 349,8	2 191,6
<b>Total long-term liabilities</b>	<b>2 743,6</b>	<b>3 621,5</b>	<b>3 454,2</b>
Int. bearing short-term liabilities	315,2	243,7	276,7
Other short-term liabilities	1243,2	652,6	1256,3
<b>Total short-term liabilities</b>	<b>1 558,5</b>	<b>896,3</b>	<b>1 533,0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9 678,5</b>	<b>9 812,7</b>	<b>10 124,4</b>
<b>Net interest bearing debt</b>	<b>1 757,5</b>	<b>1 506,8</b>	<b>2 301,3</b>
<b>Equity share</b>	<b>55,6 %</b>	<b>54,0 %</b>	<b>50,7 %</b>

## CASH FLOW

NOK million	1Q 15	1Q 14	FY 2014
Profit before tax	295,3	309,9	1 628,8
Tax paid in period	-4,1	-1,4	-25,8
Depreciation	73,7	69,5	278,2
Share of profit/loss from associates	-16,1	-36,4	-96,1
Realized and unrealized gains on financial assets	-	-	-
Non-recurring gains on acquisitions	-	-	-
Change in fair value adjustments	59,5	184,3	232,3
Change in working capital	259,9	-108,7	-512,4
Other changes	7,8	29,8	142,1
<b>Net cash flow from operating activities</b>	<b>676,0</b>	<b>446,9</b>	<b>1 647,0</b>
<b>Net cash flow from investing activities</b>	<b>-109,6</b>	<b>-136,1</b>	<b>-1 031,9</b>
Change in interest-bearing debt	-624,6	-261,6	-357,4
Dividend paid out	-	-	-898,2
Exit of non-controlling interests and subsidiaries	-	-	-140,9
Interest paid	-23,4	-28,0	-115,1
Other changes	-0,1	-4,9	-10,9
<b>Net cash flow from financing activities</b>	<b>-648,1</b>	<b>-294,4</b>	<b>-1 522,5</b>
<b>Net change in cash for the period</b>	<b>-81,7</b>	<b>16,5</b>	<b>-907,4</b>
Foreign exchange effects	0,8	-0,7	3,3
Cash in the beginning of the period	167,0	1 071,0	1 071,0
<b>Cash at the end of the period</b>	<b>86,1</b>	<b>1 086,7</b>	<b>167,0</b>



## CHANGES IN EQUITY

2015	Share capital	Treasury shares	Share premium fond	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.15	28,3	-0,3	415,3	34,8	4,5	4 594,1	60,6	5 137,3
Net profit for the year						218,6	-0,3	218,2
Comprehensive income					0,8	13,9	0,0	14,7
Total comprehensive income for the year	0,0	0,0	0,0	0,0	0,8	232,5	-0,3	232,9
<i>Transactions with shareholders</i>								
Options granted				6,3				6,3
Other changes						-0,1		-0,1
Sum transactions with shareholders	0,0	0,0	0,0	6,3	0,0	-0,1	0,0	6,2
Equity as at 31.03.15	28,3	-0,3	415,3	41,1	5,2	4 826,5	60,3	5 376,4

2014	Share capital	Treasury shares	Share premium fond	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.14	28,3	-0,3	415,3	32,8	1,1	4 245,7	337,8	5 060,8
Net profit for the year						1 192,5	23,0	1 215,5
Comprehensive income					3,3	58,8		62,1
Total comprehensive income for the year	0,0	0,0	0,0	0,0	3,3	1 251,3	23,0	1 277,5
<i>Transactions with shareholders</i>								
Options granted						-896,0	-2,2	-898,2
Options reclassification				2,0				2,0
Access non-controlling interests							27,7	27,7
Buyout of non-controlling interests						-6,4	-325,6	-332,0
Other changes						-0,5		-0,5
Sum transactions with shareholders	0,0	0,0	0,0	2,0	0,0	-902,9	-300,2	-1 201,0
Equity as at 31.12.14	28,3	-0,3	415,3	34,8	4,5	4 594,1	60,6	5 137,3

