



# INTERIM REPORT

Q1 2019

[www.bakkafrost.com](http://www.bakkafrost.com)



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## Highlights

DKK 1,000	Q1 2019	Q1 2018	DKK 1,000	Q1 2019	Q1 2018
<b>INCOME STATEMENT</b>					
Group - Operating revenue	963,709	851,156			
Group - Operational EBIT*	267,704	268,222			
Group - EBIT	260,528	351,445			
Group - Profit for the period	212,836	272,301			
Operational EBIT* (Farming and VAP) (DKK)	231,067	216,827			
Operational EBIT*/kg (Farming and VAP) (DKK)	16.86	17.72			
Operational EBIT*/kg (Farming and VAP) (NOK)	21.99	22.92			
Farming - Operating revenue	755,402	666,655			
Farming - Operational EBIT*	229,743	228,443			
Farming - Operational EBIT margin	30.4%	34.3%			
Farming - Operational EBIT/kg (DKK)	16.76	18.67			
Farming - Operational EBIT/kg (NOK)	21.86	24.15			
VAP - Operating revenue	260,574	92,994			
VAP - Operational EBIT*	1,324	-11,616			
VAP - Operational EBIT margin	0.5%	-12.5%			
VAP - Operational EBIT/kg (DKK)	0.28	-5.49			
VAP - Operational EBIT/kg (NOK)	0.37	-7.10			
FOF - Operating revenue	283,411	300,359			
FOF - EBITDA	65,252	86,433			
FOF - EBITDA margin	23.0%	28.8%			
DKK/NOK (average)	76.66	77.31			
<b>FINANCIAL POSITION AND CASH FLOW</b>					
Total Assets***			6,166,429		5,802,523
Equity***			4,289,727		4,077,029
Equity ratio***			70%		70%
Net interest-bearing debt**			521,983		495,479
Cash flow from operations			76,503		368,175
Cash flow from financing			54,146		102,106
<b>PROFITABILITY</b>					
Basic earnings per share (DKK)			4.37		5.60
Diluted earnings per share (DKK)			4.37		5.60
ROCE**			4.8%		5.7%
<b>VOLUMES</b>					
Harvested volumes (tgw)			13,707		12,237
VAP produced volumes (tgw)			4,689		2,115
Sold feed tonnes			16,264		13,923
Internal feed sales tonnes			13,960		13,152
Smolt released thousand (pcs)			1,720		3,134

\* Aligned for fair value adjustment of biomass, onerous contracts provisions, income from associates and revenue tax - refer to Note 10

\*\* Return on average capital employed, based on operational EBIT - refer to Note 10

\*\*\* Comparing figures from end 2018

## Summary of the 1<sup>st</sup> Quarter 2019

(Figures in parenthesis refer to the same period last year)

**The Bakkafrost Group delivered a total operating EBIT of DKK 267.7 million in Q1 2019. Harvested volumes were 13.7 thousand tonnes gutted weight. The combined farming and VAP segments made an operational EBIT of DKK 231.1 million. The farming segment made an operational EBIT of DKK 229.7 million. Achieved prices in this quarter decreased and thus had a negative effect on the operational EBIT. The VAP segment made an operational EBIT of DKK 1.3 million. The EBITDA for the FOF segment was DKK 65.3 million.**

The Group made a profit for Q1 2019 of DKK 212.8 million (DKK 272.3 million).

The total volumes harvested in Q1 2019 were 13,707 tonnes gutted weight (12,237 tgw).

1.7 million (3.1 million) smolts were transferred during Q1 2019.

The combined farming and VAP segments made an operational EBIT of DKK 231.1 million (DKK 216.8

million) in Q1 2019. The operational EBIT per kg in Q1 2019 was DKK 16.86 (DKK 17.72), which corresponds to NOK 21.99 (NOK 22.92) for the combined farming and VAP segments.

The farming segment made an operational EBIT of DKK 229.7 million (DKK 228.4 million) in Q1 2019. The harvested volumes were higher, but the achieved prices were lower in Q1 2019, compared to Q1 2018.

The Faroese Parliament changed the revenue tax for farming operations in the Faroe Islands from 4.5% to 5.0% in December 2018. The change was effective from 1 January 2019.

The VAP segment made an operational EBIT of DKK 1.3 million (DKK -11.6 million) for Q1 2019.

The FOF segment (fishmeal, oil and feed) made an EBITDA of DKK 65.3 million (DKK 86.4 million) for Q1 2019, and the EBITDA margin was 23.0% (28.8%). During Q1 2019, Havsbrún sourced 115,530 tonnes (130,104 tonnes) of raw material.

Bakkafrost aims at giving the shareholders a competitive return on their investment, both through payments of dividends and by value growth of the equity through positive operations.

The long-term goal of the Board of Directors is that 30-50% of earnings per share shall be paid out as dividend. The financial position of Bakkafrost is strong with a solid balance sheet, a competitive operation and available credit facilities. The Annual General Meeting, convened on 5 April 2019, decided to pay out a dividend of DKK 8.25, corresponding to NOK 10.65 per share. The total dividend of DKK 403.1 million (NOK 520.3 million) was paid out on 26 April 2019.

The net interest-bearing debt amounted to DKK 522.0 million at the end of Q1 2019 (DKK 495.5 million at year-end 2018). Undrawn credit facilities amounted to DKK 971.1 million at the end of Q1 2019.

The equity ratio was 70% at 31 March 2019, compared to 70% at the end of 2018.

# Financial Review

## Income Statement

(Figures in parenthesis refer to the same period last year)

The operating revenue amounted to DKK 963.7 million (DKK 851.2 million) in Q1 2019. The farming segment's harvest volume was higher, and the achieved prices were lower in Q1 2019, compared to the same quarter last year. The VAP segment had higher revenues because of higher volumes and higher prices in Q1 2019, compared to Q1 2018. The FOF segment had lower external revenue in Q1 2019, mainly due to lower external sales of fishmeal and fish oil, compared to Q1 2018.

Operational EBIT was DKK 267.7 million (DKK 268.2 million) in Q1 2019. The farming and VAP segments had higher operational EBIT in Q1 2019, compared to Q1 2018, while the FOF segment had lower operational EBIT in Q1 2019, compared to Q1 2018.

