

Grieg Seafood ASA

Q1 2018 results



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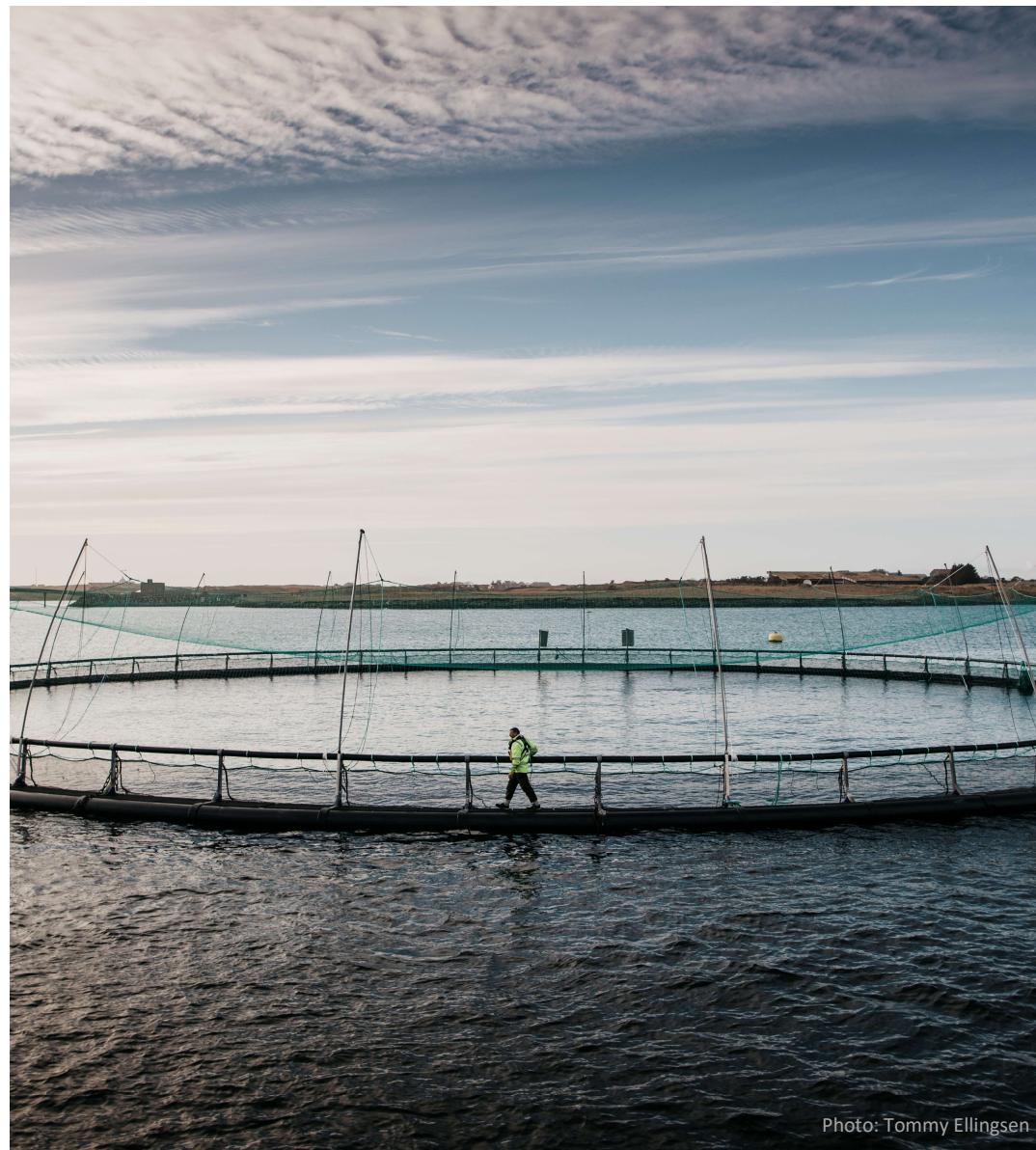
15.05.2018



Photo: Eilert Munch Lund

Agenda

- Highlights
- This is Grieg Seafood
- Segment review
- Financials
- Outlook & Summary

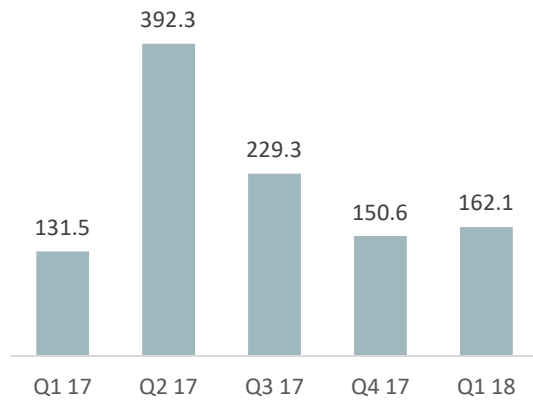


Highlights

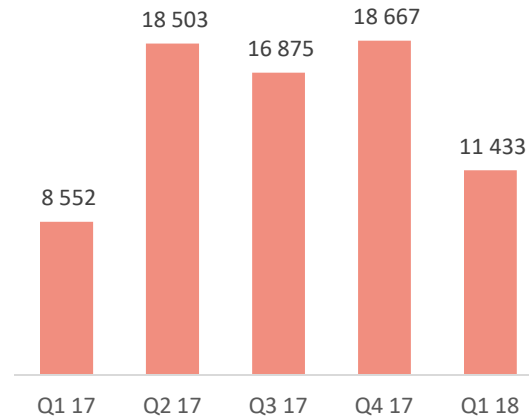
- Stable and good production in Finnmark, BC and on Shetland
- Low sea temperature and PD influencing production negative in Rogaland
- Low harvest volume resulting increased cost
- Harvest guiding 2018 of 80,000 tons maintained, up 28% from 2017
- Dividend of NOK 2.00 per share to be paid after the Annual meeting

Key financials

EBIT before Fair value (NOKm)



Harvest volume (tons GWT)



EBIT/kg (NOK)

