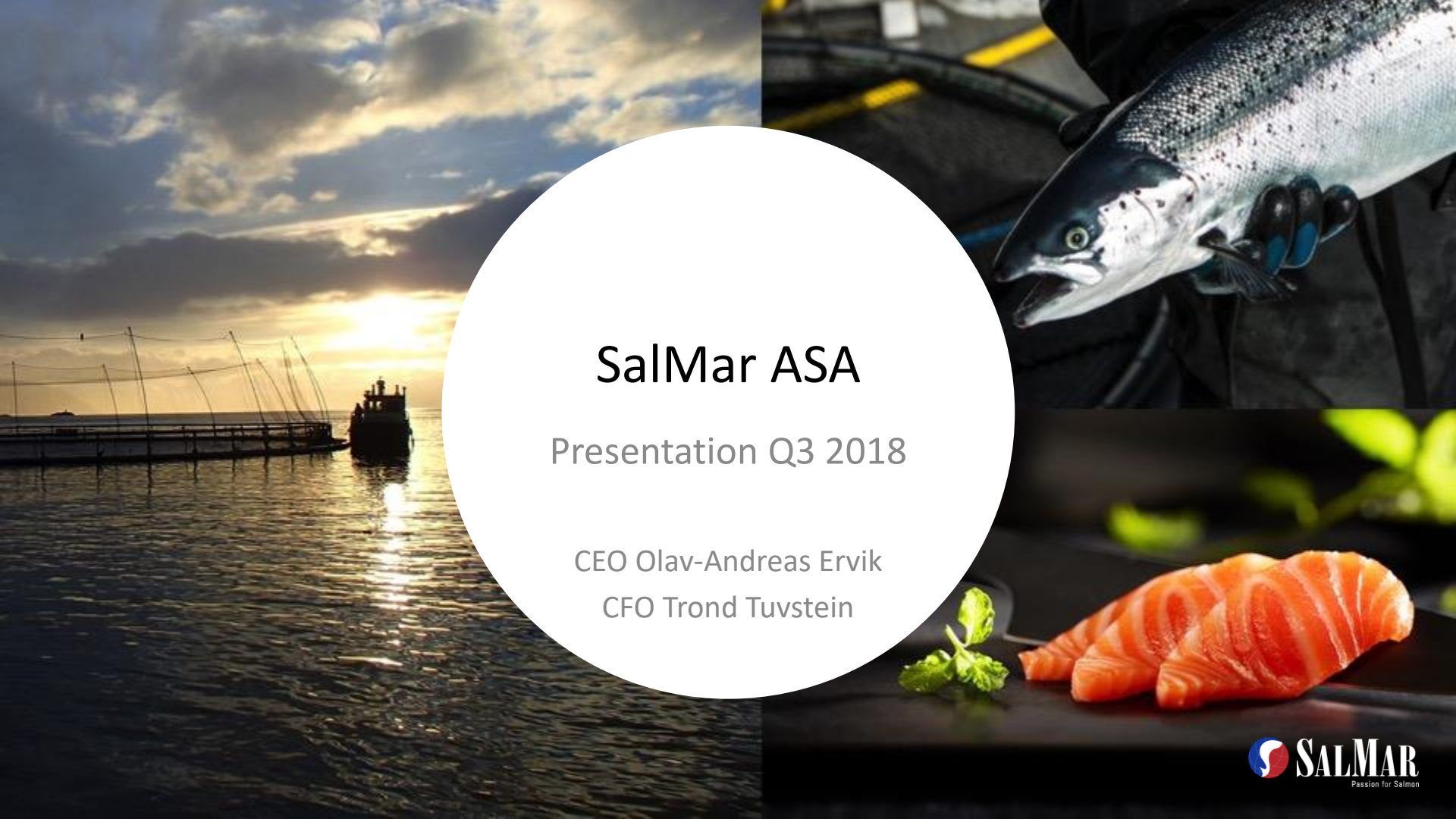




SalMar ASA

Presentation Q3 2018

CEO Olav-Andreas Ervik

CFO Trond Tuvstein

Agenda

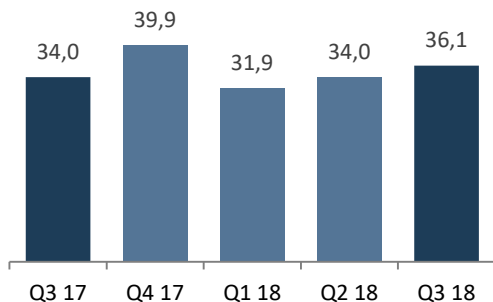


- Highlights
- Operational update
- Financial update
- Outlook

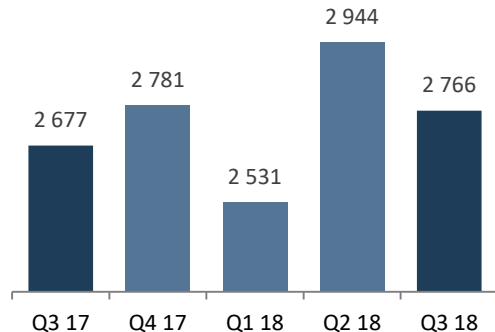
Highlights

- Strong operational performance with cost improvements and good price achievement
- Record high volume for sales & processing with positive contribution
- Total operational EBIT 939 MNOK
- Guiding of 143,000 tons for 2018 maintained
- Expect harvest of 145,000 tons for 2019

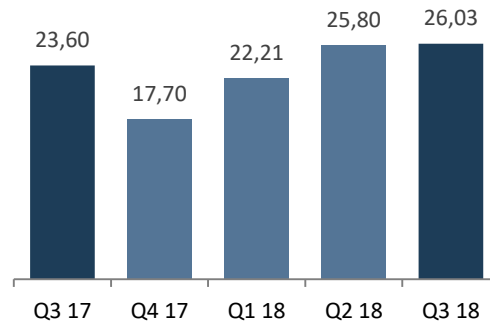
Harvest volume (1 000 tons)



Operating income (NOKm)



EBIT/kg (NOK)



SalMar - a fully integrated salmon farmer

TRACEABLE SUPPLY CHAIN



Genetics

- Rauma strain



Smolt

- Essential for the performance in the entire value chain



Farming

- Central Norway: 53 611 MAB-tons
- Northern Norway: 34 186 MAB-tons



Harvesting & VAP

- InnovaMar on Frøya
- Vikenco at Aukra
- InnovaNor (H2 2020)



Sales

- SalMar AS
- Japan, Vietnam and Korea
- Global span

