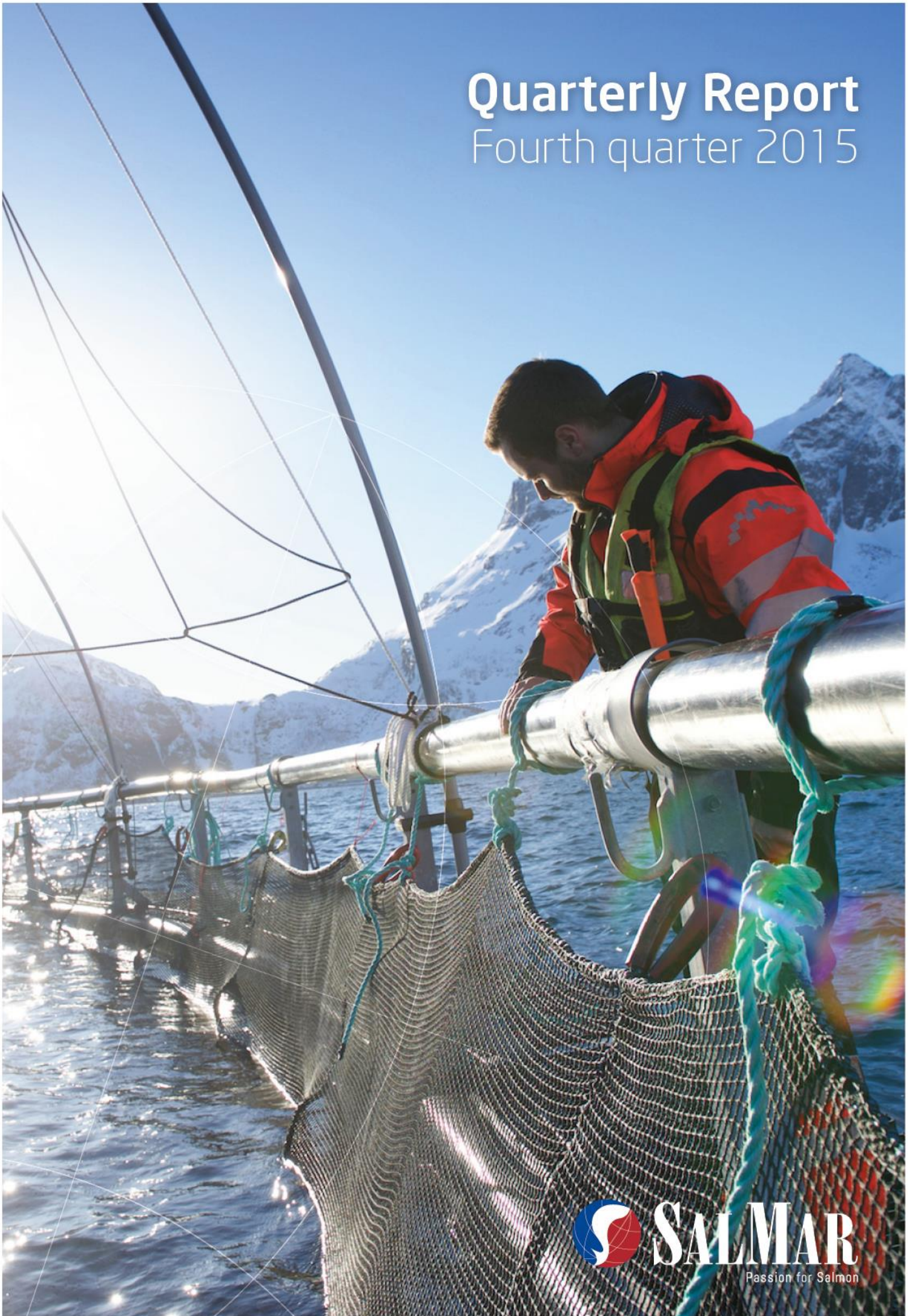


# Quarterly Report

## Fourth quarter 2015



## SATISFACTORY RESULTS BUT STILL BIOLOGICAL CHALLENGES

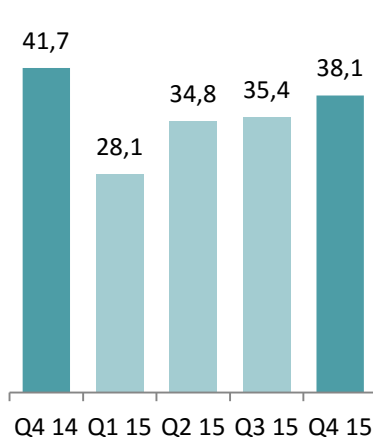
### HIGHLIGHTS IN THE FOURTH QUARTER 2015

- Salmon prices were driven to record levels by limited growth in supply and a weak Norwegian currency.
- The biological situation and high feed prices drove up marine-phase farming costs.
- A 50 per cent contract sales rate significantly weakened the Sales & Marketing segment's results.
- The board of directors is recommending a dividend for 2015 of NOK 10 per share.

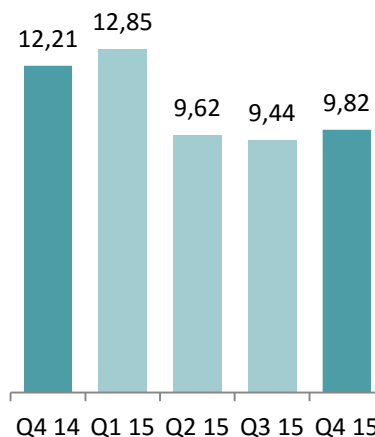
### KEY FIGURES GROUP

| NOK million                        | Q4 2015 | Q4 2014 | 2015    | 2014    |
|------------------------------------|---------|---------|---------|---------|
| Operating revenues                 | 2 035.2 | 2 008.7 | 7 326.2 | 7 185.9 |
| Operational EBIT                   | 374.3   | 508.7   | 1 403.9 | 1 879.0 |
| Operational EBIT %                 | 18.4%   | 25.3%   | 19.2%   | 26.1%   |
| Fair value adjustments             | 18.5    | -127.5  | 39.9    | -232.3  |
| Share of profit/loss in associates | 14.1    | 31.1    | 40.2    | 96.1    |
| Profit before tax                  | 377.0   | 387.5   | 1 383.7 | 1 628.8 |
| EPS                                | 3.37    | 2.55    | 9.85    | 10.53   |
| NIBD                               | 2 628.1 | 2 301.3 | 2 628.1 | 2 301.3 |
| Equity ratio %                     | 47.8 %  | 50.7 %  | 47.8 %  | 50.7%   |
| Harvested volume (1 000 tgw)       | 38.1    | 41.7    | 136.4   | 141.0   |
| EBIT/kg gw (NOK)                   | 9.82    | 12.21   | 10.29   | 13.33   |