The fair value adjustment of the Group's biological assets amounted to DKK 17.9 million (DKK 107.1 million) in Q1 2019. The positive adjustment is due to higher forward market prices for salmon at the end of the quarter, compared to the beginning of the quarter.

Change in provisions for onerous contracts amounted to DKK 0 million (DKK 0 million) in Q1 2019.

In Q1 2019, the profit from associated companies amounted to DKK 6.9 million (DKK 2.4 million).

The revenue tax amounted to DKK -32.0 million (DKK -26.3 million) in Q1 2019. The revenue tax increased

because of higher harvested volumes, higher market prices and an increase in the revenue tax rate from 4.5% to 5.0% from 1<sup>st</sup> January 2019, compared to the same quarter last year.

Net interests in Q1 2019 were DKK -1.2 million (DKK -18.7 million).

Net taxes amounted to DKK -46.5 million (DKK -60.4 million) in Q1 2019.

The result for Q1 2019 was DKK 212.8 million (DKK 272.3 million).

## Statement of Financial Position

(Figures in parenthesis refer to end last year)

The Group's total assets amounted to DKK 6,166.4 million (DKK 5,802.5 million) at the end of Q1 2019.

Intangible assets amounted to 391.0 (DKK 389.7 million) at the end of Q1 2019.

Property, plant and equipment amounted to DKK 3,004.6 million (DKK 2,884.3 million) at the end of Q1 2019. In Q1 2019, Bakkefrost made investments in PP&E amounting to DKK 110.0 million and new lease commitments according to IFRS 16 amounting to DKK 64.0 million.

Non-current financial assets amounted to DKK 115.7 million (DKK 112.8 million) at the end of Q1 2019.

The carrying amount (fair value) of biological assets amounted to DKK 1,290.9 million (DKK 1,358.5 million) at the end of Q1 2019. Biological assets have mainly decreased due to lower volumes, compared to year end 2018. Included in the carrying amount of the biological assets is a fair value adjustment amounting to DKK 400.6 million (DKK 382.8 million) at the end Q1 of 2019.

Inventories amounted to DKK 562.8 million (DKK 438.8 million) at the end of Q1 2019.

Total receivables, including long-term receivables, amounted to DKK 459.7 million (DKK 301.5 million) at the end of Q1 2019.

The Group's equity amounted to DKK 4,289.7 million (DKK 4,077.0 million) at the end of Q1 2019. The change in equity consists primarily of the positive result for Q1 2019.

Total non-current liabilities amounted to DKK 1,505.1 million (DKK 1,346.5 million) at the end of Q1 2019.

Deferred taxes and other taxes amounted to DKK 581.4 million (DKK 534.4 million) at the end of Q1 2019.

Long-term debt was DKK 862.9 million (DKK 812.1 million) at the end of Q1 2019.

At the end of Q1 2019, the Group's total current liabilities were DKK 371.6 million (DKK 379.0 million). The current liabilities consist of accounts payable and tax payable.

Derivatives amounted to DKK 0.6 million (DKK 0.3 million) at the end of Q1 2019.

Short-term interest-bearing debt amounted to DKK 0 million (DKK 0 million) at the end of Q1 2019.

The equity ratio was 70% at the end of Q1 2019, compared with 70% at the end of 2018.

## Cash Flow

(Figures in parenthesis refer to the same period last year)

The cash flow from operations was DKK 76.5 million (DKK 368.2 million) in Q1 2019. The changes in working capital had a negative effect on the cash flow from operations.

The cash flow from investment activities amounted to DKK -106.0 million (DKK -111.5 million) in Q1 2019. The amount relates to investments in property, plant and equipment.

The cash flow from financing activities totalled DKK 54.1 million (DKK 102.1 million) in Q1 2019.

In Q1 2019, net change in cash flow amounted to DKK 24.7 million (DKK 358.8 million).

At the end of Q1 2019, Bakkafrost had unused credit facilities of DKK 971.1 million (DKK 997.7 million at the end of 2018).

## Farming Segment

**The farming segment produces high quality Atlantic salmon from juveniles to harvest size salmon. The salmon is sold to fresh fish markets globally and to the internal VAP production. The farming sites are in the Faroe Islands.**

### Volumes

The total volumes harvested in Q1 2019 were 13,707 tonnes gutted weight (12,237 tgw) – an increase in volume of 12%. 6,743 tgw came from the North region and 6,964 tgw from the West region.

1.7 million (3.1 million) smolts were transferred in Q1 2019. This is in line with the smolt transfer plan.

DKK 1,000	Q1 2019	Q1 2018	Change
<b>Financial</b>			
Total revenue	755,402	666,655	13%
EBIT	218,159	309,247	-29%
Operational EBIT	229,743	228,443	1%
Farming - Operational EBIT/kg (DKK)	16.76	18.67	-10%
<b>Volumes</b>			
Harvested volumes (tgw)	13,707	12,237	12%
- Farming North	6,743	2,736	146%
- Farming West	6,964	9,501	-27%
Smolts released (thousand)	1,720	3,134	-45%
- Farming North	1,720	262	556%
- Farming West	0	2,872	-100%

### Financial Performance

In Q1 2019, the operating revenue for Bakkafrost's farming segment was DKK 755.4 million (DKK 666.7 million). The total revenue for the farming segment increased in Q1 2019, compared with Q1 2018, mainly because of higher volume.

In Q1 2019, the farming segment's EBIT amounted to DKK 218.2 million (DKK 309.2 million).

Operational EBIT amounted to DKK 229.7 million (DKK 228.4 million) in Q1 2019, which corresponds to an operational EBIT margin of 30% (34%).

Operational EBIT/kg for the farming segment was DKK 16.76 (NOK 21.86) in Q1 2019, compared with DKK 18.67 (NOK 24.15) in Q1 2018.

## VAP Segment

**The VAP (value added products) segment produces skinless and boneless portions of salmon. The main market for the VAP products is Europe with increasing sales in other markets. The VAP products are sold on long-term fixed price contracts.**

### Volumes

34% (17%) of the total harvested volumes in Q1 2019 went to the production of VAP products.

The VAP production in Q1 2019 was 4,689 tonnes gutted weight (2,115 tgw) an increase on 122% compared to Q1 2018. The harvest volumes were higher, and the segment had higher contract coverage in Q1 2019, compared to Q1 2018.

