

Grieg Seafood ASA

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15 February 2018



Agenda

- Highlights
- This is Grieg Seafood
- Business Units (Regions)
- Financials
- Outlook



Highlights Q4 2017



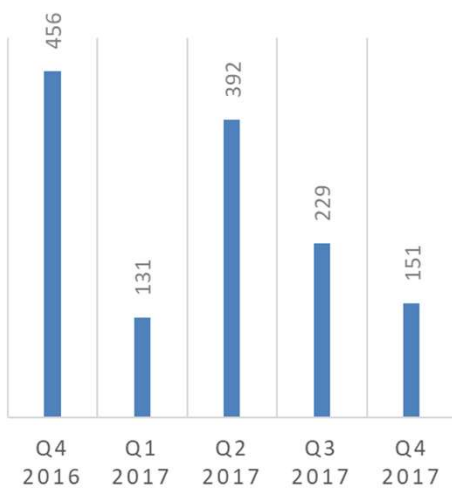
- Profit decline as a result of lower market prices and reduced harvested volumes
- 3 000 tonnes of harvest volume transferred from 2017 to 2018
- Results impaired by PD-affected fish in Rogaland
- Upsurge in market activity and good demand expected in 2018
- Harvested volume expected at 80 000 tonnes in 2018, up 28 % from 2017
 - Number of fish in sea increased by 27 % YoY
 - Biomass in sea increased by 20 % YoY



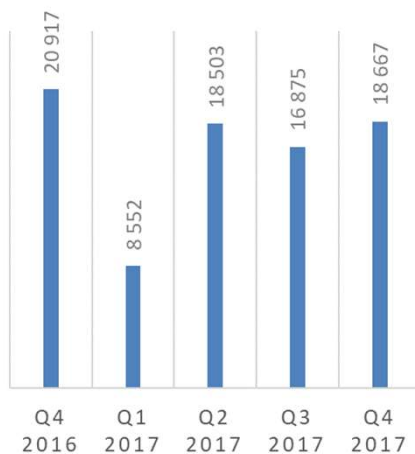
Financial highlights Q4 2017



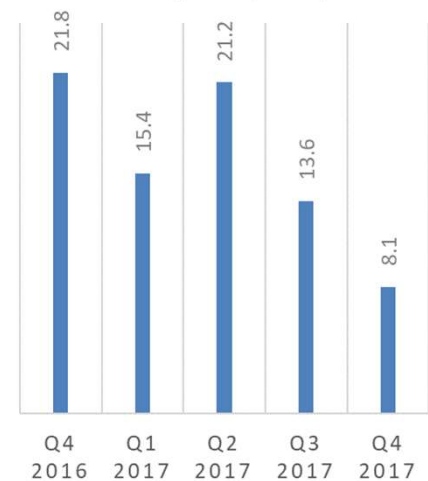
EBIT (NOKM)



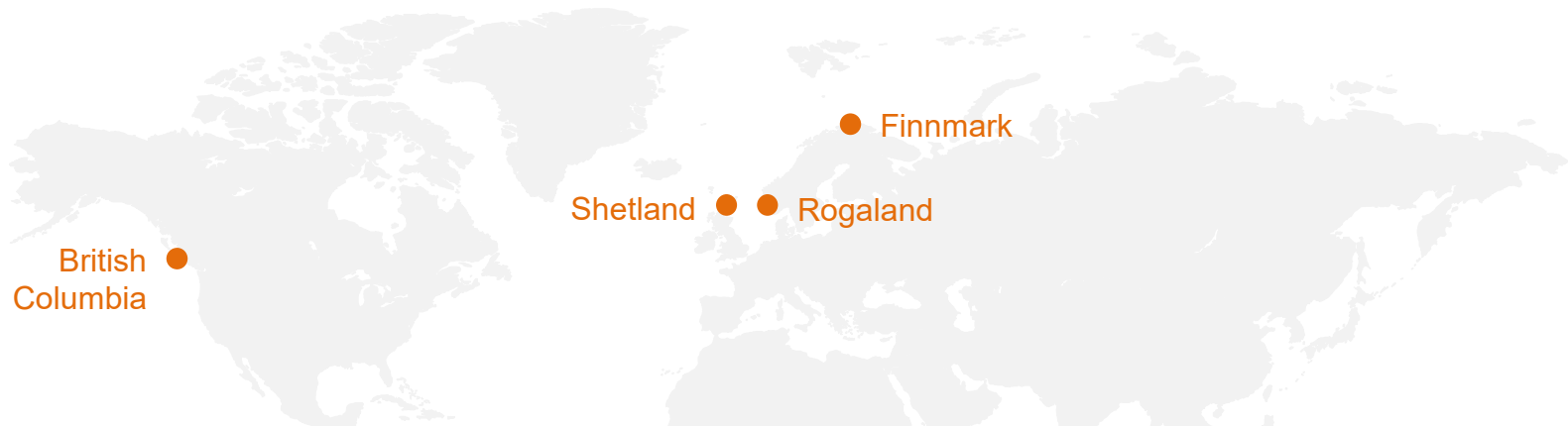
HARVEST (TONS GWE)



