SalMar ASA

Presentation Q4 2016

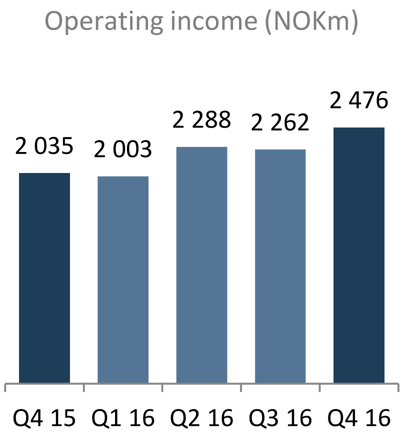
CFO Trond Tuvstein
COO Olav-Andreas Ervik

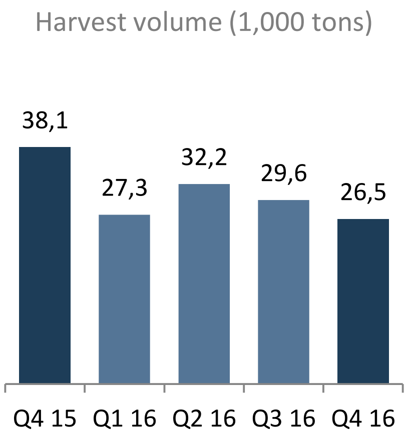
Agenda

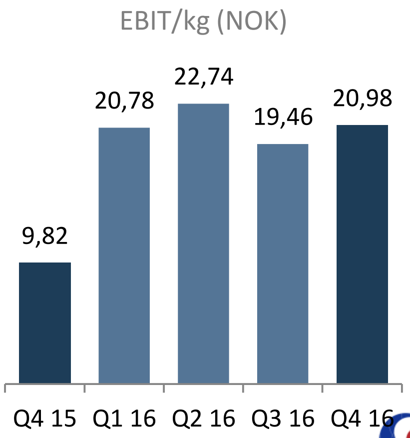
- Highlights
- Operational update
- Financial update
- Outlook

Fourth quarter 2016 highlights

- Continued high prices driving revenues and earnings
- 60% of sales on contracts to prices below average spot
- High cost on harvested volume in Farming Central Norway
- Record earnings for Farming Northern Norway
- Pushing 2,500 tons from 2016 to 2017, expect to harvest some 131,000 tons in 2017
- The Board of Directors propose dividend of NOK 12 per share for 2016







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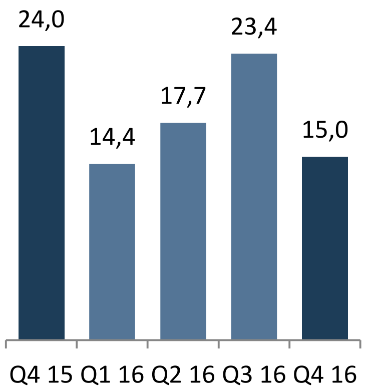
Operational update

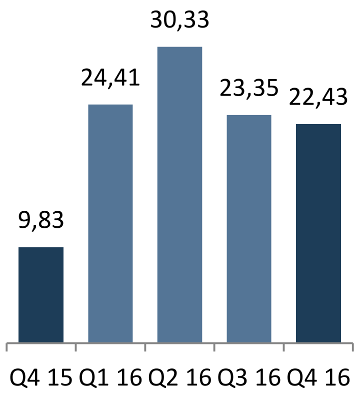
Farming Central Norway

	Q4 2016	Q4 2015	FY 2016	FY 2015
Operating income (NOKm)	981.7	1 050.3	4 343.5	3 941.7
Operational EBIT (NOKm)	335.5	235.8	1 770.2	947.7
Operational EBIT %	34.2%	22.4%	40.8%	24.0%
Harvested volume (1 000 tgw)	15.0	24.0	70.5	96.9
EBIT/kg	22.43	9.83	25.13	9.78

Harvest volume (1,000 tons)



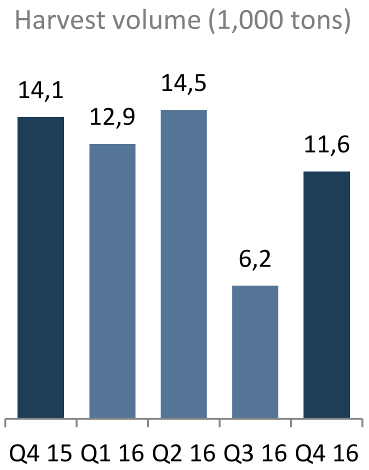
EBIT/kg (NOK)