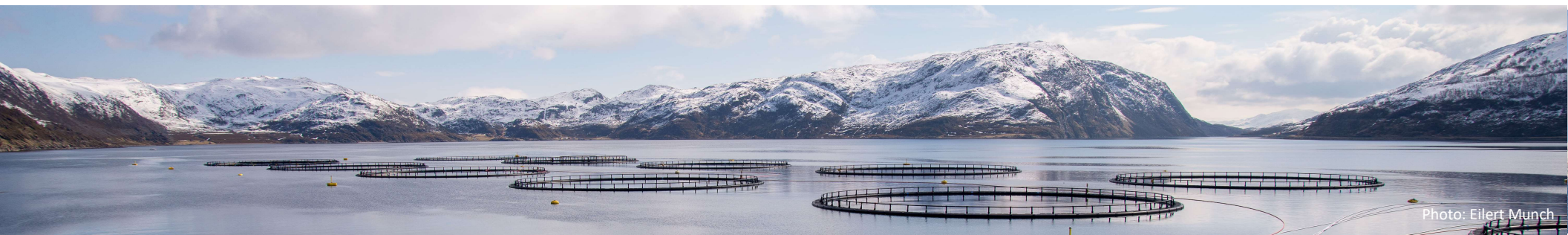
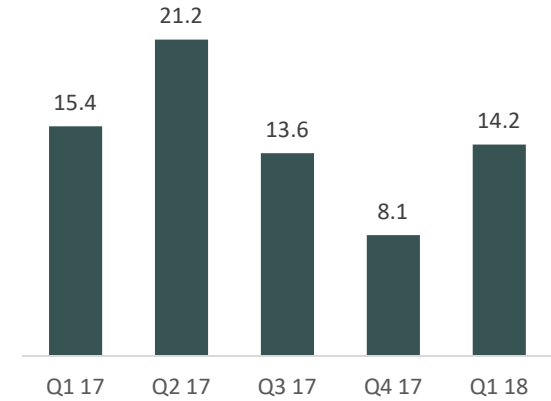
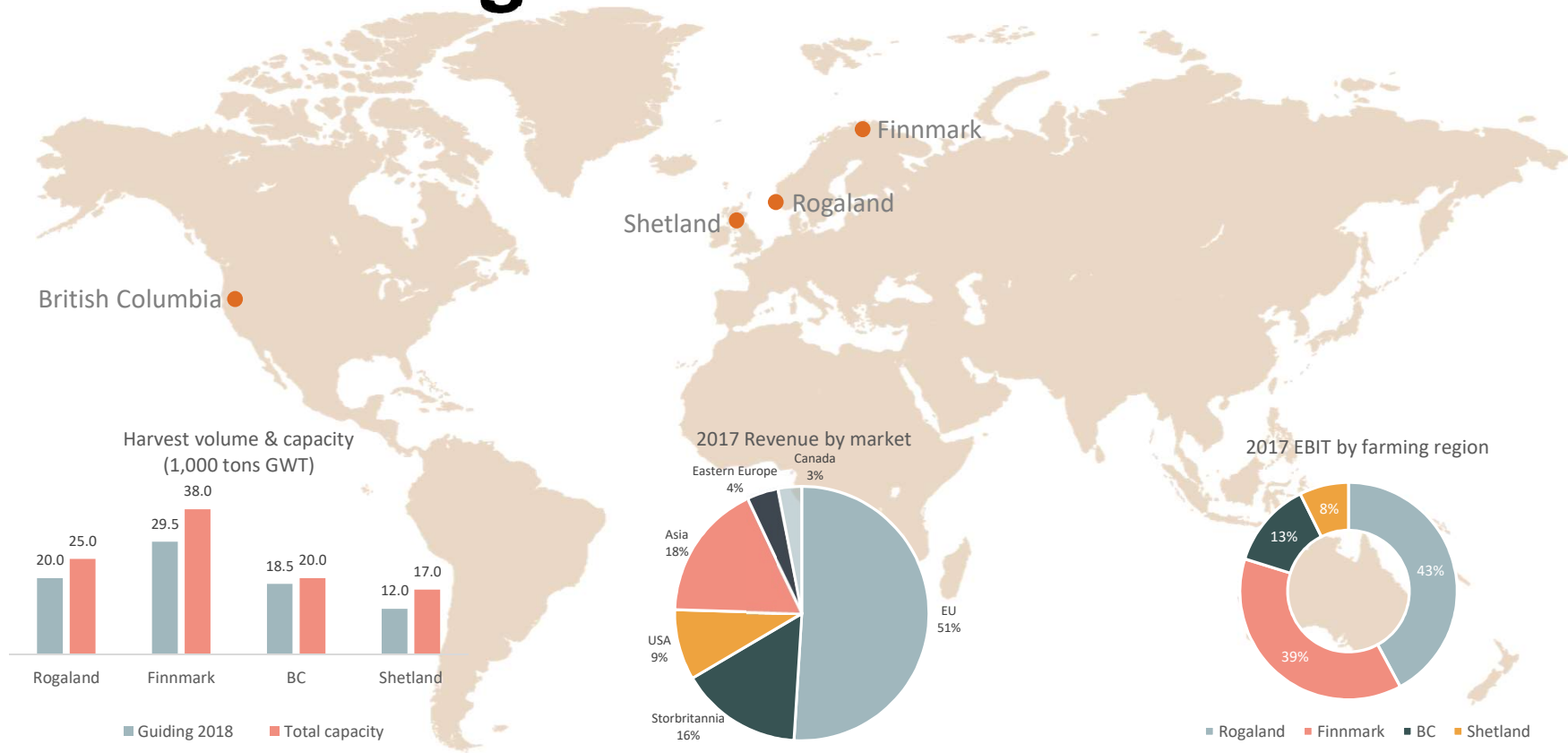


Photo: Eilert Munch

This is Grieg Seafood



Strategic priorities

Ambitions

100,000 tons in 2020

Cost at or below industry average

Strategy

- Annual growth of minimum 10% 2018-2020
- Exploit potential in current capacity

- Increased efficiency by growth
- Optimal feeding
- Biosecurity
- Internal improvement program