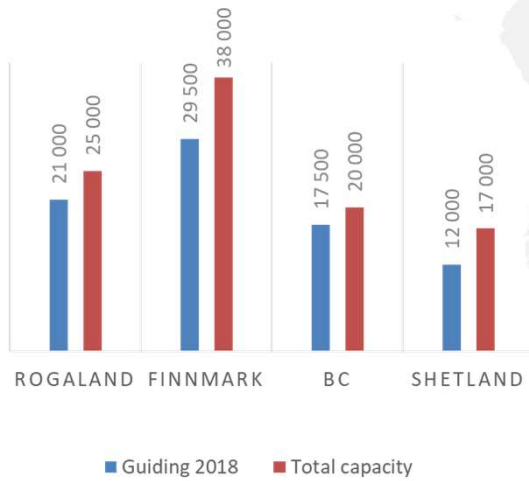
EBIT/KG (NOK)



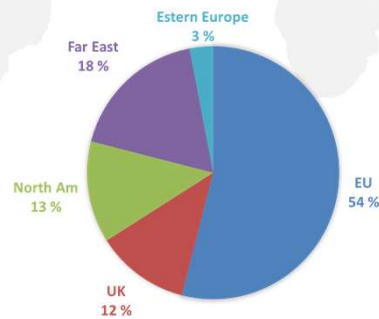
This is Grieg Seafood



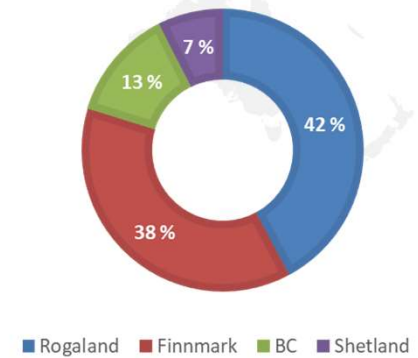
Harvest volume & capacity



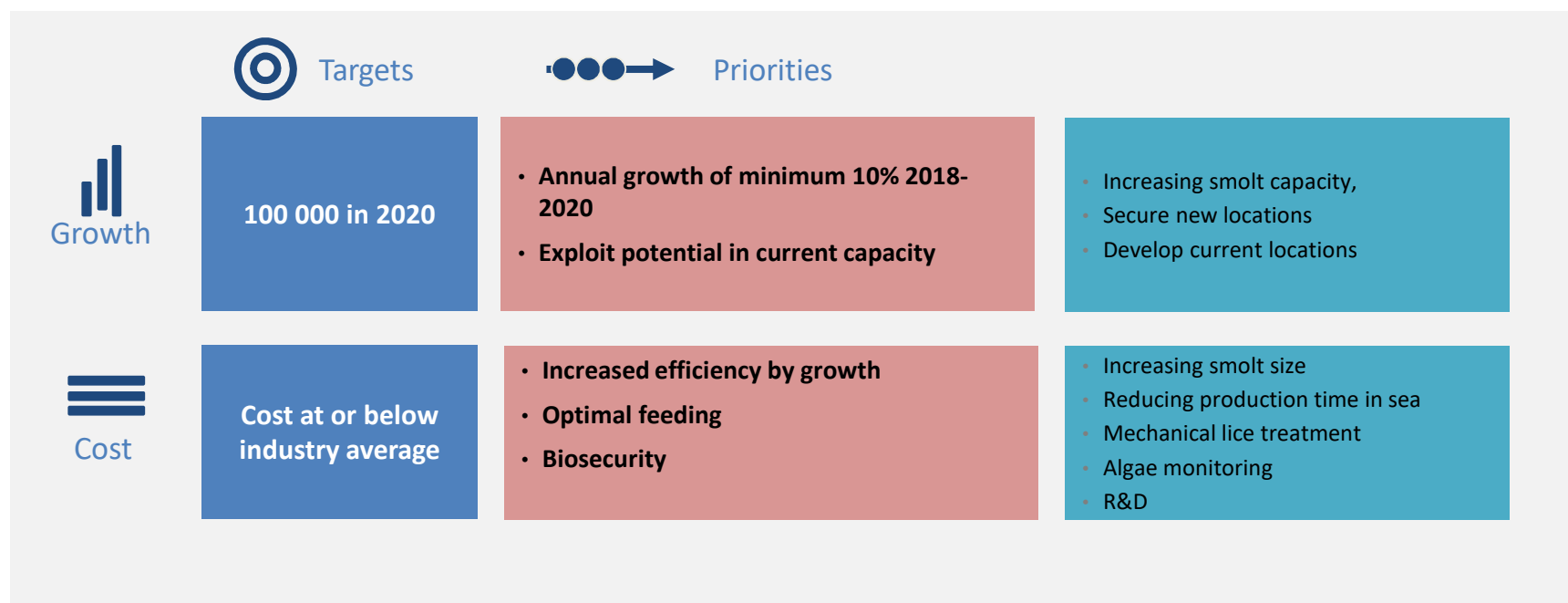