## SEGMENT INFORMATION

	Farming Central-Norway	Farming Northern-Norway	Farming Rauma	Villa	Sales and Processing	Elim.	Group
<b>1Q 15</b>							
Operating income (mill.)	615,6	306,2	205,6		1 604,6	-1 117,1	1 615,0
Operational EBIT (mill.)	201,6	90,0	42,3		45,6	-18,7	360,8
Operational EBIT %	32,7 %	29,4 %	20,6 %		2,8 %		22,3 %
Harvested volume (1,000 tgw)	15,7	7,8	4,5				28,1
EBIT/ kg gw (NOK)	12,81	11,55	9,31				12,85
<b>1Q 14</b>							
Operating income (mill.)	448,1	331,8	206,0	312,1	1 387,2	-1 059,0	1 626,2
Operational EBIT (mill.)	190,9	149,3	65,0	120,1	-28,1	-11,9	485,2
Operational EBIT %	42,6 %	45,0 %	31,6 %	38,5 %	-2,0 %		29,8 %
Harvested volume (1,000 tgw)	9,9	7,1	4,1	6,7			27,8
EBIT/ kg gw (NOK)	19,35	21,05	15,68	17,92			17,45
<b>FY 2014</b>							
Operating income (mill.)	2 863,5	1 443,1	782,0	527,5	6 847,8	-5 278,1	7 185,9
Operational EBIT (mill.)	946,2	477,2	214,7	164,5	137,7	-61,3	1 879,0
Operational EBIT %	33,0 %	33,1 %	27,4 %	31,2 %	2,0 %		26,1 %
Harvested volume (1,000 tgw)	75,2	37,5	16,5	11,8			141,0
EBIT/ kg gw (NOK)	12,58	12,72	13,04	13,97			13,33



## KEY FIGURES – GROUP

	1Q 15	1Q 14	FY2014
Number of shares - end of period (mill.)	113,3	113,3	113,3
Earnings per share (NOK)	1,93	1,96	10,53
Earnings per share - diluted (NOK)	1,93	1,96	10,53
EBITDA %	26,9 %	34,1 %	30,0 %
Operational EBIT %	22,3 %	29,8 %	26,1 %
EBIT %	18,7 %	18,5 %	22,9 %
Profit before tax %	18,3 %	19,1 %	22,7 %
Cash flow per share - diluted (NOK)	5,97	3,94	14,54
Net interest bearing debt (mill.)	1 757,5	1 506,8	2 301,3
Equity ratio %	55,6 %	54,0 %	50,7 %

Earnings per share = Earnings after tax/ average numbers of shares

Earnings per share - diluted = Earnings after tax/ average number of shares - diluted

Earnings before tax % = Earnings before tax/ operating income

Cash flow per share - diluted = Cash flow from operating activities/ average number of shares - diluted

Equity ratio = Equity/ total assets



## NOTES TO THE FINANCIAL STATEMENTS

### Note 1 - Accounting principles

This report has been prepared in accordance with International Financial Reporting Standards (IFRS), including the standard for interim reporting (IAS 34). The same accounting principles and calculation methods used in the last year-end financial statements have been used here. Please refer to the Group's latest IFRS year-end financial statements, which are published on the Group's website under Investor Relations ([www.salmar.no](http://www.salmar.no)), for a complete description of the accounting principles.

This interim report has not been subject to external audit.

In this interim report the Group has used the same accounting principles as in the year-end financial statements for 2014. No new or amended accounting standards or interpretations went into force in Q1 2015.

### Note 2 - The company's 20 largest shareholders

Shareholder	Shares	%
KVERVA AS	60 500 000	53,40 %
FOLKETRYGDFONDET	8 544 725	7,54 %
ODIN NORGE	2 007 410	1,77 %
LIN AS	2 005 200	1,77 %
STATE STREET BANK AND TRUST CO.	1 557 097	1,37 %
SALMAR ASA	1 300 000	1,15 %
PARETO AKSJE NORGE	1 161 021	1,02 %
THE BANK OF NEW YORK MELLON	1 031 531	0,91 %
STATE STREET BANK & TRUST CO.	1 002 703	0,88 %
VERDIPAPIRFONDET DNB NORGE (IV)	913 521	0,81 %
EUROCLEAR BANK S.A./N.V. ('BA')	893 689	0,79 %
DNB NOR BANK ASA	736 543	0,65 %
STATE STREET BANK AND TRUST CO.	676 474	0,60 %
PARETO AKTIV	670 625	0,59 %
STOREBRAND NORGE I	588 901	0,52 %
JP MORGAN BANK LUXEMBOURG S.A	550 919	0,49 %
THE NORTHERN TRUST CO.	524 235	0,46 %
RBC INVESTOR SERVICES BANK S.A	492 524	0,43 %
KLP AKSJE NORGE INDEKS VPF	452 402	0,40 %
MORGAN STANLEY & CO. INTERNATIONAL	437 539	0,39 %
<b>Top 20</b>	<b>86 047 059</b>	<b>75,95 %</b>
Others	27 252 940	24,05 %
<b>Total</b>	<b>113 299 999</b>	<b>100,00 %</b>

