



# SalMar ASA

Presentation Q2 2015

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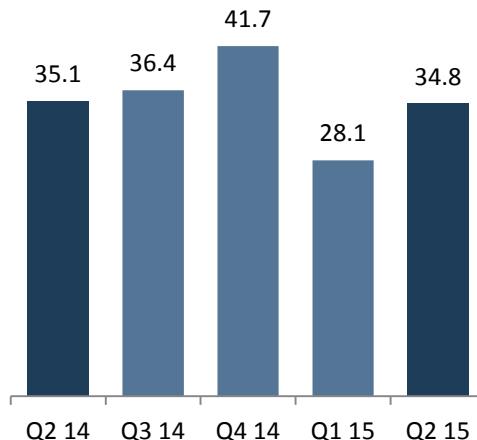
# Agenda

- Highlights
- Financial update
- Operational update
- Outlook

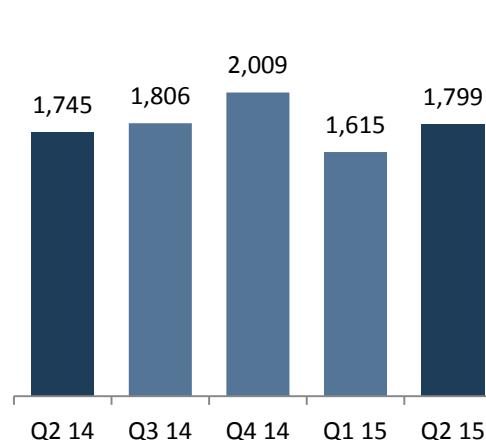
# Second quarter 2015 highlights

- Operational EBIT of NOK 335m
- The sanitary situation still driving costs, particularly in segment Rauma and segment Central-Norway
- Satisfactory results within Sales & Processing
- Guiding on 139 000 tons harvested in 2015 maintained

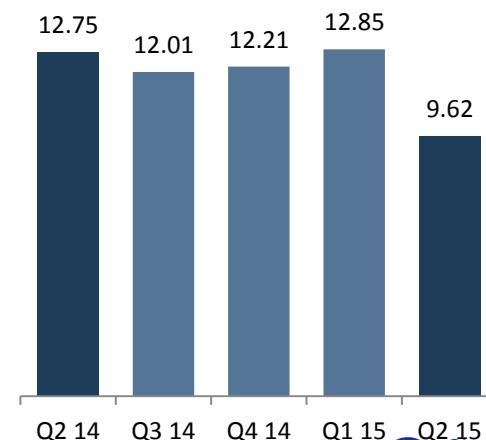
Harvest volume (1,000 tons)



Operating income (NOKm)



EBIT/kg (NOK)



# Financial update



# Group profit and loss

<b>NOK Million</b>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>YTD 2015</b>	<b>YTD 2014</b>	<b>FY 2014</b>
<b>Operating income</b>	<b>1,799.3</b>	<b>1,744.8</b>	<b>3,414.3</b>	<b>3,371.1</b>	<b>7,185.9</b>
Cost of goods sold	890.9	750.3	1,614.0	1,405.7	3,175.3
Payroll expenses	190.2	189.9	367.8	358.8	710.4
Other operating expenses	305.9	292.2	585.8	539.3	1,143.0
<b>EBITDA</b>	<b>412.3</b>	<b>512.5</b>	<b>846.8</b>	<b>1,067.3</b>	<b>2,157.2</b>
Depreciations	77.2	65.1	151.0	134.6	278.2
<b>Operational EBIT</b>	<b>335.1</b>	<b>447.4</b>	<b>695.9</b>	<b>932.7</b>	<b>1,879.0</b>
Fair value adjustment	-60.2	-127.8	-119.7	-312.1	-232.3
<b>Operational profit</b>	<b>274.9</b>	<b>319.6</b>	<b>576.2</b>	<b>620.6</b>	<b>1,646.7</b>
Income from investments in associates	5.8	18.2	22.0	54.6	96.1
Other financial items	-23.6	-24.6	-45.7	-52.1	-114.0
<b>Profit before tax</b>	<b>257.2</b>	<b>313.2</b>	<b>552.4</b>	<b>623.1</b>	<b>1,628.8</b>
Tax	69.6	78.8	146.7	151.8	413.4
<b>Net profit for the period</b>	<b>187.6</b>	<b>234.4</b>	<b>405.8</b>	<b>471.3</b>	<b>1,215.5</b>