Priorities

- Increasing smolt capacity
- Secure new locations
- Develop current locations

- Increasing smolt size
- Reducing production time in sea
- Mechanical lice treatment
- Algae monitoring
- R&D

Segment review

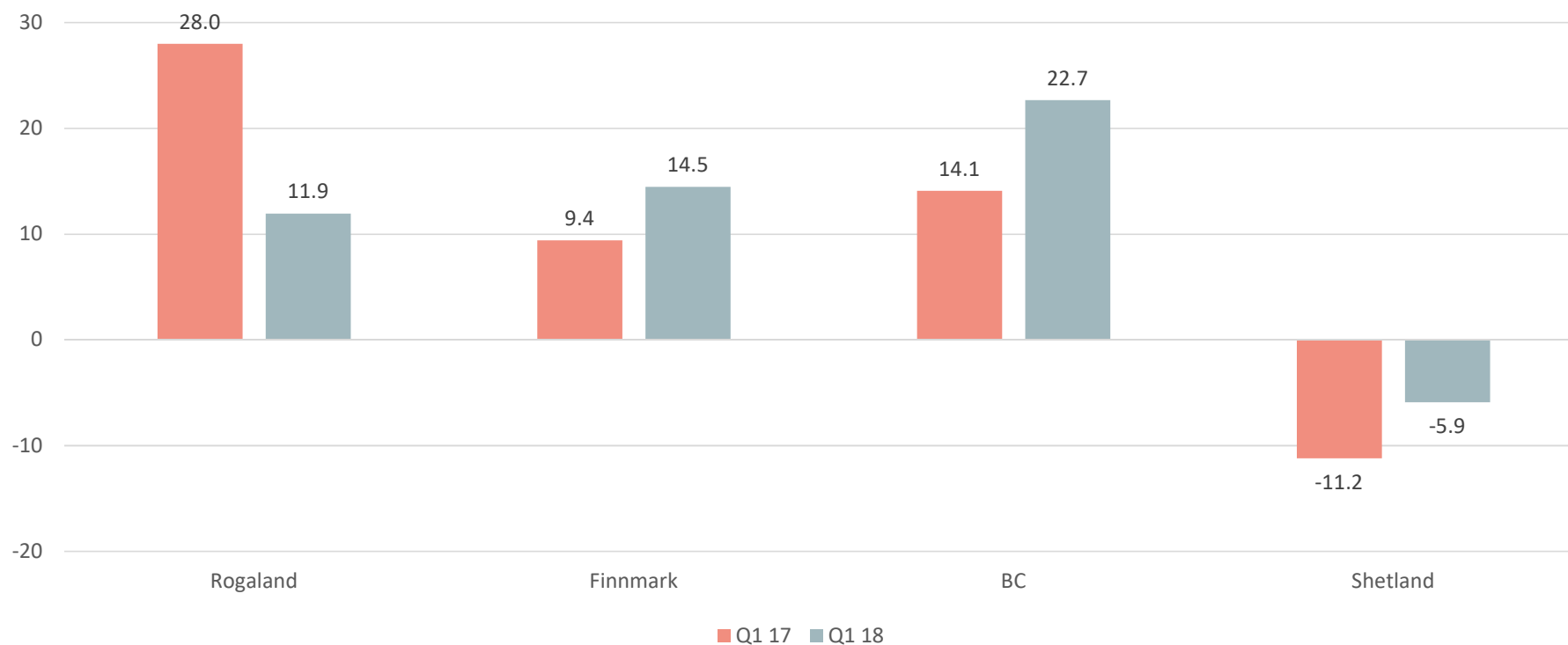


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Photo: Atle Harald Sandtorv

Business unit performance EBIT/kg *)



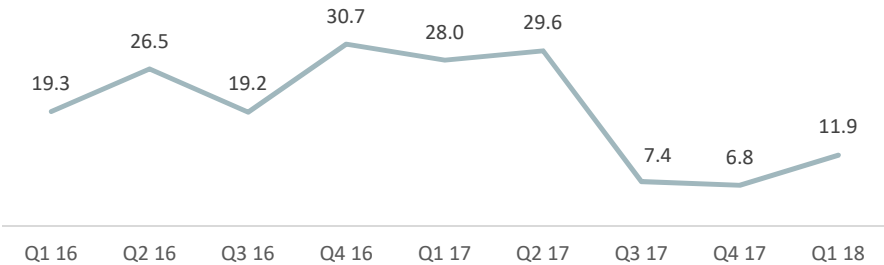
*) EBIT before fair value adjustment of biological assets

GSF Rogaland

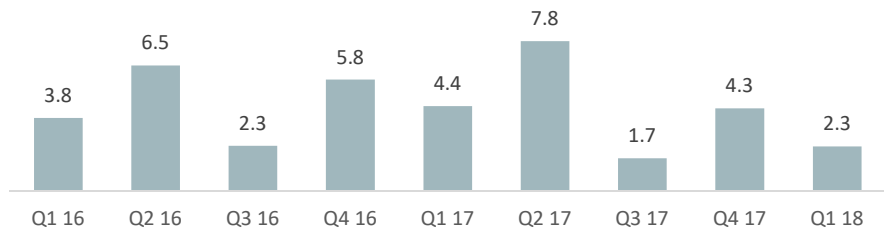


- Low harvest volume compared to Q4 2017 and weak PD fish harvested
 - Increased costs compared to Q4 2017
 - Negative impact from PD on price achievement
- Harvest of low-quality PD fish also in Q2
- Low sea temperatures reduced production in the quarter
 - 2018 harvest guiding reduced by 1,000 tons
- Big smolt strategy moving forward as planned

EBIT/kg (NOK)



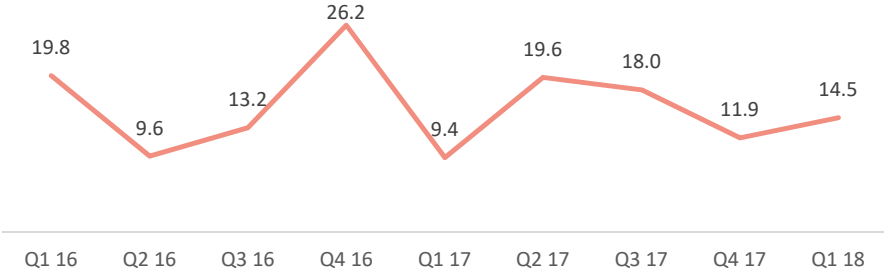
Harvest volume (1,000 tons GWT)