A wide-angle photograph of a salmon farming operation in a fjord. In the foreground, a long, dark metal cage structure extends from the right side into the blue water. In the middle ground, a larger vessel or platform is visible. The background features steep, snow-capped mountains under a blue sky with scattered white clouds. The text "OPERATIONAL UPDATE" is overlaid in white, bold, sans-serif capital letters in the center of the image.

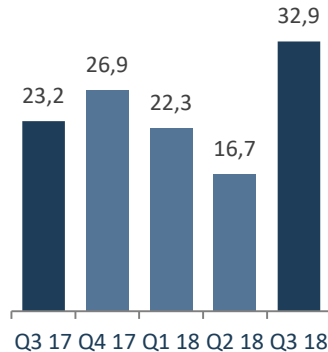
OPERATIONAL UPDATE

Farming Central Norway

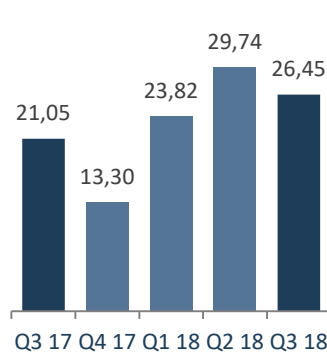
	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Operating income (NOKm)	1 916	1 358	4 385	3 836
Operational EBIT (NOKm)	871	488	1 897	1 534
Operational EBIT %	45,4 %	36,0 %	43,3 %	40,0 %
Harvested volume (tgw)	32,9	23,2	71,9	60,6
EBIT/kg	26,45	21,05	26,39	25,33

- Strong operational quarter with record high harvest volume
- Strong underlying cost improvement QoQ and YoY
- 2017 spring generation fully harvested in the quarter and is the main contributor to harvest volume
- Expect an increase in costs in Q4 due to harvesting of autumn 2017 generation
- Guiding of 100,000 tons in 2018, maintained

Harvest volume (1 000 tons)



EBIT/kg (NOK)