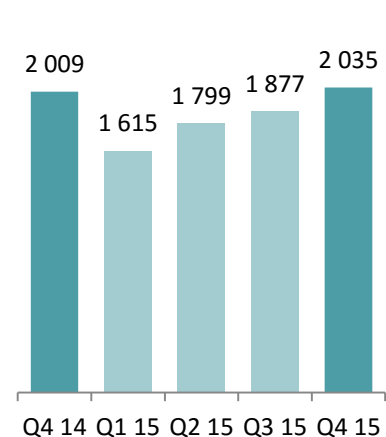
Harvested volume (1 000 tgw)



EBIT/kg (NOK)



Operating revenue (NOKm)







## FINANCIAL PERFORMANCE IN THE FOURTH QUARTER 2015

*SalMar is one of the world's leading producers of farmed salmon. Since its establishment in 1991, growth has been accompanied by excellent financial results. Historically, the company has focused on price leadership. Although this objective remains unchanged, the company also wishes to intensify its focus on performance, and make SalMar outstanding in all areas and at all stages of production.*

*The aquaculture industry is developing rapidly, and the potential for further growth is substantial. SalMar is unequivocal in its belief that further growth must be sustainable: environmentally, socially and financially.*

### Revenues and results in the fourth quarter 2015

The SalMar Group harvested a total of 38,100 tonnes of salmon in the fourth quarter 2015, compared with 35,400 tonnes the previous quarter and 41,700 tonnes in the fourth quarter 2014.

Norskott Havbruk (Scottish Sea Farms) harvested a total of 6,300 tonnes in the quarter. This is 2,300 tonnes less than in the previous quarter, but 800 tonnes more than in the fourth quarter 2014. SalMar owns 50 per cent of Norskott Havbruk.

The market for Atlantic salmon has been tight, with relatively high prices over a long period. This situation continued in the fourth quarter 2015, with the spot price rising from NOK 38.70 per kg at the start of the period to NOK 56.49 per kg at its close. The price increase was driven by a weak Norwegian currency.

The average price of salmon (NASDAQ Salmon Index) for the period ended at NOK 45.28 per kg, up NOK 4.19 per kg from the previous quarter and NOK 6.19 per kg from the fourth quarter 2014.

SalMar generated gross operating revenues of NOK 2,035.2 million in the fourth quarter 2015, compared with NOK 1,876.6 million in the third quarter last year and NOK 2,008.7 million in the fourth quarter 2014.

Operational EBIT for the Group as a whole came to NOK 374.3 million, up from NOK 333.7 million in the previous quarter, but down from NOK 508.7 million in the fourth quarter 2014.

For the Group, therefore, this gave an Operational EBIT per kg of NOK 9.82 in the fourth quarter 2015, compared with NOK 9.44 per kg in the previous quarter and NOK 12.21 per kg in the corresponding quarter in 2014.

Operational EBIT for the Group as a whole was reduced by a total of NOK 39.5 million as a result of non-recurring incidents relating to the loss of previously acquired site rights, the closure of a hatchery and write-downs on broodfish. These items are recognised under eliminations in the segments' financial statements.

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 boosted the recognised operating profit by NOK 18.5 million in the quarter. The value of the

standing biomass rose by NOK 107.7 million in the fourth quarter 2015, while changes in unrealised losses on contracts, financial Fish Pool contracts and foreign currency positions reduced operating profit by NOK 89.2 million. See Note 4 for further details.

Thus, operating profit for the fourth quarter 2015 came to NOK 392.7 million, compared with NOK 381.3 million in the fourth quarter 2014. Operating profit in the fourth quarter 2014 was reduced by fair value adjustments totalling NOK 127.5 million.

SalMar's share of the profit/loss in associates totalled NOK 14.1 million during the period. The bulk of this contribution derives from SalMar's share of the profit/loss in Norskott Havbruk. Associates contributed a total of NOK 31.1 million in the fourth quarter 2014.

Net other financial items was negative in the amount of NOK 29.8 million in the period, NOK 24.3 of which is attributable to net interest expenses. Profit before tax in the period came to NOK 377.0 million. In the fourth quarter 2014 net other financial items was negative in the amount of NOK 24.8 million, such that profit before tax in the period came to NOK 387.5 million. See Note 7 for further details.

In the fourth quarter 2015 SalMar had a tax income of NOK 9.9 million, compared with a tax expense of NOK 97.4 million in the corresponding period the year before. The tax income is attributable primarily to a lower tax rate from 2016 through reduced deferred tax at the close of the year. The effect is recognised in profit and loss in the fourth quarter.

The Group's net profit for the quarter therefore totalled NOK 386.9 million, compared with NOK 290.1 million in the fourth quarter 2014.

### Revenues and results in 2015

In 2015 as a whole the Group generated gross operating revenues of NOK 7,326.2 million, compared with NOK 7,185.9 million in 2014.

Excluding Norskott Havbruk, a total of 136,400 tonnes was harvested in 2015, compared with 141,000 tonnes in 2014.

The average price of salmon (NASDAQ Salmon Index) for 2015 was NOK 41.45 kg, up from NOK 40.56 per kg in 2014.

Operational EBIT for the year as a whole came to NOK 1,403.9 million, down from NOK 1,879.0 million in 2014.



The decrease in profit is attributable to a lower harvested volume and generally higher production costs caused by the challenging biological situation.

Fair value adjustments boosted profits by NOK 39.9 million in the period, such that operating profit for the year as a whole totalled NOK 1,443.8 million. Operating profit for 2014 came to NOK 1,646.7 million after negative fair value adjustments totalling NOK 232.3 million.

SalMar's share of the profit/loss in associates totalled NOK 40.2 million in 2015, compared with NOK 96.1 million the year before. Net other financial items was negative in the amount of NOK 100.4 million, such that profit before tax in 2015 came to NOK 1,383.7 million. In 2014 net other financial items was negative in the amount of NOK 114.0 million, while profit before tax totalled NOK 1,628.8 million.

The tax expense for 2015 is calculated at NOK 254.9 million, compared with NOK 413.4 million in 2014.

Net profit for 2015 thus totalled NOK 1,128.8 million, compared with NOK 1,215.5 million in 2014.

### Cash flow

The SalMar Group generated a positive cash flow from operational activities of NOK 416.6 million in the fourth quarter 2015. Tax paid in the period, totalling NOK 309.3 million, was largely offset by a NOK 284.0 million reduction in working capital. This latter was largely due to released biomass and an increase in trade payables.