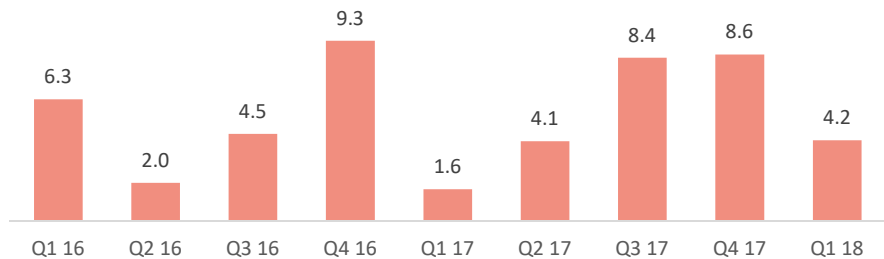
GSF Finnmark

- Low harvest volume compared to Q4 2017 resulted in increased cost
- Expect increased harvest volume to lower cost in Q2
- Minor reductions in production caused by sub-normal sea temperatures
 - Underlying biology remained stable
- Growth strategy moving forward as planned
 - New sites established
 - Invested in increased smolt capacity
 - Increased number of smolt in sea

EBIT/kg (NOK)



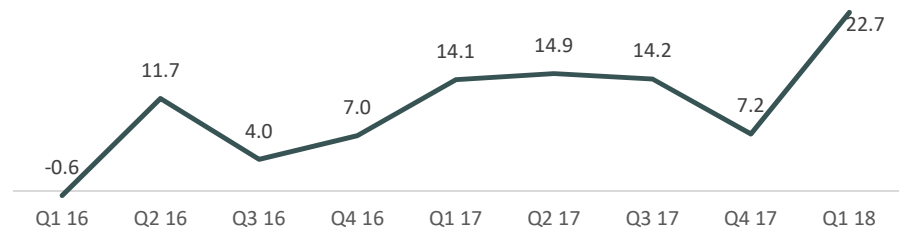
Harvest volume (1,000 tons GWT)



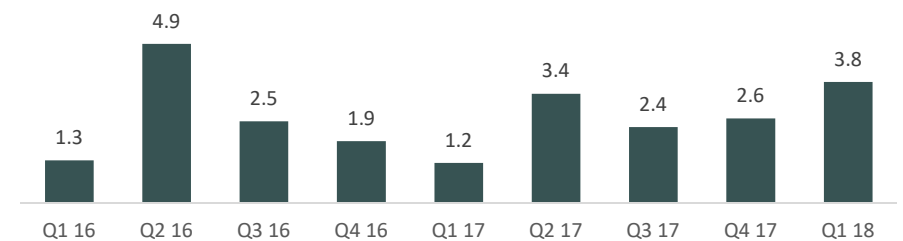
GSF British Columbia (BC)

- 3,758 tons harvested in the quarter, compared to 1,235 tons in Q1 2017
- Reduced cost as a result of stable and good biology
 - Result of long-term focus on algae handling and optimal feeding
- Cost expected to be stable in Q2
- Strong production in the quarter
 - Guided harvest volume for 2018 increased by 1,000 tons
- Smolt production going according to plan

EBIT/kg (NOK)



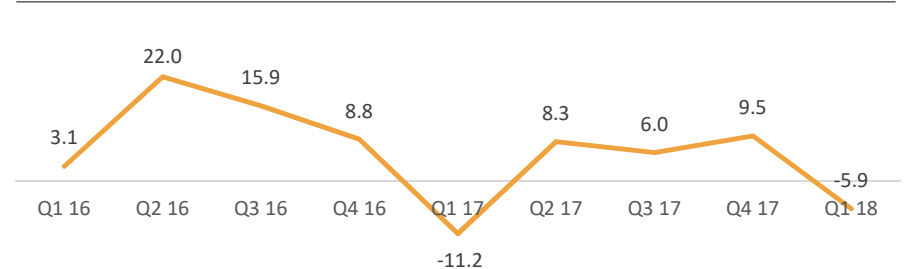
Harvest volume (1,000 tons GWT)



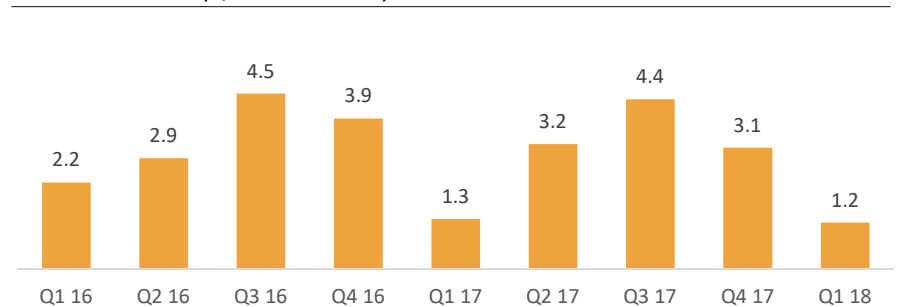
GSF Shetland

- Costs on Shetland remain high, mainly due to lice- and algae issues
 - Low harvest volume contributed to higher cost
 - NOK 10 million provision made to cover cost relating to raising a sunken feeding barge, affects EBIT/kg negatively by NOK 8.33.
- Higher harvest volumes to reduce cost in Q2
- Stable sea production in Q1
 - Lice situation under control following positive results from fresh water treatment
 - Sub-normal sea temperatures reduced production
- Industry cooperation to improve biology
 - Longer fallowing periods
 - Algae monitoring
 - Initiatives to reduce lice count

EBIT/kg (NOK)



Harvest volume (1,000 tons GWT)