	DKK 1,000	Q1 2019	Q1 2018	Change
<b>Financial</b>				
Total revenue	260,574	92,994	180%	
EBIT	1,324	-11,616	111%	
Operational EBIT	1,324	-11,616	111%	
VAP - Operational EBIT/kg (DKK)	0.28	-5.49	105%	
<b>Volumes</b>				
VAP produced volumes (tgw)	4,689	2,115	122%	
Harvested volumes used in VAP production	34%	17%	98%	
Harvested volumes sold fresh/frozen	66%	83%	-20%	

### Financial Performance

The operating revenue for the VAP segment amounted to DKK 260.6 million (DKK 93.0 million) in Q1 2019. The increase in revenue is due to higher volumes in Q1 2019, compared with Q1 2018.

The VAP segment had an EBIT amounting to DKK 1.3 million (DKK -11.6 million) in Q1 2019. Changes in onerous contracts were DKK 0 million (DKK 0 million).

Operational EBIT amounted to DKK 1.3 million (DKK -11.6 million) in Q1 2019, corresponding to an operational EBIT of DKK 0.28 (NOK 0.37) per kg gutted weight in Q1 2019, compared with DKK -5.49 (NOK -7.10) per kg gutted weight in Q1 2018.

## FOF Segment

**The FOF (fishmeal, oil and feed) segment produces fishmeal, fish oil and fish feed. Most of the production is used for fish feed, used internally in the farming segment. The quality of the fish feed is important to the quality of the salmon from Bakkafrost. Fishmeal, fish oil and fish feed are also sold externally.**

### Volumes

Havsbrún received 115,530 tonnes (130,104 tonnes) of raw material to produce fishmeal and fish oil in Q1 2019. The raw material intake depends on the fishery in the North Atlantic and available species of fish.

The production of fishmeal in Q1 2019 was 24,738 tonnes (27,114 tonnes).

The production of fish oil in Q1 2019 was 4,094 tonnes (3,864 tonnes). The production of fish oil varies, depending on the species of fish sourced for production and the timing of catch.

Sales of feed amounted to 16,264 tonnes (13,923 tonnes) in Q1 2019, of which the farming segment internally used 13,960 tonnes (13,152 tonnes) or 85.8% (94.5%).

### Financial Performance

The operating revenue for the FOF segment amounted to DKK 283.4 million (DKK 300.4 million) in Q1 2019, of which DKK 139.2 million (DKK 126.3 million) represented sales to Bakkafrost's farming segment, corresponding to 49.1% (42.0%).

DKK 1,000	Q1 2019	Q1 2018	Change
<b>Financial</b>			
Total revenue	283,411	300,359	-6%
EBIT	62,512	81,645	-23%
EBITDA	65,252	86,433	-25%
FOF - EBITDA margin	23.0%	28.8%	-20%
<b>Volumes (tonnes)</b>			
Total feed sold	16,264	13,923	17%
- Feed internal sale	13,960	13,152	6%
- Feed external sale	2,304	771	199%
Fishmeal external sale	9,987	12,266	-19%
Fish oil external sale	1	2,008	-100%
Received raw material	115,530	130,104	-11%

Total revenue for the FOF segment in Q1 2019 decreased 6%, compared to the same quarter last year. The internal revenue increased, but the external sales have decreased. The decrease in external revenue is due to lower volumes of fishmeal and fish oil sold in Q1 2019, compared to Q1 2018.

EBITDA was DKK 65.3 million (DKK 86.4 million) in Q1 2019, and the EBITDA margin was 23.0% (28.8%). Havsbrún sources raw pelagic fish for the fishmeal and fish oil production, which are part of the recipe to produce salmon feed.

# Outlook

## Market

The global supply of Atlantic salmon in Q1 2019 increased around 5%, compared to Q1 2018, according to the latest estimate from Kontali Analyse.

The global harvest of Atlantic salmon in Q2 2019 is expected to increase around 5%, compared to Q2 2018. The estimated global harvest of Atlantic salmon for 2019 is an increase of around 5-7%, compared to 2018.

Bakkafrost operates in the main salmon markets, Europe, USA, the Far East and Russia. Variation in sales distribution between the different markets is driven by the change in demand from quarter to quarter in the different regions. Bakkafrost, however, aims to have a balanced market diversification to reduce market risk.

## Farming

The outlook for the farming segment is good. The estimates for harvest volumes and smolt releases are dependent on the biological development.

Bakkafrost focuses on reducing biological risk continuously and has made several new investments and procedures to diminish this risk. Bakkafrost focuses on using non-medical methods in treatments against sea lice and has invested in new technology to follow this strategy.

Bakkafrost's guidance for harvest in 2019 is 54,500 tonnes gutted weight.

Bakkafrost expects to release 13.5 million smolts in 2019, compared with 12.5 million smolts in 2018 and 9.9 million smolts in 2017. The number of smolts released is a key element of predicting Bakkafrost's future production.

## VAP (Value added products)

Bakkafrost has signed contracts covering around 33% of the expected harvested volumes for 2019. Bakkafrost's long-term strategy is to sell around 40-50% of the harvested volumes of salmon as VAP products at fixed price contracts.

The VAP contracts are at fixed prices, based on the salmon forward prices at the time they are agreed and the expectations for the salmon spot price for the contract period. The contracts last for 6 to 12 months.

## FOF (Fishmeal, oil and feed)

The outlook for the production of fishmeal and fish oil is dependent on the availability of raw material.

The ICES 2019 recommendation for blue whiting is 1,143 thousand tonnes, which corresponds to a decrease of 18%, compared to ICES's recommendation for 2018.

Bakkafrost expects a decrease in production volumes of fishmeal and fish oil in 2019, compared to 2018.