Net cash flow from investing activities was negative in the amount of NOK 320.2 million in the period. This relates largely to investments in property, plant and equipment totalling NOK 280.2 million in the period, and to payments made in connection with investments in businesses amounting in all to NOK 43.4 million

Net cash flow from financing activities in the fourth quarter 2015 was positive in the amount of NOK 77.8 million. The company's interest-bearing debt increased by NOK 107.0 million in the period, while net interest of NOK 24.3 million was paid.

In consequence, SalMar's net cash flow for the fourth quarter 2015 was positive in the amount of NOK 174.2 million. The Group's total holdings of cash and cash equivalents at the close of the quarter therefore stood at NOK 273.7 million.

### Financial position

At the close of 2015 SalMar's balance sheet totalled NOK 10,943.5 million, compared with NOK 10,515.2 million at the close of the third quarter 2015 and NOK 10,124.4 million at year-end 2014.

The book value of the Group's property, plant and equipment rose by NOK 201.7 million through the fourth quarter to NOK 2,412.0 million. Investments are being made in line with previously adopted plans, largely associated with site investments, the expansion of hatchery capacity and preparations for the construction of the planned offshore net cage. The level of investment was higher than depreciation in the period, a situation which will continue in coming periods.

As at 31 December 2015, the Group had total current assets of NOK 4,981.8 million, an increase of NOK 177.6 million compared with three months earlier. The increase is almost entirely related to changes in cash holdings, which rose by NOK 177.4 million to NOK 273.7 million in the quarter.

The value of inventory rose by NOK 52.6 million in the fourth quarter 2015. The volume of fish held at sea decreased in the quarter, and the cost of the standing biomass increased slightly. In all, production costs fell by NOK 78.8 million in the quarter. Fair value adjustments increased by NOK 107.7 million as a result of higher market prices.

Trade receivables decreased by NOK 75.3 million in the period, while other current receivables increased by NOK 23.0 million.

At the close of the year, the Group had total equity of NOK 5,227.0 million, which corresponds to an equity ratio of 47.8 per cent. See separate presentation of movements in equity for further details of changes during the quarter.

At the close of the quarter, interest-bearing debt totalled NOK 2,901.8 million, debt to credit institutions accounted for NOK 2,480.4 million, leasing liabilities accounted for NOK 93.9 million, while leasing liabilities associated with InnovaMar accounted for NOK 318.9 million. Short-term interest-bearing debt, in the amount of NOK 140.4 million, comprises the first year's instalments on long-term interest-bearing debt.

Corrected for cash holdings, this gives the Group a net interest-bearing debt of NOK 2,628.1 million as at 31 December 2015, NOK 61.6 million less than three months before.



## OPERATIONAL PERFORMANCE IN THE FOURTH QUARTER 2015

### Fish farming – Central Norway

| NOK million                                  | Q4 15 | Q4 14 | 2015  | 2014  |
|--|-------|-------|-------|-------|
| Operating revenues                           | 843   | 842   | 3 157 | 2 864 |
| Operational EBIT                             | 204   | 263   | 815   | 946   |
| Operational EBIT%                            | 24%   | 31%   | 26%   | 33%   |
| Harvested volume<br>(1 000 t <sub>gw</sub> ) | 20.2  | 23.0  | 80.5  | 75.2  |
| EBIT/kg gw (NOK)                             | 10.13 | 11.41 | 10.13 | 12.58 |

SalMar's Central Norway segment harvested a total of 20,200 tonnes of salmon in the fourth quarter 2015, compared with 23,000 tonnes in the same period in 2014. The segment generated gross operating revenues of NOK 842.7 million in the quarter, compared with NOK 841.8 million in the same period the year before.

80 per cent of the volume harvested in the quarter came in the first two months. Given price developments through the period, this had a negative effect on prices achieved. As a result, the prices achieved were lower than the average spot price for the quarter.

The biological situation in the Central Norway segment remained challenging in the fourth quarter, and had a negative impact on costs. This applies particularly to the cost of keeping the number of salmon lice below regulatory thresholds. On our own initiative, we elected to harvest fish earlier than planned as a result of a high level of salmon lice. This resulted in a lower average weight, higher production costs per kg and lower realised prices.

During the quarter harvesting commenced of fish transferred to the sea in the autumn of 2014. This cohort has a higher underlying cost compared with fish transferred in the spring, largely due to accumulated delousing costs.

Operating profit per kg in the period therefore came to NOK 10.13, down from NOK 11.41 per kg in the fourth quarter 2014, and marginally down from the NOK 10.27 per kg achieved in the third quarter 2015.

The biological situation remains challenging, and developments in the cost of the harvested biomass are expected to stay at more or less the same level in the coming quarter.

The Central Norway segment expects to harvest a total of 67,000 tonnes in 2016.

### Fish farming – Northern Norway

| NOK million                                  | Q4 15 | Q4 14 | 2015  | 2014  |
|--|-------|-------|-------|-------|
| Operating revenues                           | 671   | 529   | 1 647 | 1 443 |
| Operational EBIT                             | 252   | 183   | 506   | 477   |
| Operational EBIT%                            | 38%   | 35%   | 31%   | 33%   |
| Harvested volume<br>(1 000 t <sub>gw</sub> ) | 14.1  | 13.8  | 39.5  | 37.5  |
| EBIT/kg gw (NOK)                             | 17.84 | 13.30 | 12.81 | 12.72 |

SalMar's Northern Norway segment harvested around 14,100 tonnes of salmon in the fourth quarter 2015, 300 tonnes more than in the same period the year before. A substantial portion of the volume was harvested in the second half of the period. This was beneficial in light of developments in the spot price, and had a positive impact on prices achieved.

The segment generated gross operating revenues of NOK 670.5 million in the fourth quarter 2015, up from NOK 529.3 million in the corresponding period the year before.

Operating profit per kg in the period came to NOK 17.84, up from NOK 13.30 per kg in the fourth quarter 2014 and from NOK 9.71 per kg in the third quarter 2015.

The improvement compared with 2014 can largely be attributed to higher prices.

Compared with the previous quarter, the improvement in profit comes to more than NOK 8 per kg. The rise is attributable to higher prices, as well as good underlying operations – with good fish growth and a high weight at harvest. In addition, the result achieved in the third quarter was negatively affected by site-specific costs.

The biological situation in the Northern Norway segment is satisfactory. It is therefore expected that the cost of the harvested biomass will stay at more or less the same level in the coming quarter.

The Northern Norway segment expects to harvest a total of 50,000 tonnes in 2016.