**Note 3 - Inventory and Biological Assets (biomass)**

<b>Book value of inventory</b>	<b>31.03.2015</b>	<b>31.03.2014</b>	<b>31.12.2014</b>
Raw materials	79,6	82,9	86,5
Biological assets	2 948,5	2 850,5	3114,7
Finished goods	115,3	100,7	119,9
<b>Total</b>	<b>3 143,4</b>	<b>3 034,1</b>	<b>3321,1</b>

<b>Fair value adjustment of biological assets</b>	<b>31.03.2015</b>	<b>31.03.2014</b>	<b>31.12.2014</b>
Historic cost	2 306,1	2 164,2	2 285,8
Fair value adjustment of the biomass	642,4	686,4	828,9
<b>Book value</b>	<b>2 948,5</b>	<b>2 850,5</b>	<b>3 114,7</b>

Raw materials largely comprise feed for smolt and marine-phase fish production. Raw materials used in secondary processing, as well as packaging materials, are also included. Stocks of biological assets are associated with SalMar's fish farming operations on land and at sea.

Finished goods comprise whole salmon, fresh and frozen, as well as processed salmon products.

**Biological assets in further detail**

The treatment for accounting purposes of live fish is regulated by IAS 41 Agriculture. IAS 41 contains a methodological hierarchy for the measurement of biological assets for accounting purposes. The main rule is that such assets must be measured at fair value.

The best estimate for the fair value of fish with a live weight of less than 1 kg is accumulated cost, while the fair value of harvestable fish with a live weight of more than 4 kg is adjusted to its expected net profit/loss. For fish with a live weight of between 1 kg and 4 kg the fair value adjustment of the biomass is set to its pro-rata share of expected net profit/loss at harvest. As a consequence, this can lead to a downward adjustment in the fair value of biological assets.

The fair value of the biomass is assessed on the basis of the market price for the individual weight class on the balance sheet date, corrected for sales costs, including harvesting costs and processing wastage. The market price is adjusted for differences in quality. The sales prices used are based on external forward prices and/or the most relevant price information available for the particular period when the fish are due to be harvested.

Smolt are valued at cost.

**Note 4 - Fair Value Adjustments**

Fair value adjustments are part of the Group's operating profit/loss, but changes in fair value are presented on a separate line to provide a better understanding of the Group's profit/loss on the sale of goods. The item Fair Value Adjustments comprises:

	<b>1Q 2015</b>	<b>1Q 2014</b>	<b>YTD 2014</b>
Change in fair value of the biomass	-186,4	-188,5	-39,0
Change in provisions for onerous contracts	33,6	-	-30,6
Unrealised change in value of fish-pool contracts	40,7	-11,0	-39,2
Unrealised change in value of forward currency contracts	52,7	15,2	-123,6
<b>Fair value adjustments recognised in profit and loss</b>	<b>-59,5</b>	<b>-184,3</b>	<b>-232,3</b>

## Note 5 - Business combinations

### Business acquisitions in 2015

The Group has made no business combinations in Q1 2015.

### Business acquisitions in 2014

#### Hitramat Farming AS

On 1 October 2014 the Group agreed to purchase 51 per cent of the shares in Hitramat Farming AS. For accounting purposes the transaction was treated as a business takeover. The purpose of the acquisition was to secure SalMar's access to production licences. The allocation of consideration, which must be deemed final, is presented below.