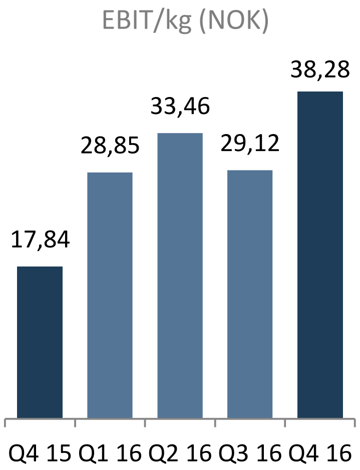


- High cost, positive trend through the quarter
  - 30% of volume organic salmon
  - Some accelerated harvesting
  - Optimizing production, pushing some volumes into 2017
- Biological situation still challenging, improved yoy
  - Strengthened treatment capacity and readiness
- Margin-squeeze on organic salmon
  - High spot-prices reduce premium
  - Market challenges related to labelling
  - Outlook for political solution to market issues
- Expect to harvest 85,000 tons in 2017

Farming Northern Norway

	Q4 2016	Q4 2015	FY 2016	FY 2015
Operating income (NOKm)	790.1	670.5	2 799.2	1 646.9
Operational EBIT (NOKm)	443.6	252.1	1 480.3	505.8
Operational EBIT %	56.1%	37.6%	52.9%	30.7%
Harvested volume (1 000 tgw)	11.6	14.1	45.2	39.5
EBIT/kg	38.28	17.84	32.78	12.81





- Very strong performance
- Favourable volume distribution compared to spot price development
- Stable cost level, expected to persist going forward
- Satisfactory biological situation
- Experiencing some sea lice issues in southern parts of the region
  - Improved preparedness and capacity through investments in non-medicamental treatment
  - Coordinating operations with other farmers in the area to improve biosecurity
- Expect to harvest 46,000 tons in 2017

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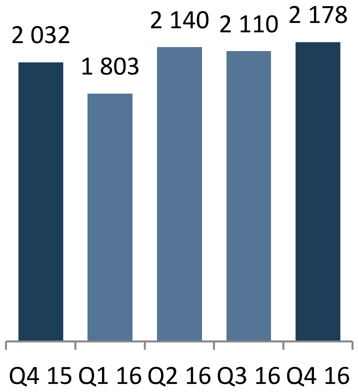
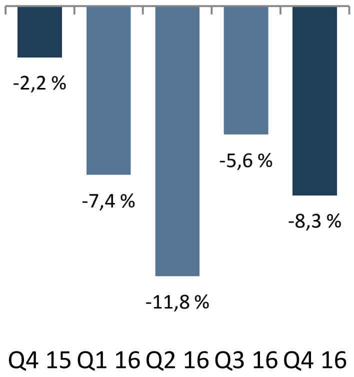
Sales & Processing

	Q4 2016	Q4 2015	FY 2016	FY 2015
Operating income (NOKm)	2 178.1	2 031.6	8 231.4	7 295.0
Operational EBIT (NOKm)	-180.5	-45.4	-685.8	72.6
Operational EBIT %	-8.3%	-2.2%	-8.3 %	1.0%

Operating income (NOKm)



EBIT-margin (%)

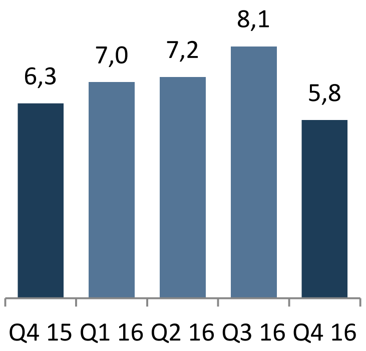


- 60% of sales on contract at prices well below average spot
  - Higher contract share as some volumes are pushed into 2017
- Operational efficiency affected by biological situation within farming
- Capacity adjustments and production alignments improved efficiency for processing
  - High raw material prices remains a challenge
- Contract share for 1H 2017 currently around 47%, for 2H 2017 approx. 38%
- Contract-prices up from 2016

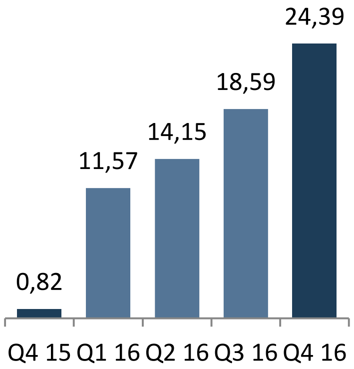
Norskott Havbruk

	Q4 2016	Q4 2015	FY 2016	FY 2015
Operating income (NOKm)	354.6	367.2	1 720.6	1 498.5
Operational EBIT (NOKm)	140.4	5.2	473.9	121.6
Operational EBIT %	39.6%	1.4%	27.5%	8.1%
Value adjustments biomass	50.3	19.6	127.8	-23.9
Profit before tax	185.3	22.0	581.8	90.4
SalMars share after tax	73.9	13.5	236.6	41.4
Harvested volume (1000 tgw)	5.8	6.3	28.0	27.0
EBIT/kg	24.39	0.82	16.90	4.50