Financial review



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Photo: Atle Harald Sandtorv

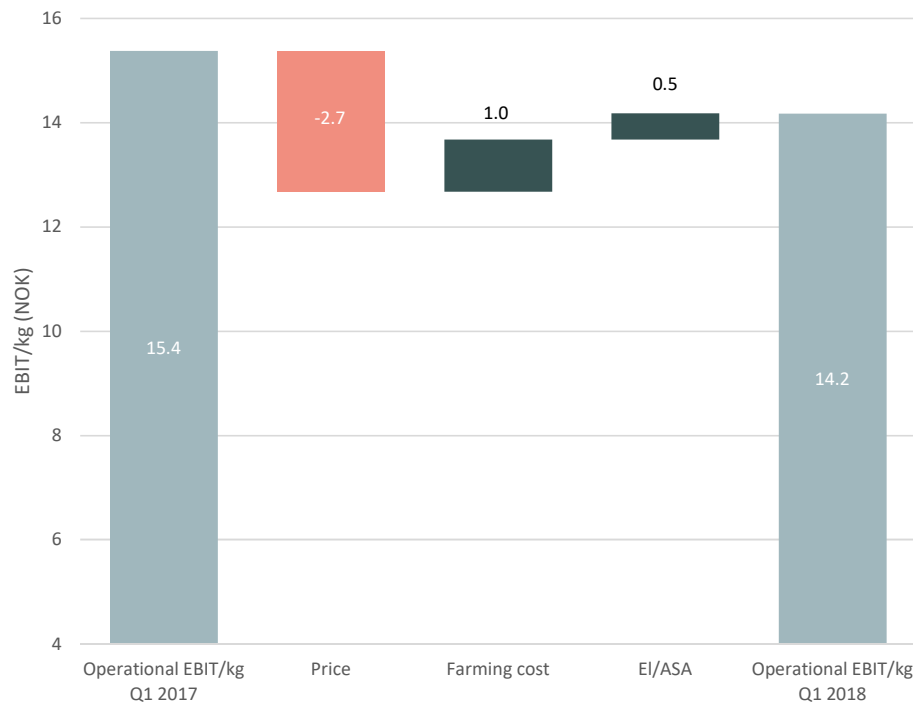
Profit & loss

All figures in NOK 1,000	Q1 2018	Q1 2017	FY 2017
Revenues	1,516,994	1,421,071	7,037,713
EBITDA before fair value	220,299	178,399	1,105,533
Depreciations	-58,230	-46,907	-201,132
EBIT *)	162,069	131,492	904,400
Fair value adjustments	178,347	-196,209	-91,463
EBIT after fair value	340,417	-64,717	812,937
Net financial items	-26,829	-4,538	-14,457
Profit before tax	313,587	-69,255	798,480
Estimated taxation	-85,856	9,159	-197,581
Net profit in the period	227,732	-60,096	600,899

- Revenues and earnings up year-over-year due to 34% higher harvest volumes
- Higher depreciations following growth investments
- Net financials negative due to changes in currency

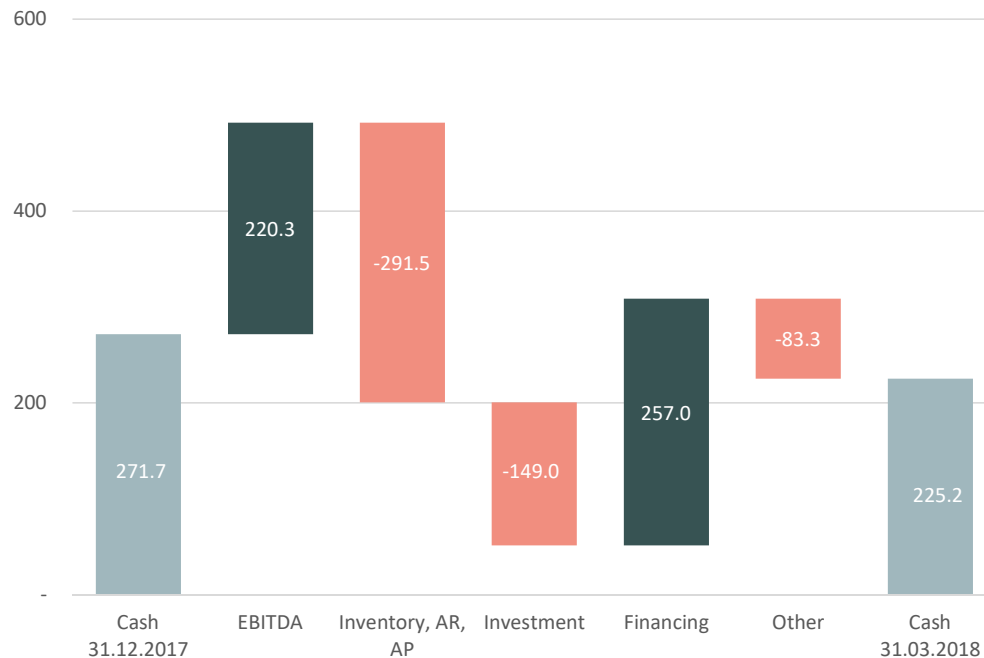
*) EBIT before fair value adjustment of biological assets