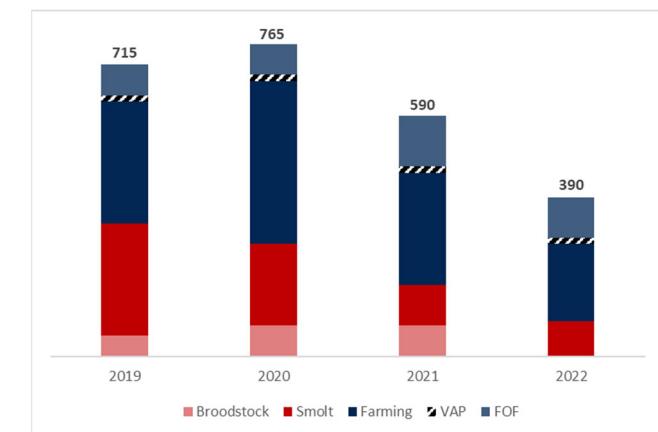
The major market for Havsbrún's fish feed is the local Faroese market including Bakkafrost's internal use of fish feed.

Havsbrún's sales of fish feed in 2019 are expected to be at 85,000 tonnes, depending on external sales.

## Investments

Bakkafrost's investment program for the period from 2018 to 2022 will amount to DKK 3 billion, including maintenance capex, and will reinforce Bakkafrost's integrated business model. The aim of the investment program is to minimize the biological risk, increase efficiency and create sustainable organic growth.

Bakkafrost's strategy and investment program will be presented at Bakkafrost's Capital Markets Day on 12 June 2019 in the Faroe Islands.



**Financial**

Favourable market balances in the world market for salmon products and cost-conscious production will likely maintain the financial flexibility going forward.

A high equity ratio together with Bakkafrost's bank financing, makes Bakkafrost's financial situation strong. This enables Bakkafrost to carry out its investment plans to further focus on strengthening the Group, M&A's, organic growth opportunities and to fulfil its dividend policy in the future, which is unchanged although a new investment program is announced.

## Risks

Biological risk has been and will be a substantial risk for Bakkafrost. The Annual Report 2018 gives more explanation on the biological risk and Bakkafrost's risk management in this regard.

Reference is made to the Outlook section of this report for other comments to Bakkafrost's risk exposure and to Note 3.

Bakkafrost is, as explained in the Annual Report 2018, exposed to the salmon price. Global supply of salmon is expected to increase in 2019 and will influence the salmon price.

The Annual Report 2018 is available on request from Bakkafrost and on Bakkafrost's website, [www.bakkafrost.com](http://www.bakkafrost.com).

## Events after the Date of the Statement of Financial Position

From the date of the statement of financial position until today, no events have occurred which materially influence the information provided by this report.

## Statement by the Management and the Board of Directors on the Interim Report

The Management and the Board of Directors have today considered and approved the interim report of P/F Bakkafrost for the period 1 January 2019 to 31 March 2019.

The interim report, which has not been audited or reviewed by the company's independent auditors, has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and Faroese disclosure requirements for listed companies.

In our opinion, the accounting policies used are appropriate, and the interim report gives a true and fair view of the Group's financial positions at 31 March 2019, as well as the results of the Group activities and cash flows for the period 1 January 2019 to 31 March 2019.

In our opinion, the management's review provides a true and fair presentation of the development in the Group operations and financial circumstances of the

results for the period and of the overall financial position of the Group as well as a description of the most significant risks and elements of uncertainty facing the Group.

Over and above the disclosures in the interim report, no changes in the Group's most significant risks and uncertainties have occurred relative to the disclosures in the annual report for 2018.

Glyvrar, May 6<sup>th</sup>, 2019

Management:

Regin Jacobsen  
CEO

The Board of Directors of P/F Bakkafrost:

Rúni M. Hansen  
Chairman of the Board

Johannes Jensen  
Deputy Chairman of the Board

Teitur Samuelsen  
Board Member

Øystein Sandvik  
Board Member

Annika Frederiksberg  
Board Member

Einar Wathne  
Board Member

## Consolidated Income Statement

For the period ended 31 March 2019

DKK 1,000	Q1 2019	Q1 2018
<b>Operating revenue</b>	<b>963,709</b>	<b>851,156</b>
Purchase of goods	-361,540	-289,145
Change in inventory and biological assets (at cost)	34,013	31,393
Salary and personnel expenses	-114,552	-91,183
Other operating expenses	-200,153	-188,224
Depreciation	-53,773	-45,775
<b>Operational EBIT *</b>	<b>267,704</b>	<b>268,222</b>
Fair value adjustments of biological assets	17,871	107,131
Onerous contracts	0	0
Income from associates	6,947	2,419
Revenue tax	-31,994	-26,327
<b>Earnings before interest and taxes (EBIT)</b>	<b>260,528</b>	<b>351,445</b>
Net interest revenue	111	1,001
Net interest expenses	-1,865	-4,925
Net currency effects	1,425	-13,159
Other financial expenses	-864	-1,627
<b>Earnings before taxes (EBT)</b>	<b>259,335</b>	<b>332,735</b>
Taxes	-46,499	-60,434
<b>Profit or loss for the period</b>	<b>212,836</b>	<b>272,301</b>
<b>Profit or loss for the year attributable to</b>		
Non-controlling interests	0	0
<b>Owners of P/F Bakkafrost</b>	<b>212,836</b>	<b>272,301</b>
Earnings per share (DKK)	4.37	5.60
Diluted earnings per share (DKK)	4.37	5.60

\* Operational EBIT is EBIT before fair value of biomass, onerous contracts, income from associates and revenue tax.

## Consolidated Statement of Comprehensive Income

For the period ended 31 March 2019

DKK 1,000	Q1 2019	Q1 2018
<b>Profit for the period</b>	<b>212,836</b>	<b>272,301</b>
Changes on financial derivatives	-274	127,291
Hereof income tax effect	33	-22,912
Reserve to share-based payment	839	570
Currency translation differences	1	0
Adjustment of treasury shares	-2,993	1,043
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>-2,394</b>	<b>105,992</b>
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income</b>	<b>-2,394</b>	<b>105,992</b>
<b>Total other comprehensive income for the period</b>	<b>210,442</b>	<b>378,293</b>
<b>Comprehensive income for the period attributable to</b>		
Non- controlling interests	0	0
Owners of P/F Bakkafrost	210,442	378,293