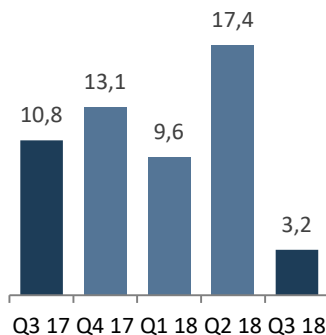


Farming Northern Norway

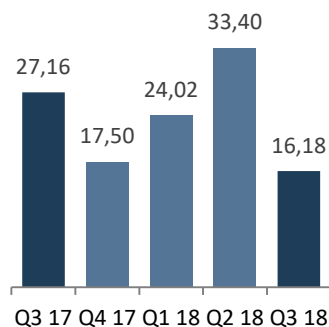
	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Operating income (NOKm)	175	623	1 945	2 236
Operational EBIT (NOKm)	51	293	863	1 148
Operational EBIT %	29,2 %	47,1 %	44,4 %	51,3 %
Harvested volume (tgw)	3,2	10,8	30,2	34,7
EBIT/kg	16,18	27,29	28,61	33,11

- Operational performance as expected
- Low harvest volume due to
 - Lower then expected growth
 - Production optimization (new MAB)
- Fall 2016 generation finished harvested and startup of harvesting of spring 2017 generation.
- High cost/kg due to low volume and end/start harvesting of two generations
- Expect reduced cost and significant increase in harvest volume in Q4
- Guiding of 43,000 tons in 2018, maintained

Harvest volume (1 000 tons)



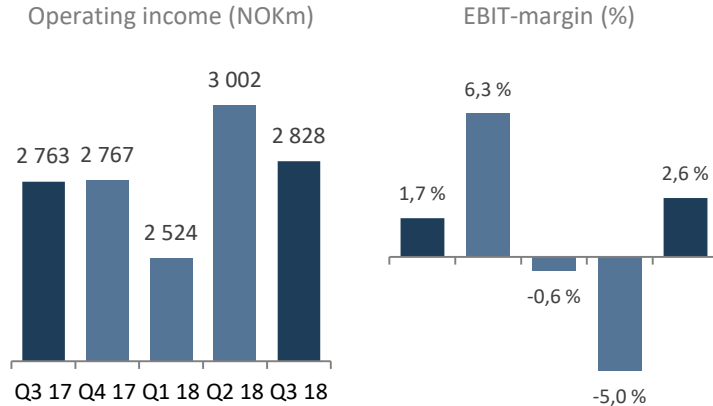
EBIT/kg (NOK)



Sales & Processing

	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Operating income (NOKm)	2 828	2 763	8 354	8 158
Operational EBIT (NOKm)	73	46	-92	-128
Operational EBIT %	2,6 %	1,7 %	-1,1 %	-1,6 %

- Good price achievement
 - Contract share at 42%
- Strong operational performance from all areas within the segment
- Record high harvest volume with strong capacity-utilisation
- Contract share currently around 35% for Q4 2018

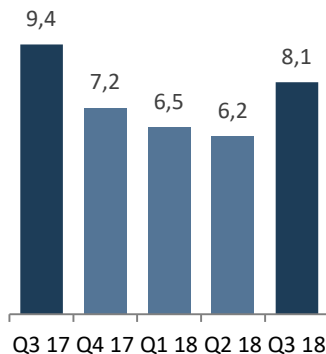


Norskott Havbruk

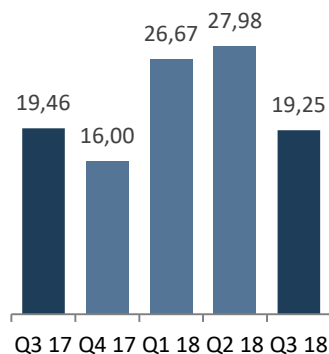
	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Operating income (NOKm)	547	632	1 545	1 603
Operational EBIT (NOKm)	156	184	503	554
Operational EBIT %	28,4 %	29,0 %	32,6 %	34,6 %
Value adjustments biomass	-83	-86	-60	35
Profit before tax	70	95	438	583
SalMar's share after tax	30	42	182	235
Harvested volume (tgw)	8,1	9,4	20,8	23,8
EBIT/kg	19,25	19,46	24,18	23,29