EBIT and cost development



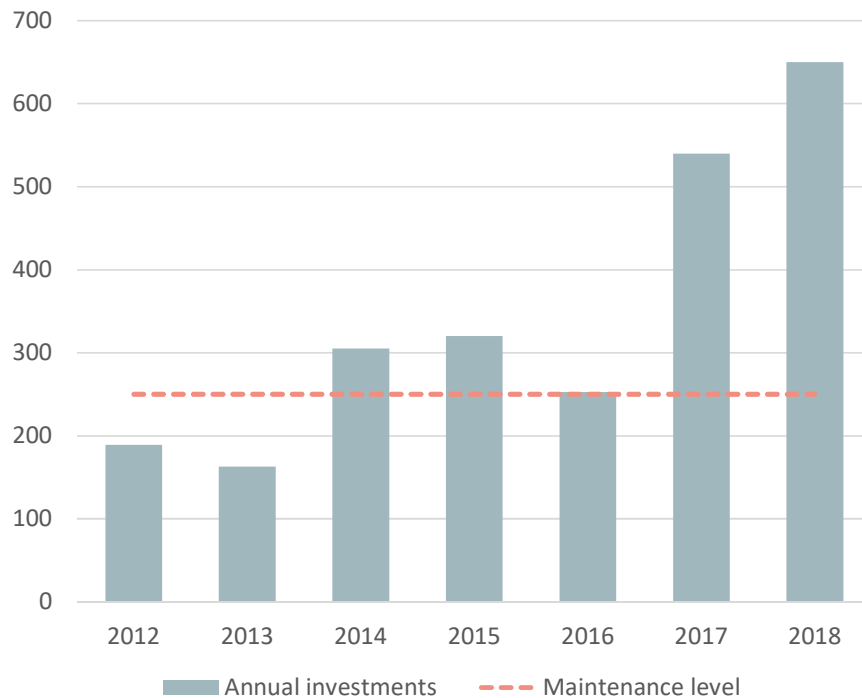
- Spot-prices down NOK 5.36 compared to Q1 2017
- Increased harvest volume and prices towards the end of the quarter had a positive influence on price achievement
- Farming cost still high, but somewhat down compared to Q1 2017
- Higher volume and stable biology expected to lower farming cost in Q2

Cash Flow



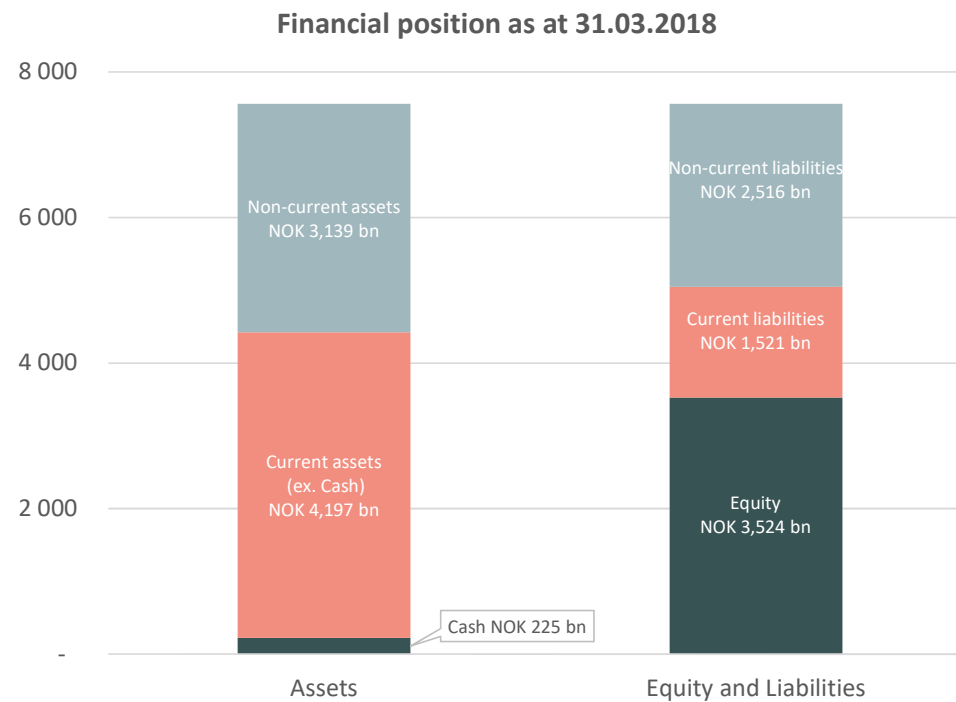
- Continued strong earnings, but negative cash flow from operations
- Significant working capital build during the quarter
 - Increased biomass
- Investments in growth
- NIBD up NOK 416 million during the period

Investments



- Annual maintenance investment of NOK 250 million
- Expansion of smolt plant Rogaland/Finnmark NOK 150 million
- Growth on licenses Finnmark NOK 57 million
- Improving biology and growth NOK 190 million

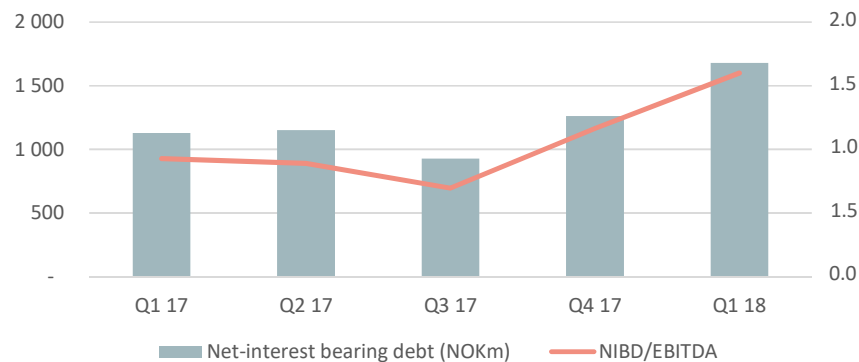
Financial position



- Total balance as at 31 March 2018 of NOK 7,561 million
- Equity made up NOK 3,524 million, which corresponds to an equity ratio of 47 %.

Funding

All figures in NOK 1,000	Q1 2018	Q1 2017	FY 2017
Term loan	1,178,538	1,052,500	985,000
Revolving credit	400,000	0	300,000
Leasing	285,735	299,886	260,251
Other interest-bearing debt	39,759	574	-10,727
Cash- closing balance	-225,169	-224,936	-271,715
NIBD excl. factoring	1,678,863	1,128,024	1,262,810



- Refinancing increasing long term funding by NOK 500 million
- Revolving credit facility of NOK 1,000 million, NOK 600 million available end Q1 2018
- Annual instalments of NOK 50 million and EUR 5 million for term loans of NOK 600 million and EUR 60 million, respectively, until 28 February 2023