Harvest volume (1,000 tons)



EBIT/kg (NOK)



- Strong performance
- Volumes from Scotland and Orkney region
  - Good biological performance in both
- Contract share of some 60% in the quarter
  - Prices well below average spot
- The biological situation is good in all regions
  - Some sea lice issues in Shetland region
  - Non-medicamental treatment capacity available
- Expect harvest volumes of approx. 30,000 tons in 2017

Arnarlax Hf

	FY 2016
Operating income (NOKm)	247,4
Operational EBIT (NOKm)	-1,7
Operational EBIT %	-0,7%
Value adjustments biomass	183,5
Profit before tax	205,4
SalMars share after tax	52,2
Harvested volume (1000 tgw)	4,0
EBIT/kg	-0,41

- First year of harvesting
  - High cost on first generation (production time, mortality)
- Non-recurring costs related to the acquisition of Fjardalax
- Started harvesting of second generation (2015 generation)
  - Cost improvement
- Expect harvest volumes of approx. 10,000 tons in 2017

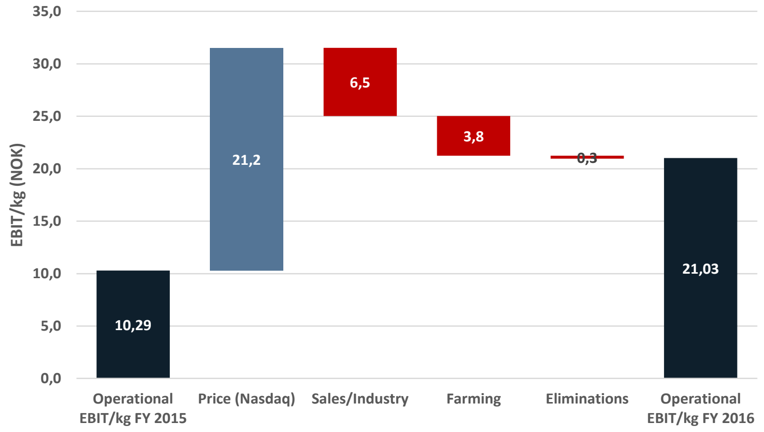
Financial update

Operational EBIT deviation analysis (yoy)

Q4 2015 VS Q4 2016

- Continued strong prices
- 60% of sales on contracts with significant negative effect
- Farming costs remains high
- EBIT/kg Q4 2016 NOK 20.98, up from NOK 9.82 in Q4 2015

FY 2015 VS FY 2016



- Record strong prices all through 2016. NOK 62,68/kg (NOK 41,45)
- Sales and Industry strongly affected by sales on contract
- Biological situation in Central Norway driving costs in farming segment
- EBIT/kg 2016 NOK 21.03, up from NOK 10.29 in 2015

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Group profit and loss

NOK million	Q4 2016	4Q 2015	FY 2016	FY 2015
Operating income	**2 476,3**	**2 035,2**	**9 029,8**	**7 326,2**
Cost of goods sold	1 220,6	1 017,0	4 000,8	3 562,8
Payroll expenses	238,9	201,2	861,5	765,9
Other operating expenses	365,4	348,2	1 377,8	1 272,2
EBITDA	651,4	468,9	2 789,7	1 725,3
Depreciations	94,4	94,7	358,0	321,4
Operational EBIT	**557,0**	**374,3**	**2 431,6**	**1 403,9**
Fair value adjustment	536,4	18,5	654,0	39,9
Operational profit	**1 093,3**	**392,7**	**3 085,6**	**1 443,8**
Income from investments in associates	127,4	14,1	286,8	40,2
Net interest costs	-26,5	-24,3	-101,3	-95,3
Other financial items	24,1	-5,5	70,9	-5,1
Profit before tax	**1 218,2**	**377,0**	**3 342,1**	**1 383,7**
Tax	201,5	-9,9	691,1	254,9
Net profit for the period	**1 016,7**	**386,9**	**2 651,0**	**1 128,8**

- Revenues and results driven by strong salmon prices
- Average salmon price (NASDAQ) NOK 67.17/kg (NOK 45.28)
- 60% contract share with significant effect on prices achieved
- Costs affected by biological conditions
- EBIT/kg NOK 20.98 vs NOK 9.82 in Q4 15