- Good biological performance and average weights for the sites harvested in the quarter
- Cost increase from Q2 driven by higher costs in Shetland region
- Results negatively impacted by lower harvest volumes in Scotland / Orkney regions
- New RAS facility on track with first eggs in November 2018 and first release of smolt in Autumn 2019
- Harvest guidance at 26,000 tons for 2018 maintained

Harvest volume (1 000 tons)



EBIT/kg (NOK)

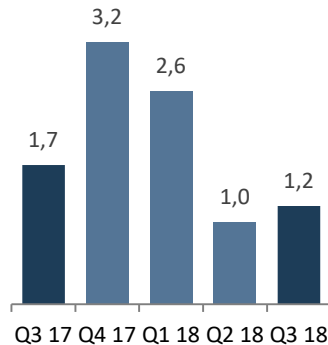


Arnarlax HF

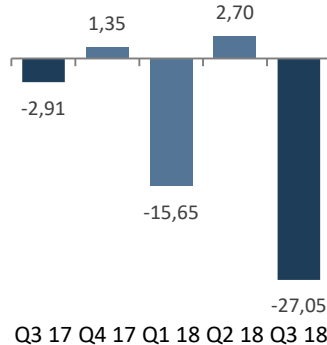
	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Operating income (NOKm)	69	114	287	454
Operational EBIT (NOKm)	-32	-5	-69	56
Operational EBIT %	-46,2 %	-4,2 %	-24,2 %	12,3 %
Value adjustments biomass	48	-7	60	-133
Profit before tax	13	-18	-41	-107
SalMar's share after tax	5	-10	-10	-40
Harvested volume (tgw)	1,2	1,7	4,7	6,5
EBIT/kg	-27,05	-2,91	-14,77	8,61

- Ongoing structuring continue to affect costs, company still in early phase
- Expect harvest volume of 6,100 tons in 2018, down 600 tons from previous guiding
- Capital increase in place to support further growth

Harvest volume (1 000 tons)



EBIT/kg (NOK)



Offshore fish farming – a new era

PILOT PHASE

OCEAN FARM 1 – ENABLING OCEAN FARMING

- Successful test harvest completed at end of Q3 2018
- Remaining volume for 1st generation to reach market in Q4 2018
- Plan to release 2nd generation of smolt in 2019

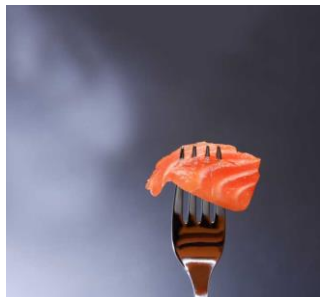
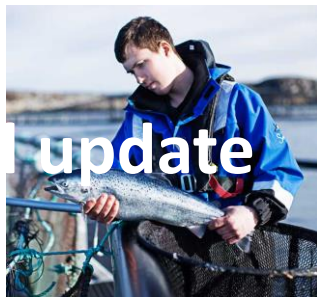


UNDER DEVELOPMENT

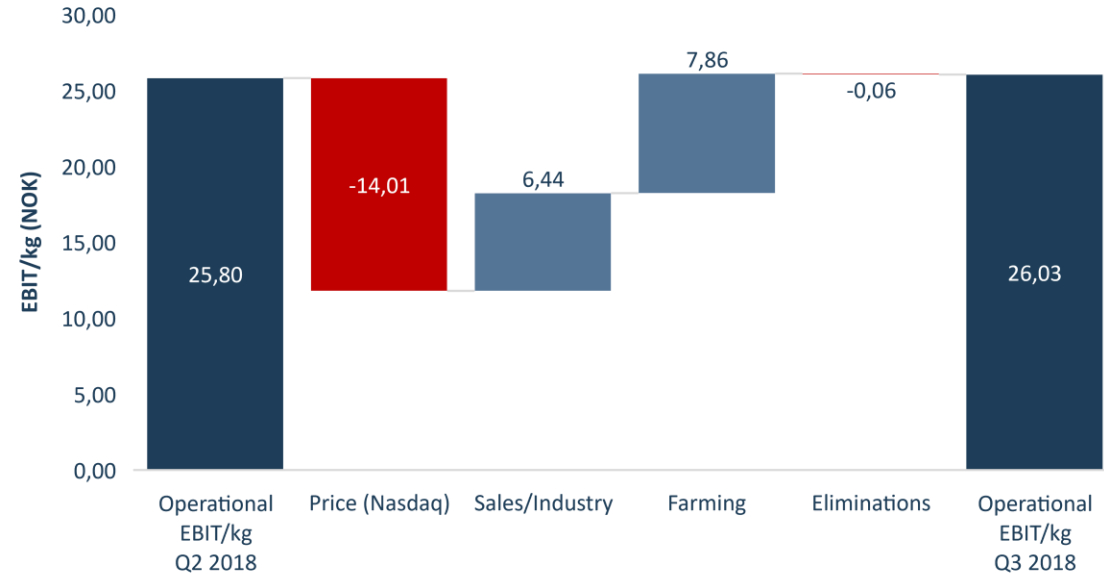
SMART FISH FARM - ENABLING DEEP OCEAN FARMING