- Revenues upheld by higher volumes QoQ
- Average salmon price (NASDAQ) NOK 38.00/ kg (NOK 40.29/kg)
- Contract share of 40% with positive price effect
- Productions costs affected by sanitary conditions
- EBIT/kg NOK 9.62 vs NOK 12.75 in Q2 14

# Group balance sheet

<b>NOK Million</b>	<b>30/06/2015</b>	<b>31/03/2015</b>	<b>31/12/2014</b>	<b>30/06/2014</b>
<b>ASSETS</b>				
Intangible fixed assets	2,921.6	2,905.8	2,898.6	2,906.3
Tangible fixed assets	2,144.1	2,046.2	2,017.6	2,039.4
Financial fixed assets	595.4	569.3	539.2	462.5
<b>Total fixed assets</b>	<b>5,661.1</b>	<b>5,521.3</b>	<b>5,455.4</b>	<b>5,408.2</b>
Inventory	3,031.9	3,143.4	3,321.1	2,912.3
Accounts receivables	841.8	780.3	888.2	532.6
Other short-term receivables	219.6	147.4	292.6	230.3
Cash and cash equivalents	109.0	86.1	167.0	368.2
<b>Total current assets</b>	<b>4,202.3</b>	<b>4,157.2</b>	<b>4,669.0</b>	<b>4,043.3</b>
<b>TOTAL ASSETS</b>	<b>9,863.5</b>	<b>9,678.5</b>	<b>10,124.4</b>	<b>9,451.6</b>
<b>EQUITY AND LIABILITIES</b>				
Paid-in equity	476.6	476.6	476.6	476.6
Reserves	3,923.7	4,839.6	4,600.1	3,826.2
Minority interests	68.5	60.3	60.6	355.6
<b>Total equity</b>	<b>4,468.7</b>	<b>5,376.4</b>	<b>5,137.3</b>	<b>4,658.3</b>
Provisions for liabilities	1,201.5	1,215.3	1,262.6	1,342.1
Int. bearing long-term liabilities	2,516.1	1,528.4	2,191.6	2,310.0
<b>Total long-term liabilities</b>	<b>3,717.6</b>	<b>2,743.6</b>	<b>3,454.2</b>	<b>3,652.1</b>
Int. bearing short-term liabilities	325.0	315.2	276.7	355.8
Other short-term liabilities	1,352.1	1,243.2	1,256.3	785.3
<b>Total short-term liabilities</b>	<b>1,677.1</b>	<b>1,558.5</b>	<b>1,533.0</b>	<b>1,141.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,863.5</b>	<b>9,678.5</b>	<b>10,124.4</b>	<b>9,451.6</b>
Net interest bearing debt	2,732.2	1,757.5	2,301.3	2,297.6
Equity share	45.3 %	55.6 %	50.7 %	49.3 %

- Investments in line with ongoing investment program
- Slight increase in current assets
  - Reduced biological assets and value adjustment
  - Short term receivables increased by NOK 134m
- NIBD increased by NOK 975 million following dividend pay out
- Strong financial position