### Fish farming – Rauma

| NOK million                                  | Q4 15 | Q4 14 | 2015 | 2014  |
|--|-------|-------|------|-------|
| Operating revenues                           | 208   | 215   | 785  | 782   |
| Operational EBIT                             | 32    | 43    | 132  | 215   |
| Operational EBIT%                            | 15%   | 20%   | 17%  | 27%   |
| Harvested volume<br>(1 000 t <sub>gw</sub> ) | 3.8   | 4.9   | 16.4 | 16.5  |
| EBIT/kg gw (NOK)                             | 8.27  | 8.74  | 8.06 | 13.04 |

The Rauma segment harvested around 3,800 tonnes of fish in the fourth quarter 2015, compared with NOK 4,900 tonnes in the fourth quarter 2014. The segment generated gross operating revenues of NOK 207.7 million in the quarter, compared with NOK 215.4 million in the corresponding period the year before. The decrease is attributable to a lower harvested volume.

Organic salmon accounted for a substantial 87 per cent of the quarter's total volume harvested. Production of organic salmon is more expensive than conventional salmon, although organic salmon commands a higher price. However, in periods of consistently high spot prices, this premium is reduced.

The Rauma segment continues to face severe biological challenges, and dealing with persistently high salmon lice levels and outbreaks of PD contribute to increased costs. In addition, almost 60 per cent of the volume harvested in the fourth quarter came from a site where the challenges were particularly great.

Operating profit per kg gutted weight in the period came to NOK 8.27, down from 8.85 per kg in the previous quarter and from NOK 8.74 per kg in the corresponding period in 2014.

The harvesting of fish transferred to the sea in the spring of 2014 was completed in the fourth quarter. At present, the fish transferred to the sea in the autumn of 2014 are performing better, as a consequence of which lower production costs are expected going forward.

The Rauma segment expects to harvest around 16,000 tonnes of salmon in 2016.

### Sales and Processing

| NOK million        | Q4 15 | Q4 14 | 2015  | 2014  |
|--------------------|-------|-------|-------|-------|
| Operating revenues | 2 032 | 1 995 | 7 295 | 6 848 |
| Operational EBIT   | -45   | 50    | 73    | 138   |
| Operational EBIT%  | -2%   | 2%    | 1%    | 2%    |

The Sales and Processing segment generated gross operating revenues of NOK 2,031.6 million in the fourth quarter 2015, up from NOK 1,994.5 million in the corresponding period the year before. The segment sells the entire Group's harvested volume, with the exception of that deriving from joint operations with Lerøy in Finnmark, where 2,000 tonnes were harvested in the fourth quarter.

The segment made an operating loss of NOK 45.4 million in the fourth quarter. It broke even in the third quarter, and made an operating profit of NOK 49.7 million in the corresponding period in 2014.

The main reason for the weaker result is that around 50 per cent of the harvested volume was sold under contract at prices below the average spot price for the period.

The biological challenges facing the fish farming business have also had significant spill-over effects on Sales and Processing. Downgraded fish and non-standard sizes increased the degree of handling in production and had a negative impact on operational efficiency. The prices achieved by the sales operation were also affected.

In addition, the processing business was negatively affected by increased raw materials prices.

A total of 30,220 tonnes was harvested in the fourth quarter 2015, around 7,000 tonnes less than in the previous quarter, and 6,600 tonnes less than in the fourth quarter 2014. A total of 7,198 tonnes of externally sourced fish was also harvested during the period.

Around 50 per cent of the volume harvested in the first quarter 2016 is expected to be sold under contract.

### Eliminations

With effect from the fourth quarter 2013 research and development (R&D) costs have been included as eliminations in the segments' reported results. Of a total harvested volume of 38,112 tonnes during the quarter, R&D costs accounted for NOK 0.56 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 recognised as financial income. The figures in the table below reflect the company's overall performance.

| NOK million                                  | Q4 15 | Q4 14 | 2015  | 2014  |
|--|-------|-------|-------|-------|
| Operating revenues                           | 367   | 289   | 1 498 | 1 385 |
| Operational EBIT                             | 5     | 29    | 122   | 232   |
| Operational EBIT %                           | 1%    | 10%   | 8%    | 17%   |
| Fair value adj. biomass                      | 20    | 53    | -24   | 8     |
| Profit before tax                            | 22    | 81    | 90    | 239   |
| SalMar's share after tax                     | 13    | 31    | 41    | 96    |
| Harvested volume<br>(1 000 t <sub>gw</sub> ) | 6.3   | 5.5   | 27.0  | 27.5  |
| EBIT/kg gw (NOK)                             | 0.82  | 5.34  | 4.50  | 8.44  |

Norskott Havbruk generated gross operating revenues of NOK 367.2 million in the fourth quarter 2015, compared with NOK 288.6 million in the same quarter the year before.

Norskott harvested a total of 6,300 tonnes in the fourth quarter, 800 tonnes more than in the corresponding period in 2014. SalMar's share of the harvested volume totalled 3,150 tonnes.

Contract sales accounted for 65 per cent of the volume harvested in the quarter.

Operating profit per kg gutted weight in the period came to NOK 0.82, down from NOK 4.21 per kg in the previous quarter and from NOK 5.34 per kg in the fourth quarter 2014.

The result was affected by biological issues relating to gill problems and measures to control the lice situation – particularly in Shetland. This resulted in salmon being harvested earlier than planned, which in turn led to a lower average weight, higher production costs and a lower sales price achieved.

The company expects to harvest around 26,000 tonnes in 2016.

## MARKETS

### Supply and demand

The global supply of Atlantic salmon totalled approx. 647,350 tonnes in the fourth quarter 2015, up from 607,500 tonnes in the same period the year before. This corresponds to an increase of 7 per cent. With the exception of the Faeroes, growth was achieved in all regions during the period.

Compared with the same period in 2014, output from Norway rose by 3 per cent to 344,300 tonnes, while output from Chile rose by 10 per cent to 168,500 tonnes.

Output from the UK rose by a substantial 20 per cent to 48,400 tonnes, while North American producers increased

their output of Atlantic salmon by 5,300 tonnes in the period. This is 15 per cent more than in the same period the year before.

Output from the Faeroes fell by 2 per cent compared with the corresponding period in 2014, ending at 25,000 tonnes.

Other regions increased their combined output of Atlantic salmon by 10 per cent to 20,850 tonnes.

Norway exported around 330,000 tonnes round weight of Atlantic salmon in the fourth quarter 2015, 11,000 tonnes or 3 per cent more than in the fourth quarter 2014. Measured in NOK, salmon exports were worth just over NOK 14 billion, an increase of 17 per cent compared with the fourth quarter the year before.

Overall, exports of Norwegian salmon to the EU totalled 255,000 tonnes in the quarter, a rise of 5 per cent compared with the same period in 2014. With the exception of Russia, exports to all European markets were higher in the fourth quarter 2015 than in the same period the year before. However, exports to Asian markets have fallen.

Following a couple of quarters in which sales to the Polish market decreased, exports rose by 2 per cent in the fourth quarter 2015, compared with the same period the year before, to end at 48,000 tonnes. Poland is the largest single market for Norwegian salmon.