# Consolidated Statement of Financial Position

As at 31 March 2019

DKK 1,000	31 March 2019	31 Dec 2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	391,042	389,745
Property, plant and equipment	3,004,587	2,884,325
Financial assets	115,725	112,766
Long-term receivables	7,688	9,200
<b>Total non-current assets</b>	<b>3,519,042</b>	<b>3,396,036</b>
<b>Current assets</b>		
Biological assets (biomass)	1,290,944	1,358,462
Inventory	562,817	438,847
<b>Total inventory</b>	<b>1,853,761</b>	<b>1,797,309</b>
Accounts receivable	429,608	269,348
Other receivables	22,444	22,936
<b>Total receivables</b>	<b>452,052</b>	<b>292,284</b>
<b>Cash and cash equivalents</b>	<b>341,574</b>	<b>316,894</b>
<b>Total current assets</b>	<b>2,647,387</b>	<b>2,406,487</b>
<b>TOTAL ASSETS</b>	<b>6,166,429</b>	<b>5,802,523</b>

DKK 1,000	31 March 2019	31 Dec 2018
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	48,858	48,858
Other equity	4,240,869	4,028,171
<b>Total equity</b>	<b>4,289,727</b>	<b>4,077,029</b>
<b>Non-current liabilities</b>		
Deferred and other taxes	581,371	534,430
Long-term interest-bearing debt	862,944	812,053
Other debt	60,816	0
<b>Total non-current liabilities</b>	<b>1,505,131</b>	<b>1,346,483</b>
<b>Current liabilities</b>		
Financial derivatives	613	320
Accounts payable and other debt	370,958	378,691
<b>Total current liabilities</b>	<b>371,571</b>	<b>379,011</b>
<b>Total liabilities</b>	<b>1,876,702</b>	<b>1,725,494</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,166,429</b>	<b>5,802,523</b>

# Consolidated Cash Flow Statement

For the period ended 31 March 2019

DKK 1,000	Q1 2019	Q1 2018
<b>Earnings before interest and taxes (EBIT)</b>	<b>260,528</b>	<b>351,445</b>
Adjustments for write-downs and depreciation	53,773	45,775
Adjustments for value adjustment of biomass	-17,871	-107,131
Adjustments for income from associates	-6,947	-2,419
Adjustments for currency effects	4,176	-9,555
Change in inventory	-38,581	-33,677
Change in receivables	-167,456	91,210
Change in current debts	-11,119	32,527
<b>Cash flow from operations</b>	<b>76,503</b>	<b>368,175</b>
<b>Cash flow from investments</b>		
Payments for purchase of fixed assets	-109,957	-111,471
Net investment in financial assets	3,988	0
<b>Cash flow from investments</b>	<b>-105,969</b>	<b>-111,471</b>
<b>Cash flow from financing</b>		
Change of interest-bearing debt (short and long)	59,515	106,614
Financial income	111	1,001
Financial expenses	-2,729	-6,552
Net proceeds from sale of own shares	-2,751	1,043
<b>Cash flow from financing</b>	<b>54,146</b>	<b>102,106</b>
<b>Net change in cash and cash equivalents in period</b>	<b>24,680</b>	<b>358,810</b>
Cash and cash equivalents - opening balance	316,894	309,551
<b>Cash and cash equivalents - closing balance total</b>	<b>341,574</b>	<b>668,361</b>

# Consolidated Statement of Changes in Equity

As at 31 March 2019

DKK 1,000	Share Capital	Share Premium Reserve	Treasury Shares	Share-based Payment	Currency translation differences	Derivatives	Proposed Dividend	Biomass Fair Value adjustments	Retained Earnings	Total Equity
<b>Equity 01.01.2019</b>	48,858	306,537	-15,525	6,153	6,176	-264	403,079	382,770	2,939,245	4,077,029
<b>Consolidated profit</b>	0	0	0	0	0	0	0	17,871	197,220	215,091
<i>Other comprehensive income:</i>										
Changes on financial derivatives	0	0	0	0	0	-274	0	0	0	-274
Hereof income tax effect	0	0	0	0	0	33	0	0	0	33
Share-based payment	0	0	0	-2,993	0	0	0	0	0	-2,993
Currency translation differences	0	0	0	0	1	0	0	0	0	1
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,993</b>	<b>1</b>	<b>-241</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,233</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,993</b>	<b>1</b>	<b>-241</b>	<b>0</b>	<b>17,871</b>	<b>197,220</b>	<b>211,858</b>
<i>Transaction with owners:</i>										
Treasury shares	0	0	839	0	0	0	0	0	0	839
<b>Total transaction with owners</b>	<b>0</b>	<b>0</b>	<b>839</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>839</b>
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>839</b>	<b>-2,993</b>	<b>1</b>	<b>-241</b>	<b>0</b>	<b>17,871</b>	<b>197,220</b>	<b>212,697</b>
<b>Total equity 31.03.2019</b>	<b>48,858</b>	<b>306,537</b>	<b>-14,686</b>	<b>3,160</b>	<b>6,177</b>	<b>-505</b>	<b>403,079</b>	<b>400,641</b>	<b>3,136,466</b>	<b>4,289,727</b>
<b>Equity 01.01.2018</b>	<b>48,858</b>	<b>306,537</b>	<b>-18,159</b>	<b>3,874</b>	<b>6,271</b>	<b>-104,351</b>	<b>513,009</b>	<b>186,951</b>	<b>2,683,439</b>	<b>3,626,429</b>
<b>Consolidated profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>195,819</b>	<b>772,455</b>	<b>968,274</b>
<i>Other comprehensive income:</i>										
Changes on financial derivatives	0	0	0	0	0	126,935	0	0	-138,748	-11,813
Hereof income tax effect	0	0	0	0	0	-22,848	0	0	22,848	0
Share-based payment	0	0	0	2,279	0	0	0	0	0	2,279
Currency translation differences	0	0	0	0	-95	0	0	0	0	-95
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,279</b>	<b>-95</b>	<b>104,087</b>	<b>0</b>	<b>0</b>	<b>-115,900</b>	<b>-9,629</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,279</b>	<b>-95</b>	<b>104,087</b>	<b>0</b>	<b>195,819</b>	<b>656,555</b>	<b>958,645</b>
<i>Transaction with owners:</i>										
Treasury shares	0	0	2,634	0	0	0	0	0	0	2,634
Paid-out dividend	0	0	0	0	0	0	-513,009	0	2,331	-510,678
Proposed dividend	0	0	0	0	0	0	403,079	0	-403,079	0
<b>Total transaction with owners</b>	<b>0</b>	<b>0</b>	<b>2,634</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-109,930</b>	<b>0</b>	<b>-400,748</b>	<b>-508,044</b>
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>2,634</b>	<b>2,279</b>	<b>-95</b>	<b>104,087</b>	<b>-109,930</b>	<b>195,819</b>	<b>255,807</b>	<b>450,601</b>
<b>Total equity 31.12.2018</b>	<b>48,858</b>	<b>306,537</b>	<b>-15,525</b>	<b>6,153</b>	<b>6,176</b>	<b>-264</b>	<b>403,079</b>	<b>382,770</b>	<b>2,939,245</b>	<b>4,077,029</b>
<b>Equity 01.01.2018</b>	<b>48,858</b>	<b>306,537</b>	<b>-18,159</b>	<b>3,874</b>	<b>6,271</b>	<b>-104,351</b>	<b>513,009</b>	<b>186,951</b>	<b>2,683,439</b>	<b>3,626,429</b>
<b>Consolidated profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>107,131</b>	<b>168,125</b>	<b>275,256</b>
<i>Other comprehensive income:</i>										
Changes on financial derivatives	0	0	0	0	0	-15,901	0	0	0	-15,901
Hereof income tax effect	0	0	0	0	0	5,892	0	0	0	5,892
Share-based payment	0	0	0	570	0	0	0	0	0	570
Currency translation differences	0	0	0	0	55	0	0	0	0	55
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>570</b>	<b>55</b>	<b>-10,009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9,384</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>570</b>	<b>55</b>	<b>-10,009</b>	<b>0</b>	<b>107,131</b>	<b>168,125</b>	<b>265,872</b>
<i>Transaction with owners:</i>										
Treasury shares	0	0	-523	0	0	0	0	0	0	-523
<b>Total transaction with owners</b>	<b>0</b>	<b>0</b>	<b>-523</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-523</b>
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>-523</b>	<b>570</b>	<b>55</b>	<b>-10,009</b>	<b>0</b>	<b>107,131</b>	<b>168,125</b>	<b>265,349</b>
<b>Total equity 31.03.2018</b>	<b>48,858</b>	<b>306,537</b>	<b>-18,683</b>	<b>4,444</b>	<b>6,326</b>	<b>-114,360</b>	<b>513,009</b>	<b>294,082</b>	<b>2,851,464</b>	<b>3,891,777</b>