- Partnering with MariCulture for the development of a semi submersible production unit enabling offshore fish farming at high seas
- Applied for 16 licenses within “development license scheme”, awaiting approval from authorities
- Will largely resolve current space challenges for the industry





Operational EBIT deviation analysis (qoq)



- Spot prices significantly down during the quarter
- Strong improved earnings from Sales & Processing due to
 - Good price achievement
 - High capacity-utilization
- Strong biological performance and cost improvement and in Farming
- Total EBIT/kg increased by 0.23 despite lower average spot prices

Group profit and loss

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Operating income	2 766,4	2 676,6	8 241,5	8 036,6	10 817,2
Cost of goods sold	1 004,5	1 155,8	3 328,5	3 459,4	4 722,5
Payroll expenses	256,3	219,2	761,4	687,5	929,1
Other operating expenses	443,7	398,1	1 260,2	1 137,1	1 584,8
EBITDA	1 061,9	903,5	2 891,4	2 752,6	3 580,8
Depreciations and write-downs	122,8	102,1	365,5	297,6	418,6
Operational EBIT	939,1	801,3	2 525,9	2 455,0	3 162,2
Fair value adjustment	255,0	469,5	432,1	0,6	-370,0
Operational profit	1 194,1	1 270,9	2 958,0	2 455,6	2 792,2
Income from investments in associates	34,4	32,9	170,7	190,0	208,9
Net interest costs	-29,3	-24,4	-77,4	-69,2	-95,9
Other financial items	6,1	15,9	35,0	-14,9	-49,1
Profit before tax	1 205,3	1 295,3	3 086,2	2 561,5	2 856,2
Tax	269,3	305,5	665,7	564,9	558,4
Net profit for the period	936,0	989,8	2 420,6	1 996,5	2 297,8
<i>Items to be reclassified to profit and loss in subsequent periods:</i>					
Change in translation diff. associates	-3,7	-14,8	-47,2	8,0	41,7
Change in translation diff. subsidiaries	-0,9	-4,3	-3,6	-2,9	3,5
Cash flow hedge, net tax	0,0	-2,1	0,0	-11,5	-11,5
Total comprehensive income	931,4	968,5	2 369,7	1 990,1	2 331,6
<i>Allocation of the periods net profit:</i>					
Non-controlling interests	13,8	8,4	19,6	21,6	23,8
Shareholders in SalMar ASA	922,2	981,3	2 400,9	1 974,9	2 274,0
Earnings per share (NOK)	8,19	8,74	21,33	17,58	20,24
Earnings per share - diluted	8,17	8,71	21,27	17,53	20,18

- Revenue driven by high volumes from Farming Central Norway
- Stable price achievement YoY
- Strong cost improvements in Farming Central Norway and strong capacity-utilisation in processing
- EBIT/kg at NOK 26,03 vs 23,60 in Q3 17