Exports to the French market rose by 3 per cent in the period to 43,100 tonnes, while exports to Denmark, at around 23,000 tonnes, were unchanged from the same period in 2014. Exports to the UK remained stable at around 20,000 tonnes in the first three quarters of 2015, which is a sharp increase compared with the year before. Exports in the fourth quarter totalled 22,700 tonnes, 2 per cent higher than in the fourth quarter 2014.

The downturn in exports to Asian markets continued in the fourth quarter. Total exports came to 8,700 tonnes in the period, 25 per cent less than in the corresponding period in 2014.

### Prices and exchange rates

The market for Atlantic salmon has been tight, with relatively high prices over a long period. This trend continued in the fourth quarter 2015. The spot price rose from NOK 38.70 per kg at the start of the period to NOK 56.49 per kg at its close.

The average price of salmon (NASDAQ Salmon Index) for the period came to NOK 45.28 per kg, NOK 4.19 per kg higher than in the previous quarter, and NOK 6.19 per kg more than in the fourth quarter 2014.

The exchange rate for the NOK against other key currencies remained stable through the quarter. Compared with the close of the previous quarter, the NOK weakened against the EUR, USD and GBP by 1.0 per cent, 3.6 per cent and 1.4 per cent respectively during the quarter.

Any weakening of the NOK against the respective currencies of its trading partners may lead to a slight increase in the price of salmon measured in NOK and vice versa.





## Biomass

At the close of 2015 Norway had a standing biomass of 701,400 tonnes round weight, 3 per cent lower than at the same point the year before, when the total biomass stood at 725,500 tonnes round weight. At the close of the previous quarter, Norway's total biomass stood at 692,700 tonnes round weight.

## EVENTS AFTER THE BALANCE SHEET DATE

No material events have occurred after the quarter's close.

## SHARES AND SHAREHOLDERS

At the close of 2015, SalMar had a total of 113,299,999 shares outstanding, divided between 4,920 shareholders. Of which SalMar ASA holds 1,180,081 own shares.

The company's major shareholder, Kverva AS, owns 53.4 per cent of the shares. The 20 largest shareholders own a total of 77,51 per cent of the shares. SalMar ASA is the company's seventh largest shareholder, with 1.18 million shares, corresponding to 1.04 per cent of the total number of shares outstanding as at 31 December 2015.

For most of the fourth quarter, SalMar's share price has fluctuated around NOK 140, with a rising trend towards the end of the period. The lowest price in the quarter was NOK 125.5 per share, while the highest price was NOK 155. This was also the final price on the year's last day of trading.

## OUTLOOK

In the fourth quarter 2015 the global supply of Atlantic salmon was 7 per cent higher than in the same period the year before. In coming quarters we expect to see a reduction in supply, and for 2016 as a whole it is expected to be 3 per cent lower than in 2015. As a result, the global supply of Atlantic salmon in 2016 is estimated at around 2.2 million tonnes. This estimate is around 60,000 tonnes lower than three months ago.

In the fourth quarter 2015 output of Atlantic salmon from Norway rose by 3 per cent compared with the same period the year before, to end at 344,300 tonnes. In the first quarter 2016 it is expected to fall by 10 per cent compared with the same period last year. The decrease is expected to lessen as the year progresses, such that for 2016 as a whole the output from Norwegian producers of Atlantic salmon is expected to be 4 per cent lower than in 2015.

After several quarters of decline, output of Atlantic salmon from Chilean producers rose by 10 per cent in the fourth quarter 2015 compared with the corresponding period the year before. Output for the year as a whole was therefore 1 per cent higher than in 2014. However, output in 2016 is once again expected to fall, with the largest decrease coming in the second half-year. Output from the region in 2016 as a whole is expected to total 546,800 tonnes, a fall of around 7 per cent compared with 2015.

Compared with the corresponding period in 2014, output in the UK rose by 20 per cent in the fourth quarter 2015 to 48,400 tonnes. Growth is expected to continue into 2016, with output rising by 5 per cent to 180,200 tonnes for the year as a whole.

Output in North America rose by 15 per cent in the fourth quarter 2015 to 40,300 tonnes. Strong growth is also anticipated in the first quarter of 2016. However, output is expected to decrease in the second and third quarters, such that for the year as a whole it will be marginally less than the year before, at 154,300 tonnes.

Output from the Faeroes in 2016 is expected to be 4,900 tonnes higher than in 2015.

Fish Pool forward prices as at 3 February indicate an average salmon price for February of NOK 53.40 per kg. The forward prices indicate a relatively strong price situation going forward as well, with quotes for the first and second quarters of 2016 of NOK 54.47 per kg and NOK 47.73 per kg respectively. The forward prices for corresponding contracts at the start of November 2015 were NOK 47.78 per kg and NOK 46.32 per kg respectively. As at 3 February, Fish Pool's forward price for 2016 as a whole is NOK 48.05 per kg, up from NOK 44.95 per kg three months before.

On 20 March 2015 the government published a report to the Norwegian Storting on predictable and environmentally sustainable growth in the aquaculture industry. This report was followed up by a consultation document, dated 12 June, containing proposals for the allocation of so-called development licences. The key points in the consultation document are intended to foster innovation and restructuring within the industry.

SalMar has for some time been working to develop a new equipment concept that will make it possible to site fish farms in more exposed areas, subject to harsher weather conditions. The equipment concept has been developed in conjunction with leading international centres of maritime expertise. Realisation of this offshore fish farm concept will be expensive, and will depend on the authorities awarding production licences at terms that make it commercially viable to do so.

In December 2015 the Directorate of Fisheries granted approval in principle for the "offshore net pen", and accepted that the company's application for eight development licences, at that point in time, lay within the scope of the development licence scheme. However, the Directorate of Fisheries pointed out that this was not a final decision and that the directorate would continue its assessment of the application with a view to a final award of development licences. It was further pointed out that in order for the directorate to make a final decision on the award of development licences, the subsequent assessment would have to substantiate that realisation of the project complied with the intentions of the scheme. SalMar continues to work on the project, with the objective of transferring fish to the sea in the late summer 2017.

Through an indirect shareholding in Arnarlax, SalMar has entered the salmon farming sector in Iceland. SalMar considers Iceland to be an exciting area for additional growth, and is now in position to take a more active role in further development in Iceland.

The biological situation for the Central Norway segment has been challenging for some time, particularly with regard to





keeping salmon lice levels below regulatory thresholds. SalMar has implemented a number of measures in this respect, including adjustments to operating plans, investments in cleaner fish, mechanical delousing, increased well boat capacity and active participation in the shaping of industry-wide framework conditions (zones and emergency response).