# Notes to the Account

## Accounting Policy

### General Information

P/F Bakkafrost is a limited company incorporated and domiciled in the Faroe Islands.

The Group's Annual Report as at 31 December 2018 is available upon request from the company's registered office at Bakkavegur 9, FO-625 Glyvrar, Faroe Islands, or at [www.bakkafrost.com](http://www.bakkafrost.com).

This Condensed Consolidated Interim Report is presented in DKK.

### Note 1. Statement of Compliance

This Condensed Consolidated Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as adopted by the EU. It does not include all the information required for the full Annual and Consolidated Report and Accounts and should be read in conjunction with the Annual and Consolidated Report and Accounts for the Group as at 31 December 2018.

This interim report has not been subject to any external audit.

### Note 2. Significant Accounting Policies

The accounting policies applied by the Group in this Condensed Consolidated Interim Report are the same as those applied in the Annual Report as at and for the year ended 31 December 2018. The Group has, however, as mentioned in the Annual Report 2018, applied the IFRS 16 Leases standard from 1 January 2019.

### Note 3. Estimates and Risk Exposures

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting principles and recognized amounts of assets, liabilities, income and expenses. The most significant estimates relate to the valuation of biological assets, which are measured at fair value. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on the management's best assessment at the time of reporting. All changes in estimates are reflected in the financial statements as they occur.

The accounting estimates are described in the notes to the financial statements in the Annual Report 2018.

For other risk exposures, reference is made to the Management's Statement in the Annual Report for 2018, where Bakkafrost's operational and financial risks are described, as well as to Note 4.1 (Financial risk management) in the same report.

The risks and uncertainties described therein are expected to remain.

## Note 4. Biomass

DKK 1,000	31 March 2019	31 March 2018	31 Dec 2018
Biological assets carrying amount 01.01.	1,358,462	1,096,665	1,096,665
Increase due to production or purchases	298,952	214,921	1,333,160
Reduction due to harvesting or sale (costs of goods sold)	-388,909	-308,314	-1,273,150
Fair value adjustment at the beginning of the period reversed	-382,775	-186,956	-186,956
Fair value adjustment at the end of the period	400,646	294,087	382,775
Reversal of elimination at the beginning of the period	53,790	59,758	59,758
Eliminations	-49,221	-55,482	-53,790
<b>Biological assets carrying amount at the end of the period</b>	<b>1,290,945</b>	<b>1,114,679</b>	<b>1,358,462</b>
Cost price biological assets	939,520	871,382	1,029,477
Capitalized interest	0	4,692	0
Fair value adjustment at the end of the period	400,646	294,087	382,775
Eliminations	-49,221	-55,482	-53,790
<b>Biological assets carrying amount</b>	<b>1,290,945</b>	<b>1,114,679</b>	<b>1,358,462</b>
<b>Biomass (tonnes lw)</b>			
< 1 kg	2,872	2,236	1,958
1 kg < 2 kg	3,470	3,628	2,959
2 kg < 3 kg	3,249	3,215	5,189
3 kg < 4 kg	6,069	5,646	6,010
4 kg <	18,379	17,118	22,962
<b>Volume of biomass at sea</b>	<b>34,039</b>	<b>31,843</b>	<b>39,078</b>