Outlook & Summary



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Photo: Ellert Munch

Harvest estimate

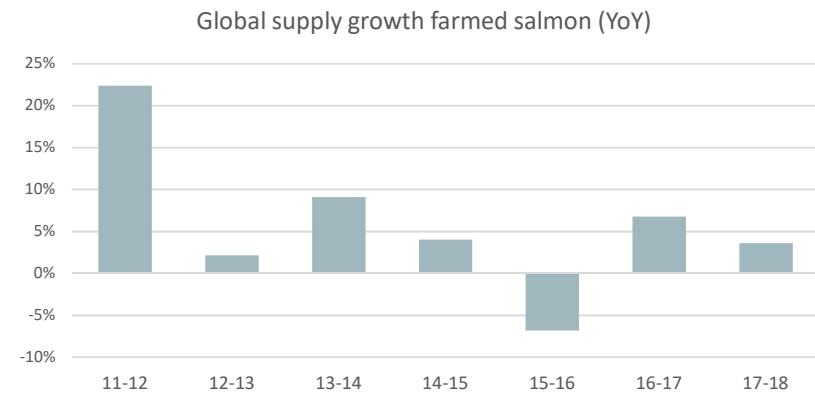
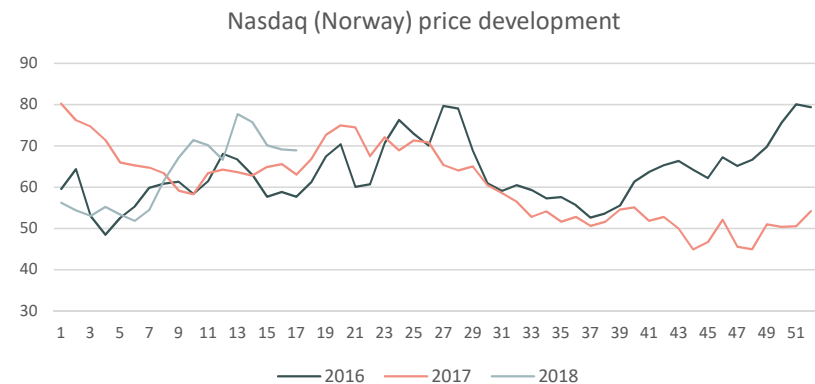
Guiding 2018 (1,000 tons GWT)	Rogaland	Finnmark	BC	Shetland	GSF Group
Q1 2018	2.3	4.2	3.8	1.2	11.4
<i>Growth %</i>	<i>-48%</i>	<i>156%</i>	<i>204%</i>	<i>-7%</i>	<i>34%</i>
Q2 2018	6.5	5.4	7.0	2.5	21.4
<i>Growth %</i>	<i>-17%</i>	<i>32%</i>	<i>107%</i>	<i>-22%</i>	<i>16%</i>
Q3-Q4 2018	11.3	19.9	7.7	8.3	47.1
<i>Growth %</i>	<i>89%</i>	<i>17%</i>	<i>55%</i>	<i>10%</i>	<i>33%</i>
Total	20.0	29.5	18.5	12.0	80.0
<i>Growth %</i>	<i>10%</i>	<i>29%</i>	<i>93%</i>	<i>0%</i>	<i>28%</i>

- Expect to harvest some 21,400 tons in Q2 2018
- Previous guiding of 80,000 tons for 2018 maintained, up 28% from 2017
 - Rogaland down 1,000 tons due to low sea temperatures
 - BC up 1,000 tons due to good biology

Supply outlook

Expected global growth 2018: 4%

- Norway
 - 2017: +3%
 - 2018: +6% (1,151' MT)
- Chile
 - 2017: +15%
 - 2018: +5% (546' MT)
- North America
 - 2017: -1%
 - 2018: +3% (150' MT)
- UK
 - 2017: +10%
 - 2018: - 11% (140' MT)



Source: Kontali Analyse AS

Summary

- Growth strategy moving forward as planned; 100,000 tons in 2020
- Continued focus on costs – at or below industry average
- Limited supply, market prices expected to remain strong
- Expected contract share Norway 28 % for 2018
- Expected contract share UK 22 % for 2018
- The harvest volume for Q2 2018 is expected to be 21,400 tons, 80,000 tons for 2018

Appendix



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Photo: Eilert Munch

Share information

The 20 largest shareholders in Grieg Seafood ASA as at 31.03.2018	No. of shares	Shareholding
GRIEG HOLDINGS AS	55,801,409	49.97 %
OM HOLDING AS	5,344,379	4.79 %
FOLKETRYGDFONDET	3,562,137	3.19 %
NYE YSTHOLMEN AS	2,928,197	2.62 %
STATE STREET BANK AND TRUST COMP	2,085,032	1.87 %
VERDIPAPIRFONDET PARETO INVESTMENT	1,915,000	1.71 %
CLEARSTREAM BANKING S.A.	1,768,838	1.58 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	1,700,796	1.52 %
JPMORGAN CHASE BANK, N.A., LONDON	1,518,622	1.36 %
GRIEG SEAFOOD ASA	1,250,000	1.12 %
JPMORGAN CHASE BANK, N.A., LONDON	939,973	0.84 %
VERDIPAPIRFONDET PARETO NORDIC	799,000	0.72 %
JPMORGAN CHASE BANK, N.A., LONDON	745,897	0.67 %
CREDIT SUISSE SECURITIES (EUROPE)	724,088	0.65 %
NORRON SICAV - TARGET	700,000	0.63 %
UBS SWITZERLAND AG	641,571	0.57 %
THE BANK OF NEW YORK MELLON SA/NV	637,207	0.57 %
JPMORGAN CHASE BANK, N.A., LONDON	588,096	0.53 %
ARTIC FUNDS PLC	587,911	0.53 %
VPF NORDEA CAPITAL	577,086	0.52 %
Total 20 largest shareholders	84,815,239	75.96 %
Total others	26,846,761	24.04 %
Total number of shareholders	111,662,000	100.00 %

Number of shares

- 111.662 millions incl. own shares

Last issues

- Q2 2009, NOKm 139 new shares issued

Subordinated convertible bond issued in Q1 2009

- 100 million converted at NOK 4.00 per share within 31.12.2010
- 85 % converted in Q2 2009, 15 % in Q3 2009