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Group balance sheet

NOK million	31.12.2016	30.09.2016	31.12.2015
ASSETS			
Intangible fixed assets	2 910,8	2 911,9	2 913,5
Tangible fixed assets	3 156,9	3 050,1	2 412,0
Financial fixed assets	960,0	857,0	636,2
Total fixed assets	**7 027,7**	**6 819,0**	**5 961,7**
Inventory	5 221,8	4 286,6	3 634,3
Accounts receivables	595,8	484,5	815,5
Other short-term receivables	302,1	407,1	258,3
Cash and cash equivalents	273,7	419,8	273,7
Total current assets	**6 393,4**	**5 597,9**	**4 981,8**
TOTAL ASSETS	**13 421,1**	**12 416,9**	**10 943,5**
EQUITY AND LIABILITIES			
Paid-in equity	529,0	523,3	501,1
Reserves	6 069,4	5 060,6	4 646,3
Minority interests	82,4	60,7	79,7
Total equity	**6 680,8**	**5 644,6**	**5 227,0**
Provisions for liabilities	1 515,0	1 228,9	1 230,8
Int. bearing long-term liabilities	2 439,3	2 230,5	2 761,4
Total long-term liabilities	**3 954,3**	**3 459,5**	**3 992,5**
Int. bearing short-term liabilities	198,6	140,4	140,4
Other short-term liabilities	2 587,4	3 172,4	1 583,9
Total short-term liabilities	**2 786,0**	**3 312,8**	**1 723,9**
TOTAL EQUITY AND LIABILITIES	**13 421,1**	**12 416,9**	**10 943,5**
Net interest bearing debt	**2 364,2**	**1 951,2**	**2 628,1**
Equity share	**49,8 %**	**45,5 %**	**47,8 %**

- Investments in line with ongoing investment programs
- Fair value of biomass increased NOK 645.3 million
- Other short-term liabilities down NOK 585.0 million
  - Account payables down NOK 191.3 million
  - Tax payable down NOK 343.0 million
- Net interest bearing debt increased by NOK 413 million to NOK 2,364.2 million
- Equity ratio up to 49.8%

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Group cash flow

NOK million	Q4 2016	Q4 2015	FY 2016	FY 2015
Profit before tax	1 218,2	377,0	3 342,1	1 383,7
Tax paid in period	-273,5	-309,3	-291,0	-315,1
Depreciation	94,4	94,7	358,0	321,4
Share of profit/loss from associates	-127,4	-14,1	-286,8	-40,2
Gains exit subsidiaries	-	-	-26,6	-
Change in fair value adjustments	-536,4	-18,5	-654,0	-39,9
Change in working capital	-491,4	284,0	364,2	279,2
Other changes	-93,6	2,8	-50,0	33,3
Net cash flow from operating activities	-209,6	416,6	2 755,8	1 622,3
				-
Net cash flow from investing activities	-173,2	-320,2	-1 262,5	-724,7
				-
Change in interest-bearing debt	266,8	107,0	-264,0	424,8
Dividend paid out	-	-4,9	-1 125,9	-1 124,9
Interest paid	-26,5	-24,3	-101,3	-95,3
Other changes	-	-0,0	-	-0,1
Net cash flow from financing activities	240,4	77,8	-1 491,2	-795,5
Net change in cash for the period	**-142,4**	**174,2**	**2,1**	**102,0**
Foreign exchange effects	-3,7	3,2	-2,1	4,7
Cash in the beginning of the period	419,8	96,3	273,7	167,0
Cash at the end of the period	273,7	273,7	273,7	273,7

- Cash flow from operations negative by NOK 210 million
  - Increased working capital
  - Reported earnings boosted by fair value adjustments of NOK 536 million
- Net cash flow from investments at NOK 173 million
  - NOK 202 million related to investments in operational assets
    - NOK 83 million in existing and new smolt capacity
    - NOK 55 million in Ocean Farming
- Cash and cash equivalents reduced by NOK 146 million to NOK 274 million

Outlook

Outlook

- Biological situation still a challenge, but improved YoY
  - Strengthened capacity and improved preparedness
- Costs expected to come down in Q1 2017
- Contract share around 47% for 1H 2017 and 38% for 2H 2017
  - Contract-prices up, but not reflecting current 2017 forward prices
- Pushing 2,500 tons from 2016 to 2017, expect to harvest some 131,000 tons (Norway) in 2017
- Expect 2017 CAPEX of NOK 850m
  - Mostly related to maintenance (NOK 275m), strategic smolt and cleaner fish investments (NOK 260m) and Ocean Farming (NOK 270m)
- The Board of Directors propose a dividend of NOK 12.00/share

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Thank you for your attention!
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