	31 March 2019	31 March 2018	31 Dec 2018
<b>Number of fishes (thousand)</b>			
< 1 kg	5,297	5,237	4,951
1 kg < 2 kg	2,300	2,302	2,113
2 kg < 3 kg	1,290	1,328	2,044
3 kg < 4 kg	1,692	1,607	1,782
4 kg <	3,467	3,200	4,359
<b>Total number of fishes at sea</b>	<b>14,046</b>	<b>13,674</b>	<b>15,249</b>
<b>Number of smolts released (thousand)</b>			
Farming North	1,721	262	3,978
Farming West	0	2,872	8,605
<b>Total number of smolts released</b>	<b>1,721</b>	<b>3,134</b>	<b>12,583</b>
<b>Sensitivity in DKK 1,000</b>			
Change in discount rate +1%	90,067	73,161	93,586
Change in discount rate -1%	-101,210	-82,634	-104,991
Change in sales price +5 DKK	-203,031	-190,231	-224,143
Change in sales price -5 DKK	203,031	190,231	224,143
Change in biomass volume +1%	-5,857	-4,416	-6,551
Change in biomass volume -1%	5,857	4,416	6,551
<b>One year forward prices in EUR FCA Oslo*</b>			
Period end	7.23	7.45	6.01
1 Q (forward)	6.89	6.62	6.48
2 Q (forward)	6.06	5.73	6.52
3 Q (forward)	6.06	5.80	5.94
4 Q (forward)	6.43	5.92	6.12

## Note 5. Segments

Farming segment	Q1 2019	Q1 2018
<b>DKK 1,000</b>		
External revenue	558,970	584,087
Internal revenue	196,432	82,568
<b>Total revenue</b>	<b>755,402</b>	<b>666,655</b>
Operating expenses	-483,764	-403,297
Depreciation and amortization	-41,895	-34,915
<b>Operational EBIT</b>	<b>229,743</b>	<b>228,443</b>
Fair value adjustments of biological assets	17,871	107,131
Income from associates	2,539	0
Revenue tax	-31,994	-26,327
<b>Earnings before interest and taxes (EBIT)</b>	<b>218,159</b>	<b>309,247</b>
Net interest revenue	111	1,001
Net interest expenses	-1,496	-4,033
Net currency effects	-255	-14,372
Other financial expenses	-817	-1,488
<b>Earnings before taxes (EBT)</b>	<b>215,702</b>	<b>290,355</b>
Taxes	-46,766	-43,697
<b>Profit or loss for the period</b>	<b>168,936</b>	<b>246,658</b>

Value added products	Q1 2019	Q1 2018
<b>DKK 1,000</b>		
<b>External revenue</b>	<b>260,574</b>	<b>92,994</b>
Internal purchase of raw material	-196,432	-82,568
Operating expenses	-58,088	-18,389
Depreciation and amortization	-4,730	-3,653
<b>Operational EBIT</b>	<b>1,324</b>	<b>-11,616</b>
Provision for onerous contracts	0	0
<b>Earnings before interest and taxes (EBIT)</b>	<b>1,324</b>	<b>-11,616</b>
Net interest expenses	-57	-2
Net currency effects	0	-318
Other financial expenses	0	-5
<b>Earnings before taxes (EBT)</b>	<b>1,267</b>	<b>-11,941</b>
Taxes	-228	-1,950
<b>Profit or loss for the period</b>	<b>1,039</b>	<b>-13,891</b>

<b>Fishmeal, fish oil and fish feed</b>	<b>Q1</b>	<b>Q1</b>
<b>DKK 1,000</b>	<b>2019</b>	<b>2018</b>
External revenue	144,166	174,076
Internal revenue	139,245	126,283
<b>Total revenue</b>	<b>283,411</b>	<b>300,359</b>
Cost of goods sold	-161,083	-156,964
Operating expenses	-57,076	-56,962
Depreciation and amortization	-7,148	-7,207
<b>Operational EBIT</b>	<b>58,104</b>	<b>79,226</b>
Income from associates	4,408	2,419
<b>Earnings before interest and taxes (EBIT)</b>	<b>62,512</b>	<b>81,645</b>
Net interest expenses	-312	-890
Net currency effects	1,680	1,531
Other financial expenses	-47	-134
<b>Earnings before taxes (EBT)</b>	<b>63,833</b>	<b>82,152</b>
Taxes	-11,490	-14,787
<b>Profit or loss for the period</b>	<b>52,343</b>	<b>67,365</b>

**Reconciliation of reportable segments****to Group earnings before taxes (EBT)**

DKK 1,000	Q1 2019	Q1 2018
Farming	215,702	290,355
VAP (Value Added Products)	1,267	-11,941
FOF (Fishmeal, fish Oil and fish Feed)	63,833	82,152
Eliminations	-21,466	-27,831
<b>Group earnings before taxes (EBT)</b>	<b>259,336</b>	<b>332,735</b>

**Assets and liabilities per segment**

DKK 1,000	31 March 2019	31 March 2018	31 Dec 2018
Farming	5,018,489	5,201,488	4,860,227
VAP (Value added products)	193,500	194,704	192,841
FOF (Fishmeal, Fish Oil and Fish Feed)	977,387	927,799	749,455
Eliminations	-22,947	-691,952	0
<b>Total assets</b>	<b>6,166,429</b>	<b>5,632,039</b>	<b>5,802,523</b>
Farming	1,697,044	814,839	1,482,751
VAP (Value added products)	28,578	8,434	31,075
FOF (Fishmeal, Fish Oil and Fish Feed)	170,024	618,035	209,634
Eliminations	-18,944	298,954	2,034
<b>Total liabilities</b>	<b>1,876,702</b>	<b>1,740,262</b>	<b>1,725,494</b>

## Note 6. Capital Commitments

The Group had capital expenditure committed but not provided in these accounts at the date of the Statement of Financial Position of approximately DKK 352 million. DKK 170 million relate to the building of new hatchery stations. DKK 59 million relate to the building of a new biogas plant.

## Note 7. Transactions with Related Parties

Note 5.2 in Bakkafrost's Annual Report for 2018 provides detailed information on related parties' transactions.

Transactions between P/F Bakkafrost and its subsidiaries meet the definition of related party transactions. As these transactions are eliminated on consolidation, they are not disclosed as related party transactions.

## Note 8. Fair Value Measurements

All assets/liabilities, for which fair value is recognized or disclosed, are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

For biological assets, the fair value calculation is done using a valuation model (level 3 in the valuation hierarchy) where the value is estimated based on observable market prices per period end.

For more information on these calculations, please refer to Note 4.

For assets/liabilities that are recognized at fair value on a recurring basis, the Group determines, whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement).

There have been no transfers into or out of Level 3 fair value measurements.