# Group cash flow

<b>NOK Million</b>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>YTD 2015</b>	<b>YTD 2014</b>	<b>FY 2014</b>
Profit before tax	257.2	313.2	552.4	623.1	1,628.8
Tax paid in period	-1.1	-0.6	-5.2	-2.0	-25.8
Depreciation	77.2	65.1	151.0	134.6	278.2
Share of profit/loss from associates	-5.8	-18.2	-22.0	-54.6	-96.1
Realized and unrealized gains on financial assets	-	-	-	-	-
Non-recurring gains on acquisitions	-	-	-	-	-
Change in fair value adjustments	60.2	127.8	119.7	312.1	232.3
Change in working capital	-49.8	210.2	210.1	101.5	-512.4
Other changes	21.0	25.7	28.8	55.4	142.1
<b>Net cash flow from operating activities</b>	<b>358.8</b>	<b>723.1</b>	<b>1,034.8</b>	<b>1,170.0</b>	<b>1,647.0</b>
<b>Net cash flow from investing activities</b>	<b>-190.9</b>	<b>-588.0</b>	<b>-300.5</b>	<b>-724.1</b>	<b>-1,031.9</b>
Change in interest-bearing debt	997.6	72.2	372.9	-189.4	-357.4
Dividend paid out	-1,120.0	-896.0	-1,120.0	-896.0	-898.2
Buy-out of non-controlling interest	-	-	-	-	-140.9
Interest paid	-22.0	-24.0	-45.4	-52.0	-115.1
Other changes	0.2	-6.5	0.2	-11.3	-10.9
<b>Net cash flow from financing activities</b>	<b>-144.2</b>	<b>-854.3</b>	<b>-792.3</b>	<b>-1,148.7</b>	<b>-1,522.5</b>
Net change in cash for the period	23.7	-719.2	-58.0	-702.8	-907.4
Foreign exchange effects	-0.8	0.7	-	-0.0	3.3
Cash in the beginning of the period	86.1	1,086.7	167.0	1,071.0	1,071.0
<b>Cash and cash equivalents end of period</b>	<b>109.0</b>	<b>368.2</b>	<b>109.0</b>	<b>368.2</b>	<b>167.0</b>

- Cash flow from operations of NOK 359 million
  - Increased working capital of NOK 50 million
- Investment mainly related to ongoing investment program
  - Farming segments
  - Smolt capacity
- NIBD increased due to dividend payout.

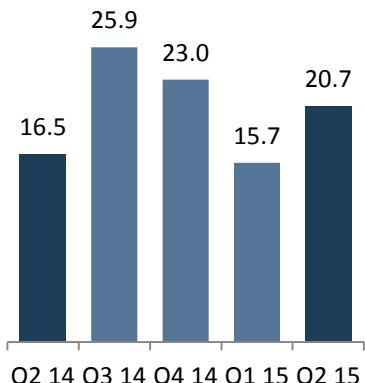


# Operational update

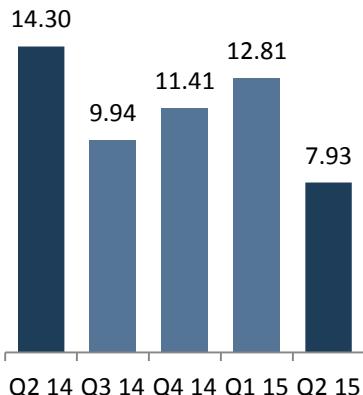
# Farming Central Norway

	Q2 2015	Q2 2014	FY 2014
Operating income (NOKm)	747	664	2 864
Operational EBIT (NOKm)	164	235	946
Operational EBIT %	22%	35%	33%
Harvested volume (1000 tgw)	20,7	16,5	75,2
EBIT/kg	7,93	14,30	12,58

Harvest volume (1,000 tons)



EBIT/kg (NOK)

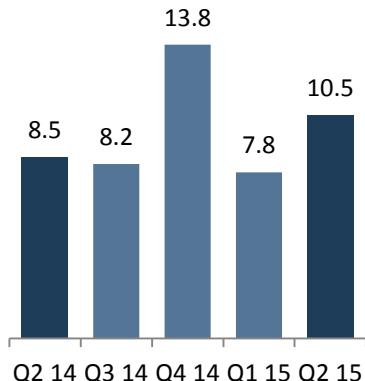


- Price realisation negatively affected by harvesting profile
- Some accelerated harvesting in the quarter
  - Lower average weight
  - Lower price achieved
  - Higher cost per kilo
- Expect stable cost situation into Q3, but sanitary situation still challenging

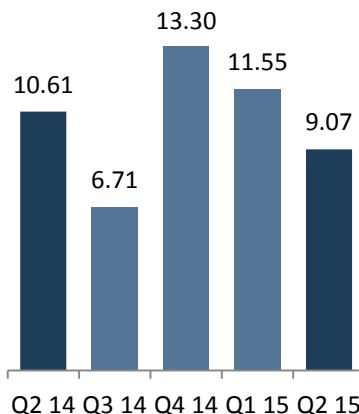
# Farming Northern Norway

	Q2 2015	Q2 2014	FY 2014
Operating income (NOKm)	387	315	1 443
Operational EBIT (NOKm)	95	90	477
Operational EBIT %	25%	29%	33%
Harvested volume (1000 tgw)	10,5	8,5	37,5
EBIT/kg	9,07	10,61	12,72