EPS

- 2.01 NOK/share Q1 2018
- -0.61 NOK/share Q1 2017
- 5.17 NOK/ share YTD 2017

Share price

- NOK 72.20 at 31.03.2018
- NOK 64.45 at 31.03.2017
- NOK 72.25 at 31.12.2017

Shareholder structure

- Largest 20 holds 75.96 % of total number of shares

Profit and loss

All figures in NOK 1,000	Q1 2018	Q1 2017	FY 2017
Sales revenues	1,493,011	1,422,137	7,017,456
Other operating income	23,983	-1,066	20,257
Operating income	1,516,994	1,421,071	7,037,713
Share of profit from ass. companies	-250	0	-550
Change in inventories	256,407	193,277	499,768
Raw materials and consumables used	-985,270	-986,697	-4,223,968
Salaries and personnel expenses	-135,600	-118,530	-482,827
Other operating expenses	-431,982	-330,721	-1,724,604
EBITDA before fair value adjustment to biological assets	220,299	178,399	1,105,533
Depreciation and amortisation of tangible assets	-56,917	-45,778	-196,237
Amortisation of intangible assets	-1,313	-1,129	-4,895
EBIT before fair value adjustment to biological assets	162,069	131,492	904,400
Fair value adjustment to biological assets	178,347	-196,209	-91,463
EBIT after fair value adjustment to biological assets	340,417	-64,717	812,937
Net financial items	-26,829	-4,538	-14,457
Profit before tax	313,587	-69,255	798,480
Estimated taxation	-85,856	9,159	-197,581
Profit after tax	227,732	-60,096	600,899
Attributable to:			
Profit attributable to non-controlling interest	5,742	7,147	30,362
Profit attributable to owners of Grieg Seafood ASA	221,990	-67,243	570,537

Comprehensive income

All figures in NOK 1,000	Q1 2018	Q1 2017	FY 2017
Profit for the period	227,732	-60,096	600,899
Other comprehensive income:			
<i>Items to be reclassified to profit or loss in subsequent periods</i>			
Currency translation differences, subsidiaries	-41,921	2,214	16,729
Currency effect of net investments	-19,239	4,627	22,333
Tax effect of net investments	4,425	-1,110	-5,360
Changes in fair value of cash flow hedges	6,125	-7,434	-24,821
Income tax effect fair value of cash flow hedges	-1,409	1,120	5,769
Adjustment financial assets	0	0	-295
<i>Items not to be reclassified to profit or loss in subsequent periods</i>			
Other gain or losses	0	0	0
Total recognised income for the period	-52,019	-583	14,355
Total comprehensive income for the period	175,713	-60,679	615,254
Attributable to:			
Profit attributable to non-controlling interests	5,825	3,588	19,922
Profit attributable to owners of Grieg Seafood ASA	169,888	-64,267	595,332

Financial position- assets

All figures in NOK 1,000	31.03.2018	31.03.2017	31.12.2017
Goodwill	108,814	108,688	109,038
Licenses	1,058,090	1,062,179	1,068,552
Other intangible assets	18,005	16,983	18,384
Deferred taxes	3,623	1,557	3,574
Property, plant and equipment	1,939,557	1,584,364	1,871,804
Investments in associated companies	9,199	0	9,450
Other non- current receivables	1,317	8,925	1,317
Total non-current assets	3,138,604	2,782,698	3,082,121
Inventories	73,267	64,901	92,262
Biological assets	2,207,500	1,873,367	2,016,263
Fair value biological assets	877,406	644,591	682,089
Accounts receivable	776,686	670,657	761,407
Other current receivables	246,666	166,389	198,527
Derivates and other financial instruments	15,653	0	48,232
Cash and cash equivalents	225,169	224,936	271,715
Total current assets	4,422,346	3,644,841	4,070,494
Total assets	7,560,950	6,427,538	7,152,615

Financial position- equity and liabilities



All figures in NOK 1,000	31.03.2018	31.03.2017	31.12.2017
Share capital	446,648	446,648	446,648
Treasury Shares	-5,000	-5,000	-5,000
Retained earnings and other equity	3,032,603	2,644,767	2,862,716
Total Shareholders of GSF	3,474,251	3,086,415	3,304,364
Non-controlling interests	49,366	59,856	43,541
Total equity	3,523,617	3,146,271	3,347,905
Deferred tax liabilities	798,059	664,339	721,689
Other obligations	9,983	11,549	8,848
Subordinated loans	14,902	15,858	15,353
Borrowings and leasing	1,693,539	1,191,600	1,393,587
Total non-current liabilities	2,516,483	1,883,347	2,139,476
Current portion of long term borrowings and leasing	212,141	164,672	157,225
Factoring debt	409,131	362,822	500,976
Accounts payable	529,502	462,804	585,378
Tax payable	136,344	165,745	157,244
Derivates and other financial instruments	12,501	29,540	28,462
Other current liabilities	221,231	212,337	235,949
Total current liabilities	1,520,850	1,397,921	1,665,233
Total liabilities	4,037,333	3,281,268	3,804,710
Total equity and liabilities	7,560,950	6,427,538	7,152,615

Cash Flow

All figures in NOK 1,000	Q1 2018	Q1 2017	YTD 2017
Cash- opening balance	271,715	503,613	503,613
EBITDA	220,299	178,399	1,105,533
Inventory, trade payables and trade receivables	-291,536	-117,904	-288,475
Other adjustments	-80,946	-25,883	-108,180
Cash flow from operations	-152,183	34,612	708,877
Capital expenditures- fixed assets	-149,019	-116,136	-550,639
Changes in non-current receivables	0	-3,313	-5,705
Cash flow from investments	-149,019	-119,449	-556,344
Changes in interest-bearing debt	271,636	-181,084	152,456
Paid dividend	0	0	-441,648
Paid dividend to non-controlling interests	0	0	-32,651
Net interest and financial items	-14,622	-12,932	-61,944
Cash flow from financing	257,014	-194,016	-383,787
Currency effect on cash	-2,357	176	-645
Changes in cash	-46,546	-278,677	-231,898
Cash- closing balance	225,169	224,936	271,715