Group balance sheet

NOK million	30.09.2018	30.06.2018	31.12.2017	30.09.2017
ASSETS				
Intangible fixed assets	3 388,9	3 383,0	2 925,0	2 929,2
Tangible fixed assets	3 590,7	3 596,0	3 604,8	3 578,9
Financial fixed assets	1 085,9	1 041,8	1 080,9	1 052,5
Total fixed assets	8 065,5	8 020,8	7 610,6	7 560,6
Inventory	5 027,3	4 398,6	4 394,6	4 904,8
Accounts receivables	528,5	649,8	501,1	551,6
Other short-term receivables	203,7	243,1	242,9	227,4
Cash and cash equivalents	489,4	157,1	177,1	193,6
Total current assets	6 249,0	5 448,7	5 315,6	5 877,4
TOTAL ASSETS	14 314,4	13 469,4	12 926,2	13 438,0
EQUITY AND LIABILITIES				
Paid-in equity	589,1	577,9	557,6	561,9
Reserves	7 230,1	6 311,6	7 022,4	6 686,0
Minority interests	100,5	87,0	88,1	85,9
Total equity	7 919,7	6 976,5	7 668,1	7 333,8
Provisions for liabilities	1 460,1	1 402,3	1 362,2	1 421,9
Int. bearing long-term liabilities	1 081,6	2 337,5	1 156,0	1 463,8
Total long-term liabilities	2 541,7	3 739,9	2 518,2	2 885,7
Int. bearing short-term liabilities	734,9	335,6	243,6	344,8
Other short-term liabilities	3 118,1	2 417,5	2 496,3	2 873,7
Total short-term liabilities	3 853,0	2 753,1	2 739,9	3 218,5
TOTAL EQUITY AND LIABILITIES	14 314,4	13 469,4	12 926,2	13 438,0
Net interest bearing debt	1 327,1	2 516,0	1 222,5	1 615,0
Equity share	55,3 %	51,8 %	59,3 %	54,6 %

- Investments in line with ongoing investment programs
- Fair value of biomass increased by NOK 275.5 million
- Interest-bearing debt reduced by NOK 856.6 million during the quarter
 - NIBD at NOK 1 327.1 million by the end of the quarter
- Financial position remains strong with equity ratio increased to 55,3%

Group cash flow

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Profit before tax	1 170,1	1 295,3	3 051,1	2 561,5	2 856,2
Tax paid in period	0,0	0,0	-14,1	-19,8	-423,2
Depreciation	122,8	102,1	365,5	297,6	418,6
Share of profit/loss from associates	0,8	-32,9	-135,5	-190,0	-208,9
Realized and unrealized gains on financial assets	0,0	0,0	0,0	0,0	0,0
Gains exit subsidiaries	0,0	0,0	0,0	-11,0	-10,2
Change in fair value adjustments	-255,0	-469,5	-432,1	-0,6	370,0
Change in working capital	291,2	26,7	-96,9	64,7	196,6
Other changes	24,1	48,6	80,8	145,9	175,4
Net cash flow from operating activities	1 354,0	970,3	2 818,8	2 848,3	3 374,4
Net cash flow from investing activities	-134,8	-234,6	-689,6	-645,1	-758,0
Change in interest-bearing debt	-856,6	-727,7	416,3	-841,2	-1 250,9
Dividend paid out	0,0	-9,8	-2 147,2	-1 366,0	-1 366,0
Interest paid	-29,3	-24,4	-77,4	-69,2	-95,9
Other changes	0,0	0,0	-5,0	-4,0	-3,8
Net cash flow from financing activities	-886,0	-761,9	-1 813,3	-2 280,4	-2 716,6
Net change in cash for the period	333,2	-26,3	316,0	-77,2	-100,2
Foreign exchange effects	-0,9	-4,3	-3,6	-2,9	3,5
Cash in the beginning of the period	157,1	224,2	177,1	273,7	273,7
Cash at the end of the period	489,4	193,6	489,4	193,6	177,1

- Cash flow from operations driven by strong earnings and working capital release
- Net cash flow from investments at NOK -134.8 million
 - Investments in operating assets NOK 112 million
 - Received dividends of NOK 80 million
 - Investment in Arnarlax NOK 93 million
- Cash holding increased by NOK 332.3 million during the quarter

A wide-angle photograph of a salmon farming operation in a Norwegian fjord. In the foreground, a large circular salmon cage is visible, with several workers in safety gear on a platform. The water is a deep blue, and the background features steep, snow-covered mountains under a clear sky. The word "OUTLOOK" is centered in white text.

OUTLOOK



Outlook

- Slight increase in cost expected in Q4 2018
- Contract share for volume in Q4 2018 currently around 35%
- Successful test harvest completed for Ocean Farm at end of Q3 2018, remaining volume to reach market in Q4 2018
- Guiding of 143,000 tons maintained for 2018
- Expect harvest of 145,000 tons for 2019
- Expect continued good demand in core markets and limited increase in global supply

THANK YOU FOR YOUR ATTENTION

www.salmar.no