Based on this, the volume harvested in 2016 is expected to be lower than in 2015. In total, SalMar expects to harvest around 133,000 tonnes in 2016 as a whole, with around 40 per cent being harvested in the first half-year. Contract sales are expected to account for around 50 per cent of the volume harvested in the first half-year.

SalMar will continue its ongoing investment programme, and expects to invest around NOK 325 million related to

maintenance in 2016, largely on the sea farm side. In addition comes investments in increased smolt capacity in Northern and Central Norway. The facility in Northern Norway is expected to be completed in the autumn of 2016. Construction in Central Norway will commence in the first half of 2016. In total, around NOK 440 million will be invested to increase smolt capacity in 2016.

From a financial performance point of view, 2015 was a satisfactory year for SalMar. The board of directors considers SalMar's financial position to be extremely good, and is therefore recommending a dividend of NOK 10 per share. In the board's assessment, SalMar's financial capacity for further growth is strong.



## INCOME STATEMENT

| NOK million   | 4Q 15          | 4Q 14          | FY 2015        | FY 2014        |
|---|----------------|----------------|----------------|----------------|
| <b>Operating income</b>   | <b>2 035,2</b> | <b>2 008,7</b> | <b>7 326,2</b> | <b>7 185,9</b> |
| Cost of goods sold  | 1 017,0        | 926,3          | 3 562,8        | 3 175,3        |
| Payroll expenses  | 201,2          | 194,5          | 765,9          | 710,4          |
| Other operating expenses  | 348,2          | 299,4          | 1 272,2        | 1 143,0        |
| EBITDA  | 468,9          | 588,5          | 1 725,3        | 2 157,2        |
| Depreciations   | 94,7           | 79,7           | 321,4          | 278,2          |
| <b>Operational EBIT</b>   | <b>374,3</b>   | <b>508,7</b>   | <b>1 403,9</b> | <b>1 879,0</b> |
| Fair value adjustment   | 18,5           | -127,5         | 39,9           | -232,3         |
| <b>Operational profit</b>   | <b>392,7</b>   | <b>381,3</b>   | <b>1 443,8</b> | <b>1 646,7</b> |
| Income from investments in associates                                     | 14,1           | 31,1           | 40,2           | 96,1           |
| Other financial items   | -29,8          | -24,8          | -100,4         | -114,0         |
| Profit before tax   | <b>377,0</b>   | <b>387,5</b>   | <b>1 383,7</b> | <b>1 628,8</b> |
| Tax   | -9,9           | 97,4           | 254,9          | 413,4          |
| <b>Net profit for the period</b>  | <b>386,9</b>   | <b>290,1</b>   | <b>1 128,8</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                           | 6,7            | 42,3           | 58,5           | 58,8           |
| Change in translation diff. Subsidiaries, net tax                         | 0,4            | 0,2            | 1,9            | 0,2            |
| Change in fair value of currency instruments                              | -              | 3,4            | 2,8            | 3,1            |
| <b>Total comprehensive income</b>   | <b>396,8</b>   | <b>336,0</b>   | <b>1 192,0</b> | <b>1 277,5</b> |
| Non-controlling interests share of result                                 | 8,6            | 0,9            | 25,5           | 23,0           |
| Controlling interests share of result                                     | 378,2          | 289,3          | 1 103,3        | 1 192,5        |
| Earnings per share (NOK)  | 3,37           | 2,55           | 9,85           | 10,53          |
| Earnings per share - diluted  | 3,37           | 2,55           | 9,83           | 10,53          |



## BALANCE SHEET – GROUP

| NOK million                         | 31.12.2015      | 30.09.2015      | 31.12.2014      |
|-------------------------------------|-----------------|-----------------|-----------------|
| <b>ASSETS</b>                       |                 |                 |                 |
| Intangible fixed assets             | 2 913,5         | 2 929,7         | 2 898,6         |
| Tangible fixed assets               | 2 412,0         | 2 210,3         | 2 017,6         |
| Financial fixed assets              | 636,2           | 571,0           | 539,2           |
| <b>Total fixed assets</b>           | <b>5 961,7</b>  | <b>5 711,0</b>  | <b>5 455,4</b>  |
| Inventory                           | 3 634,3         | 3 581,7         | 3 321,1         |
| Accounts receivables                | 815,5           | 890,8           | 888,2           |
| Other short-term receivables        | 258,3           | 235,3           | 292,6           |
| Cash and cash equivalents           | 273,7           | 96,3            | 167,0           |
| <b>Total current assets</b>         | <b>4 981,8</b>  | <b>4 804,2</b>  | <b>4 669,0</b>  |
| <b>TOTAL ASSETS</b>                 | <b>10 943,5</b> | <b>10 515,2</b> | <b>10 124,4</b> |
| <b>EQUITY AND LIABILITIES</b>       |                 |                 |                 |
| Paid-in equity                      | 501,1           | 496,5           | 476,1           |
| Reserves                            | 4 646,3         | 4 275,1         | 4 600,1         |
| Minority interests                  | 79,7            | 77,5            | 60,6            |
| <b>Total equity</b>                 | <b>5 227,0</b>  | <b>4 829,2</b>  | <b>5 137,3</b>  |
| Provisions for liabilities          | 1 231,2         | 1 281,0         | 1 262,6         |
| Int. bearing long-term liabilities  | 2 761,4         | 2 452,6         | 2 191,6         |
| <b>Total long-term liabilities</b>  | <b>3 992,5</b>  | <b>3 733,6</b>  | <b>3 454,2</b>  |
| Int. bearing short-term liabilities | 140,4           | 333,4           | 276,7           |
| Other short-term liabilities        | 1 583,5         | 1 619,0         | 1 256,3         |
| <b>Total short-term liabilities</b> | <b>1 723,9</b>  | <b>1 952,4</b>  | <b>1 533,0</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>10 943,5</b> | <b>10 515,2</b> | <b>10 124,4</b> |
| <b>Net interest bearing debt</b>    | <b>2 628,1</b>  | <b>2 689,7</b>  | <b>2 301,3</b>  |
| <b>Equity share</b>                 | <b>47,8 %</b>   | <b>45,9 %</b>   | <b>50,7 %</b>   |