<i>The acquisition's effect on the balance sheet:</i>	Book value	Fair value adjustments	Fair value
Intangible fixed assets	8,1	51,9	60,0
Current assets	31,1	-	31,1
Liquid assets	0,2	-	0,2
Deferred tax	-	-14,0	-14,0
Other liabilities	-34,9	-	-34,9
<b>Net identifiable assets and liabilities</b>	<b>4,5</b>	<b>37,9</b>	<b>42,4</b>
Kontantvederlag			-28,8
Non-controlling interests			-27,7
<b>Goodwill</b>			<b>14,0</b>

## Note 6 - Financial assets - Associates

Companies recognised in accordance with the equity method	Norskott	Others	TOTAL
Opening balance 31.12.2014	520,3	3,3	523,7
Acquisition of shares/contribution	-	-	-
Share of year's profit/loss	16,1	-	16,1
Other items in comprehensive income	13,9	-	13,9
Dividend received	-	-	-
Sale of assets	-	-	-
<b>Closing balance 31.03.2015</b>	<b>550,4</b>	<b>3,3</b>	<b>553,6</b>

## Note 7 - Other financial items

	1Q 2015	1Q 2014	YTD 2014
Net interest expenses	-23,4	-28,0	-115,1
Other net financial items	1,3	0,5	1,1
<b>Total other financial items</b>	<b>-22,1</b>	<b>-27,5</b>	<b>-114,0</b>



## Note 8 - Exit of subsidiaries and non-controlling interests

### Exit of subsidiaries and non-controlling interests 2015

No changes were made with respect to shareholdings in the Group's subsidiaries in Q1 2015.

### Exit of subsidiaries and non-controlling interests 2014

Over the course of 2013 SalMar acquired a 50.4 per cent shareholding in Villa Organic, giving it a controlling interest in the company. Villa Organic is a fully integrated aquaculture group, operating throughout the value chain. Its fish farming operations are located in Finnmark. Villa Organic has a total of 16 licences for the production of farmed salmon. SalMar and Villa Organic's other major shareholder (Lerøy Seafood Group ASA) have jointly decided to divide the company between themselves. This has been accomplished with effect from 1 July 2014. SalMar's share of the Villa Organic group's activities will continue operating as SalMar Laksefjorden AS, in which SalMar has a 99.94 per cent shareholding. SalMar Laksefjorden now owns eight licences and thus has control of the Laksefjord area in Finnmark. With effect from 1 July 2014, SalMar Laksefjorden's operations was integrated into the segment SalMar Northern Norway.

The demerger of the Villa Group has been completed with effect, for accounting purposes, from 1 July 2014. The buyout of non-controlling interests in the Villa Group was accomplished with settlement in assets and liabilities. As a consequence, the shareholdings in the subsidiaries Romsdal Processing AS and Kirkenes Processing AS was divided between SalMar Laksefjorden AS and Lerøy Finnmark AS. This means that these two subsidiaries exited the Group with effect from 1 July 2014. The exit of the subsidiaries and non-controlling interests has affected the SalMar Group as shown in the table below.

NOK million	Exit of subsidiaries and non-controlling interests 01.07.2014
<b>ASSETS</b>	
Intangible fixed assets	-151,7
Tangible fixed assets	-106,1
Financial fixed assets	2,5
<b>Total fixed assets</b>	<b>-255,3</b>
Inventory	-90,7
Accounts receivables	-13,5
Other short-term receivables	-7,6
Cash and cash equivalents	-140,9
<b>Total current assets</b>	<b>-252,8</b>
<b>TOTAL ASSETS</b>	<b>-508,1</b>
<b>EQUITY AND LIABILITIES</b>	
Minority interests	-332,0
<b>Total equity</b>	<b>-332,0</b>
Provisions for liabilities	-42,3
Int. bearing long-term liabilities	-42,6
<b>Total long-term liabilities</b>	<b>-84,8</b>
Other short-term liabilities	-91,2
<b>Total short-term liabilities</b>	<b>-91,2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-508,1</b>
<b>Net interest bearing debt</b>	<b>98,4</b>

### Exit of subsidiaries

In connection with the demerger of the Villa Group, assets in the subsidiaries Romsdal Processing AS and Kirkenes Processing AS were divided between SalMar Laksefjorden AS and Lerøy Finnmark AS. Calculation of the gain deriving from the exit of subsidiaries is based on the fair value of the subsidiaries' assets and liabilities. Since the fair value of the subsidiaries' assets and liabilities is deemed to correspond to book value, this has resulted in neither gain nor loss for the Group.

### Exit of non-controlling interests

The buyout of non-controlling interests was settled in assets and liabilities. Assets and liabilities are set at fair value in connection with the transaction. Fair value is deemed to equal the book value of the assets which are exiting the Group. The effect of this is recognised as a direct reduction in the share of equity held by non-controlling interests.