Harvest volume (1,000 tons)



EBIT/kg (NOK)

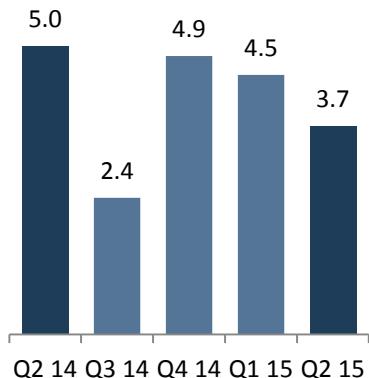


- Steady performance with satisfactory results
- Cost reduction QoQ
- Regulatory challenges regarding new sites/expand sites
- Biological situation remains sound, expects stable cost situation going forward

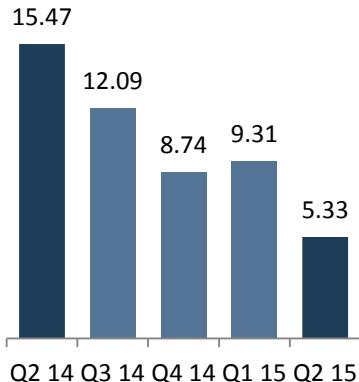
# Farming Rauma

	Q2 2015	Q2 2014	FY 2014
Operating income (NOKm)	155	239	782
Operational EBIT (NOKm)	20	78	215
Operational EBIT %	13%	33%	27%
Harvested volume (1000 tgw)	3,7	5,0	16,5
EBIT/kg	5,33	15,47	13,04

Harvest volume (1,000 tons)



EBIT/kg (NOK)



- Organic salmon represent 57% of total volumes
- Q2 results charged with NOK 3m from smolt destruction
- Biological situation very challenging, and cost expected to increase in Q3

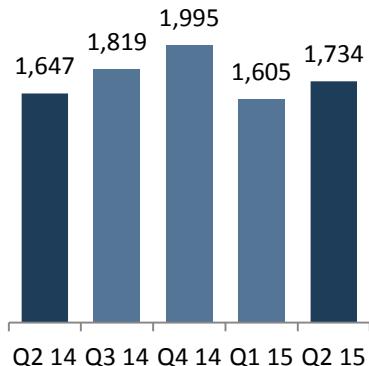
# Sales & Processing

	Q2 2015	Q2 2014	FY 2014
Operating income (NOKm)	1 734	1 647	6 848
Operational EBIT (NOKm)	72	12	138
Operational EBIT %	4%	1%	2%

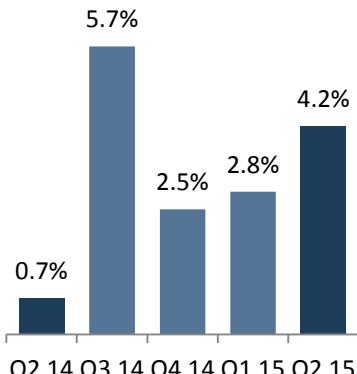
- Continued margin improvement

- 40% of volumes on contracts

Operating income (NOKm)



EBIT-margin (%)



- High capacity utilisation and stable operations within processing

- Harvest volume 31,800 tons including external volume of 10,200 tons

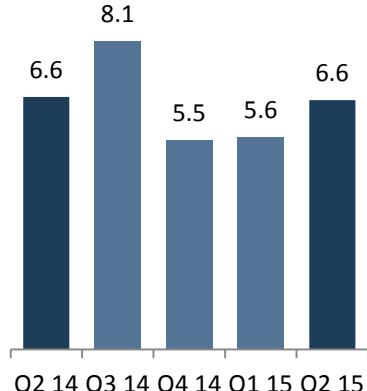
- Good operational performance within VAP