As at 31 March 2019, the Group held the following classes of assets/liabilities measured at fair value:

DKK 1,000	Cost					
	Assets and liabilities measured at fair value	Fair value	amount	Level 1	Level 2	Level 3
Biological assets (biomass)		1,290,945	890,299	0	0	1,290,945
<b>Assets measured at fair value 31/3-2019</b>		<b>1,290,945</b>	<b>890,299</b>	<b>0</b>	<b>0</b>	<b>1,290,945</b>
<b>Liabilities measured at fair value 31/3-2019</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Biological assets (biomass)		1,114,678	820,591	0	0	1,114,678
<b>Assets measured at fair value 31/3-2018</b>		<b>1,114,678</b>	<b>820,591</b>	<b>0</b>	<b>0</b>	<b>1,114,678</b>
<b>Liabilities measured at fair value 31/3-2018</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Biological assets (biomass)		1,358,462	975,687	0	0	1,358,462
<b>Assets measured at fair value 31/12-2018</b>		<b>1,358,462</b>	<b>975,687</b>	<b>0</b>	<b>0</b>	<b>1,358,462</b>
<b>Liabilities measured at fair value 31/12-2018</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Note 9. Business Combinations****Q1 2019:**

There have been no new business combinations in Q1 2019.

**2018:**

On 1 July 2018, Bakkafrost purchased the business and assets in North Landing via Bakkafrost USA LLC.

The purchase is paid in cash and financed by existing facilities.

The key employees of North Landing will continue in Bakkafrost USA LLC.

The fair value of intangible assets has been determined on an estimated fair value. Fair value has been identified in customer relationship employing generally accepted valuation techniques. The market value of the customer relationship is measured to DKK 6.2 million.

The fair value of property, plant and equipment has been determined based a 3<sup>rd</sup> party valuation.

From 1 July to 31 December 2018, the acquired business contributed with a result of -8.5 mDKK to the Group's result.

**Identifiable assets assumed:****DKK 1,000**

Intangible assets	13,948
Property, plant and equipment	13,372
Inventory	1,590
<b>Total net identifiable assets</b>	<b>28,910</b>

## Note 10. APM

### - Alternative Performance Measures

Bakkafrost's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition, the management's intention is to provide alternative performance measures, which are regularly reviewed by the management to enhance the understanding of the company's performance, but not replacing the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies. Bakkafrost's experience is that these APM's are frequently used by analysts, investors and other parties.

These APM's are adjusted IFRS measures, defined, calculated and used in a consistent and transparent manner over the years and across the company where relevant.

### NIBD

Net interest-bearing debt consists of both current and non-current interest-bearing liabilities, less related current and non-current hedging instruments, financial instruments, such as debt instruments and derivatives and cash and cash equivalents. The net interest-bearing debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure. Net debt is an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate interest-bearing liabilities (both current and non-current), derivatives and cash and cash equivalents. A reconciliation is provided below.

DKK 1,000	31 Mar 2019	31 Dec 2018
Cash and cash equivalents	341,574	309,551
Deposit for interest- and currency swap	0	84,630
Derivatives	-613	-127,255
Long- and short-term interest-bearing debt	-862,944	-524,996
<b>Net interest-bearing debt</b>	<b>-521,983</b>	<b>-258,070</b>

### Operational EBIT

Operational EBIT is EBIT aligned for fair value adjustments, onerous contracts provisions, income from associates and revenue tax.

Operational EBIT is a major alternative performance measure in the salmon farming industry. A reconciliation from EBIT to Operational EBIT is provided below.

DKK 1,000	Q1 2019	Q1 2018
<b>EBIT</b>	<b>260,528</b>	<b>351,445</b>
Fair value adjustments of biological assets	-17,871	-107,131
Onerous contracts	0	0
Income from associates	-6,947	-2,419
Revenue tax	31,994	26,327
<b>Operational EBIT</b>	<b>267,704</b>	<b>268,222</b>

**Operational EBIT per kg**

Farming segment:

Operational EBIT Farming segment  
Total harvested volumes (gw)

VAP segment:

Operational EBIT VAP segment  
Total volumes produced (raw material gw)

Farming and VAP:

Operational EBIT Farming and VAP segment  
Total harvested volumes (gw)

**EBITDA**

Earnings before interest, tax, depreciations and amortizations (EBITDA) is a key financial parameter for Bakkafrost's FOF segment. EBITDA before other income and other expenses is defined as EBITDA less gains and losses on disposals of fixed assets and operations and is reconciled in the section Group overview. This measure is useful to users of Bakkafrost's financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciations and amortization expenses related primarily to capital expenditures and acquisitions, which occurred in the past, nonrecurring items, as well as evaluating operating performance in relation to Bakkafrost's FOF segments competitors. The EBITDA margin presented is defined as EBITDA before other income and other expenses divided by total revenues.

**Adjusted EPS**

Adjusted EPS is based on the reversal of certain fair value adjustments shown in the table below, as it is Bakkafrost's view that this figure provides a more reliable measure of the underlying performance.

	Q1 2019	Q1 2018
<b>DKK 1,000</b>		
Profit for the year to the shareholders of P/F Bakkafrost	212,836	272,301
Fair value adjustment of biomass	-17,871	-107,131
Onerous contracts provisions	0	0
Tax on fair value adjustment and onerous contracts provisions	3,217	19,284
<b>Adjusted profit for the year to shareholders of P/f Bakkafrost</b>	<b>198,182</b>	<b>184,454</b>
<b>Time-weighted average number of shares outstanding through the year</b>	<b>48,665,707</b>	<b>48,632,391</b>
<b>Adjusted earnings per share (before fair value adjustment of biomass and provisions for onerous contracts) (adjusted EPS)</b>	<b>4.07</b>	<b>3.79</b>

**ROCE**

Return on average capital employed (ROCE) is defined as the period's operational EBIT divided by the average capital employed, which is total assets adjusted for total current liabilities. The performance measure is expressed as a percentage and is useful for evaluating Bakkafrost's profitability.

	Q1 2019	Q1 2018
<b>DKK 1,000</b>		
Group -Operational EBIT	267,704	268,222
Average Capital Employed	5,579,084	4,714,787
<b>ROCE</b>	<b>4.8%</b>	<b>5.7%</b>

## Contacts

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