## CASH FLOW

| NOK million  | Q4 2015      | 4Q 14        | FY 2015      | FY 2014       |
|--|--------------|--------------|--------------|---------------|
| Profit before tax                                  | 377,0        | 387,5        | 1 383,7      | 1 628,8       |
| Tax paid in period                                 | -309,3       | -23,8        | -315,1       | -25,8         |
| Depreciation                                       | 94,7         | 79,7         | 321,4        | 278,2         |
| Share of profit/loss from associates               | -14,1        | -31,1        | -40,2        | -96,1         |
| Change in fair value adjustments                   | -18,5        | 127,5        | -39,9        | 232,3         |
| Change in working capital                          | 284,0        | -85,7        | 279,2        | -512,4        |
| Other changes                                      | 2,8          | 50,3         | 33,3         | 142,1         |
| Net cash flow from operating activities            | 416,6        | 504,3        | 1 622,3      | 1 647,0       |
|  |              |              |              | -             |
| Net cash flow from investing activities            | -320,2       | -128,9       | -724,7       | -1 031,9      |
|  |              |              |              | -             |
| Change in interest-bearing debt                    | 107,0        | -383,3       | 424,8        | -357,4        |
| Dividend paid out                                  | -4,9         | -2,2         | -1 124,9     | -898,2        |
| Exit of non-controlling interests and subsidiaries | -            | -            | -            | -140,9        |
| Interest paid                                      | -24,3        | -26,8        | -95,3        | -115,1        |
| Other changes                                      | -0,0         | 0,5          | -0,1         | -10,9         |
| Net cash flow from financing activities            | 77,8         | -411,8       | -795,5       | -1 522,5      |
| <b>Net change in cash for the period</b>           | <b>174,2</b> | <b>-36,3</b> | <b>102,0</b> | <b>-907,4</b> |
| Foreign exchange effects                           | 3,2          | 3,6          | 4,7          | 3,3           |
| Cash in the beginning of the period                | 96,3         | 199,7        | 167,0        | 1 071,0       |
|  |              |              |              | -             |
| <b>Cash at the end of the period</b>               | <b>273,7</b> | <b>167,0</b> | <b>273,7</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                 |               |                 |                    |                      |                         | 1 103,3           | 25,5                      | 1 128,8      |
| Comprehensive income                    |               |                 |                    |                      | 4,7                     | 58,5              | 0,0                       | 63,2         |
| Total comprehensive income for the year | 0,0           | 0,0             | 0,0                | 0,0                  | 4,7                     | 1 161,8           | 25,5                      | 1 192,0      |
| <i>Transactions with shareholders</i>   |               |                 |                    |                      |                         |                   |                           |              |
| Dividend paid                           |               |                 |                    |                      |                         | -1 120,0          | -6,4                      | -1 126,4     |
| Options granted                         |               |                 |                    | 22,9                 |                         |                   |                           | 22,9         |
| Redeemed options treasury shares        |               | 0,0             |                    |                      |                         | 0,0               |                           | 0,0          |
| Deferred tax options                    |               |                 |                    |                      |                         | 1,4               |                           | 1,4          |
| Other changes                           |               |                 |                    |                      |                         | -0,1              |                           | -0,1         |
| Sum transactions with shareholders      | 0,0           | 0,0             | 0,0                | 22,9                 | 0,0                     | -1 118,7          | -6,4                      | -1 102,2     |
| Equity as at 31.12.15                   | 28,3          | -0,3            | 415,3              | 57,8                 | 9,2                     | 4 637,1           | 79,7                      | 5 227,0      |

| 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      |

## SEGMENTS

|                              | Farming<br>Central-Norway | Farming<br>Northern-Norway | Farming Rauma | Villa  | Sales and<br>Processing | Elim.    | Group   |
|------------------------------|---------------------------|----------------------------|---------------|--------|-------------------------|----------|---------|
| <b>4Q 15</b>                 |                           |                            |               |        |                         |          |         |
| Operating income (mill.)     | 842,7                     | 670,5                      | 207,7         |        | 2 031,6                 | -1 717,2 | 2 035,2 |
| Operational EBIT (mill.)     | 204,3                     | 252,1                      | 31,5          |        | -45,4                   | -68,2    | 374,3   |
| Operational EBIT %           | 24,2 %                    | 37,6 %                     | 15,2 %        |        | -2,2 %                  |          | 18,4 %  |
| Harvested volume (1,000 tgw) | 20,2                      | 14,1                       | 3,8           |        |                         |          | 38,1    |
| EBIT/ kg gw (NOK)            | 10,13                     | 17,84                      | 8,27          |        |                         |          | 9,82    |
| <b>4Q 14</b>                 |                           |                            |               |        |                         |          |         |
| Operating income (mill.)     | 841,8                     | 529,3                      | 215,4         |        | 1 994,5                 | -1 572,4 | 2 008,7 |
| Operational EBIT (mill.)     | 262,7                     | 183,0                      | 42,6          |        | 49,7                    | -29,3    | 508,7   |
| Operational EBIT %           | 31,2 %                    | 34,6 %                     | 19,8 %        |        | 2,5 %                   |          | 25,3 %  |
| Harvested volume (1,000 tgw) | 23,0                      | 13,8                       | 4,9           |        |                         |          | 41,7    |
| EBIT/ kg gw (NOK)            | 11,41                     | 13,30                      | 8,74          |        |                         |          | 12,21   |
| <b>FY 2015</b>               |                           |                            |               |        |                         |          |         |
| Operating income (mill.)     | 3 156,6                   | 1 646,9                    | 785,2         |        | 7 295,0                 | -5 557,4 | 7 326,2 |
| Operational EBIT (mill.)     | 815,5                     | 505,8                      | 132,2         |        | 72,6                    | -122,1   | 1 403,9 |
| Operational EBIT %           | 25,8 %                    | 30,7 %                     | 16,8 %        |        | 1,0 %                   |          | 19,2 %  |
| Harvested volume (1,000 tgw) | 80,5                      | 39,5                       | 16,4          |        |                         |          | 136,4   |
| EBIT/ kg gw (NOK)            | 10,13                     | 12,81                      | 8,06          |        |                         |          | 10,29   |
| <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

|  | 4Q 15   | 4Q 14   | FY 2015 | FY 2014 |
|--|---------|---------|---------|---------|
| Number of shares (diluted) - end of period (mill.) | 112,3   | 113,3   | 112,3   | 113,3   |
| Earnings per share (NOK)                           | 3,37    | 2,55    | 9,85    | 10,53   |
| Earnings per share - diluted (NOK)                 | 3,37    | 2,55    | 9,83    | 10,53   |
| EBITDA %   | 23,0 %  | 29,3 %  | 23,6 %  | 30,0 %  |
| Operational EBIT %                                 | 18,4 %  | 25,3 %  | 19,2 %  | 26,1 %  |
| EBIT %   | 19,3 %  | 19,0 %  | 19,7 %  | 22,9 %  |
| Profit before tax %                                | 18,5 %  | 19,3 %  | 18,9 %  | 22,7 %  |
| Cash flow per share - diluted (NOK)                | 3,71    | 4,45    | 14,45   | 14,54   |
| Net interest bearing debt (mill.)                  | 2 628,1 | 2 301,3 | 2 628,1 | 2 301,3 |
| Equity ratio %                                     | 47,8 %  | 50,7 %  | 47,8 %  | 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 Q4 2015.