- Handled relatively high volumes

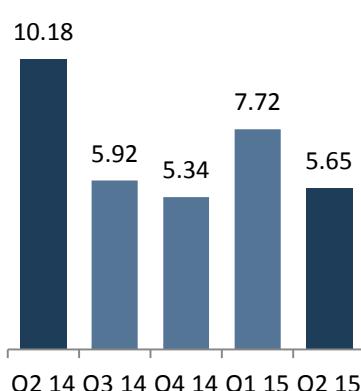
# Norskott Havbruk

	Q2 2015	Q2 2014	FY 2014
Operating income (NOKm)	344	332	1,385
Operational EBIT (NOKm)	37	68	232
Operational EBIT %	11%	20%	17%
Value adjustments biomass	-21	-21	8
Profit before tax	15	44	239
SalMar share after tax	6	18	96
Harvested volume (1000 tgw)	6,6	6,6	27,5
EBIT/kg	5,65	10,18	8,44

Harvest volume (1,000 tons)



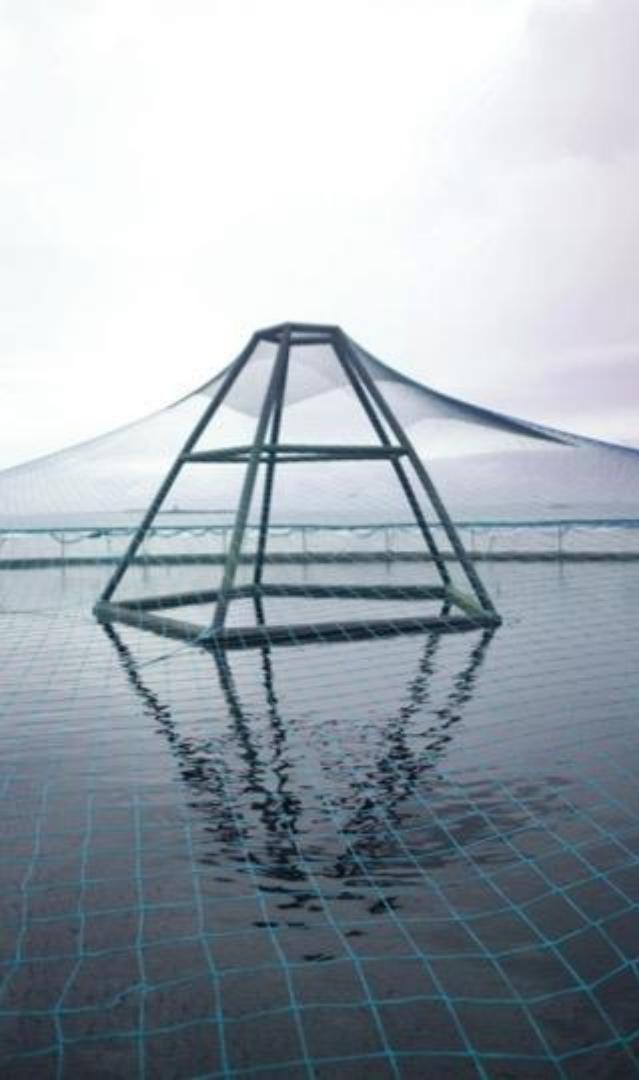
EBIT/kg (NOK)



- Harvest volumes and revenues in line with Q2 2014
- Lower profitability
  - Lower price realization
  - Higher costs
- Contract share of some 58% during the quarter
- Expect harvest volumes of 31,000 tons in 2015

# Outlook





# Outlook

- Biological situation remain challenging, but costs stabilizing in selected regions
- 139,000 tons guiding maintained
- Current contract share for Q3 2015 app. 50%.
- Norwegian supply of Atlantic Salmon estimated to increase 5% to 1.26 million tons in 2015
- Price on feed ingredients trending down from 2H 2015

# Ocean Farming



**Ocean Farming  
TECHNICAL  
INFORMATION**

A robust design that enables installation and operation of fish farming in ocean-exposed (offshore) areas with excellent aqua biological conditions.

- Overall height 67 m
- Diameter 110 m
- Volume 245.000 m<sup>3</sup>
- Weight 5.600 tonnes
- High HSE standards for fish and personnel
- Automated operations
- Central column equipped with control room, living quarter, utilities, feed silos

- Offshore fish farming project ongoing
- New design that combines the best of existing technology and solutions from the Norwegian fish farming industry and the offshore oil and gas sector.
- SalMar ready to “push the button”
- Awaiting situation regarding licenses
  - Pricing important for total investment
- If the project goes according to schedule: Salmon ready for harvest 2018



Thank you for your attention!

[www.salmar.no](http://www.salmar.no)