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

| Shareholder                        | Shares             | %               |
|------------------------------------|--------------------|-----------------|
| KVERVA AS                          | 60 500 000         | 53,40 %         |
| FOLKETRYGDFONDET                   | 8 324 725          | 7,35 %          |
| STATE STREET BANK AND TRUST CO.    | 3 335 179          | 2,94 %          |
| J.P. MORGAN CHASE BANK N.A. LONDON | 2 758 075          | 2,43 %          |
| LIN AS                             | 2 005 200          | 1,77 %          |
| THE BANK OF NEW YORK MELLON        | 1 199 063          | 1,06 %          |
| SALMAR ASA                         | 1 180 081          | 1,04 %          |
| CLEARSTREAM BANKING S.A.           | 1 074 336          | 0,95 %          |
| PARETO AKSJER NORGE                | 1 047 794          | 0,92 %          |
| JP MORGAN BANK LUXEMBOURG S.A      | 976 509            | 0,86 %          |
| STATE STREET BANK AND TRUST CO.    | 721 107            | 0,64 %          |
| MORGAN STANLEY & CO. INTERNATIONAL | 676 528            | 0,60 %          |
| STOREBRAND NORGE I                 | 613 924            | 0,54 %          |
| STATE STREET BANK & TRUST CO.      | 595 375            | 0,53 %          |
| JPMORGAN CHASE BANK, N.A           | 524 786            | 0,46 %          |
| J.P. MORGAN CHASE BANK N.A. LONDON | 491 221            | 0,43 %          |
| VERDIPAPIRFONDET ALFRED BERG NORGE | 490 464            | 0,43 %          |
| RBC INVESTOR SERVICES BANK S.A     | 443 677            | 0,39 %          |
| KLP AKSJER NORGE INDEKS            | 439 584            | 0,39 %          |
| STATE STREET BANK AND TRUST CO     | 425 326            | 0,38 %          |
| <b>Top 20</b>                      | <b>87 822 954</b>  | <b>77,51 %</b>  |
| Others                             | 25 477 045         | 22,49 %         |
| <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>31.12.2015</b> | <b>30.09.2015</b> | <b>31.12.2014</b> |
|--------------------------------|-------------------|-------------------|-------------------|
| Raw materials                  | 101,0             | 101,5             | 86,5              |
| Biological assets              | 3 306,1           | 3 277,2           | 3 114,7           |
| Finished goods                 | 227,2             | 203,0             | 119,9             |
| <b>Total</b>                   | <b>3 634,3</b>    | <b>3 581,7</b>    | <b>3 321,1</b>    |

| <b>Fair value adjustment of biological assets</b> | <b>31.12.2015</b> | <b>30.09.2015</b> | <b>31.12.2014</b> |
|---|-------------------|-------------------|-------------------|
| Historic cost                                     | 2 329,9           | 2 408,8           | 2 285,8           |
| Fair value adjustment of the biomass              | 976,1             | 868,4             | 828,9             |
| <b>Book value</b>                                 | <b>3 306,1</b>    | <b>3 277,2</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 harvested weight of more than 4 kg is adjusted to its expected net profit/loss. For fish with a harvested 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 set on the basis of the market price of the weight category concerned, corrected for sales costs, including harvesting costs and gutting waste, on the balance sheet date. The market price is adjusted for quality differences. The sales prices used are based on external forward prices for the period in which the fish is 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>4Q 2015</b> | <b>4Q 2014</b> | <b>FY 2015</b> | <b>FY 2014</b> |
|--|----------------|----------------|----------------|----------------|
| Change in fair value of the biomass  | 107,7          | 82,6           | 147,3          | -39,0          |
| Change in provisions for onerous contracts                                 | -120,8         | -30,6          | -91,9          | -30,6          |
| Unrealised change in value of fish-pool contracts                          | 24,1           | -28,5          | 56,1           | -39,2          |
| Unrealised changes in the value of currency and forward currency contracts | 7,5            | -150,9         | -71,5          | -123,6         |
| <b>Fair value adjustments recognised in profit and loss</b>                | <b>18,5</b>    | <b>-127,5</b>  | <b>39,9</b>    | <b>-232,3</b>  |





## Note 5 - Business combinations

### Business acquisitions in 2015

The Group has made no business combinations in 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.

#### The acquisition's effect on the balance sheet:

|  | Book value | Fair value<br>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> |
| Cash consideration                             |            |                           | -28,8       |
| Non-controlling interests                      |            |                           | -27,7       |
| <b>Goodwill</b>                                |            |                           | <b>14,0</b> |

## Note 6 - Financial assets – investments where the equity method is applied

| Companies recognised in accordance with the equity method | Salmus AS   | Norskott     | Others      | TOTAL        |
|---|-------------|--------------|-------------|--------------|
| Opening balance 31.12.2014                                | -           | 520,3        | 3,3         | 523,7        |
| Acquisition of shares/contribution                        | 43,4        | -            | 7,9         | 51,3         |
| Share of year's profit/loss                               | -           | 41,4         | -1,2        | 40,2         |
| Other items in comprehensive income                       | -           | 58,5         | -           | 58,5         |
| Dividend received   | -           | -46,0        | -           | -46,0        |
| <b>Closing balance 31.12.2015</b>                         | <b>43,4</b> | <b>574,2</b> | <b>10,0</b> | <b>627,6</b> |

On 11 December 2015 the Group agreed to purchase 50 per cent of the shares in Salmus AS. Salmus AS owns 53.05 per cent of the shares in Kvitholmen AS, which, in turn, owns 86.38 per cent of the shares in Arnarlax Hf. Both Salmus AS and Kvitholmen AS are shareholding companies. Arnarlax Hf is an aquaculture company located in Iceland. Salmus AS is owned 50/50 by SalMar and Edinborg AS, and the investment is treated for accounting purposes in accordance with the equity method. At the time the investment was made, the book value of the equity in Salmus AS was NOK 47.1 million. The cash consideration paid for SalMar's investment was NOK 43.4 million. Fish farming licences held by Arnarlax Hf account for the entirety of the excess value recognised by the Group.

## Note 7 - Other financial items

|                                    | 4Q 2015      | 4Q 2014      | FY 2015       | FY 2014       |
|------------------------------------|--------------|--------------|---------------|---------------|
| Net interest expenses              | -24,3        | -26,8        | -95,3         | -115,1        |
| Other net financial items          | -5,5         | 2,0          | -5,1          | 1,1           |
| <b>Total other financial items</b> | <b>-29,8</b> | <b>-24,8</b> | <b>-100,4</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 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<br>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.