2016 Revenue by market



2017 EBIT by farming region



Long-term targets and near-term priorities



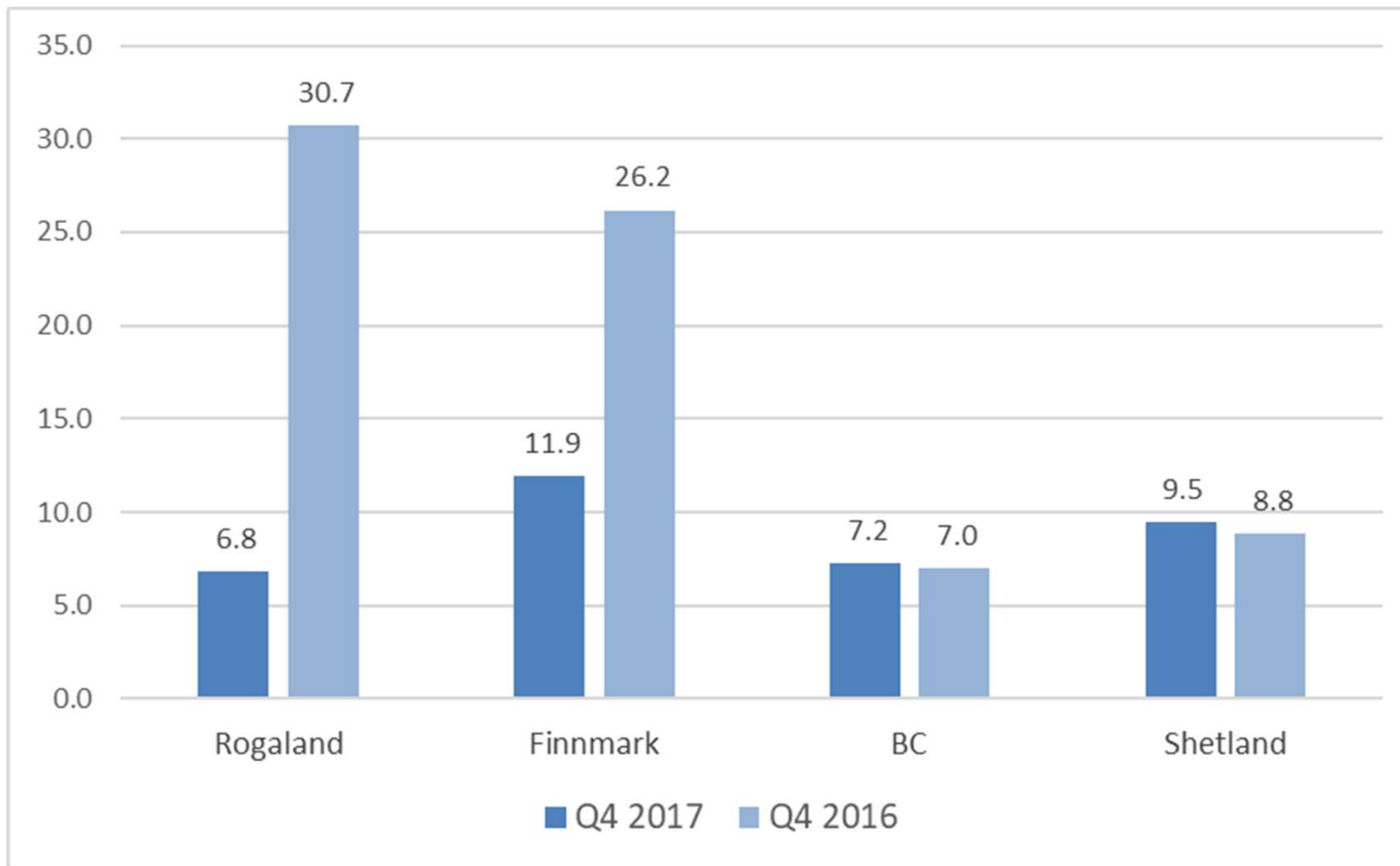
BUSINESS UNITS (REGIONS)



Business units performance – Q4 2017



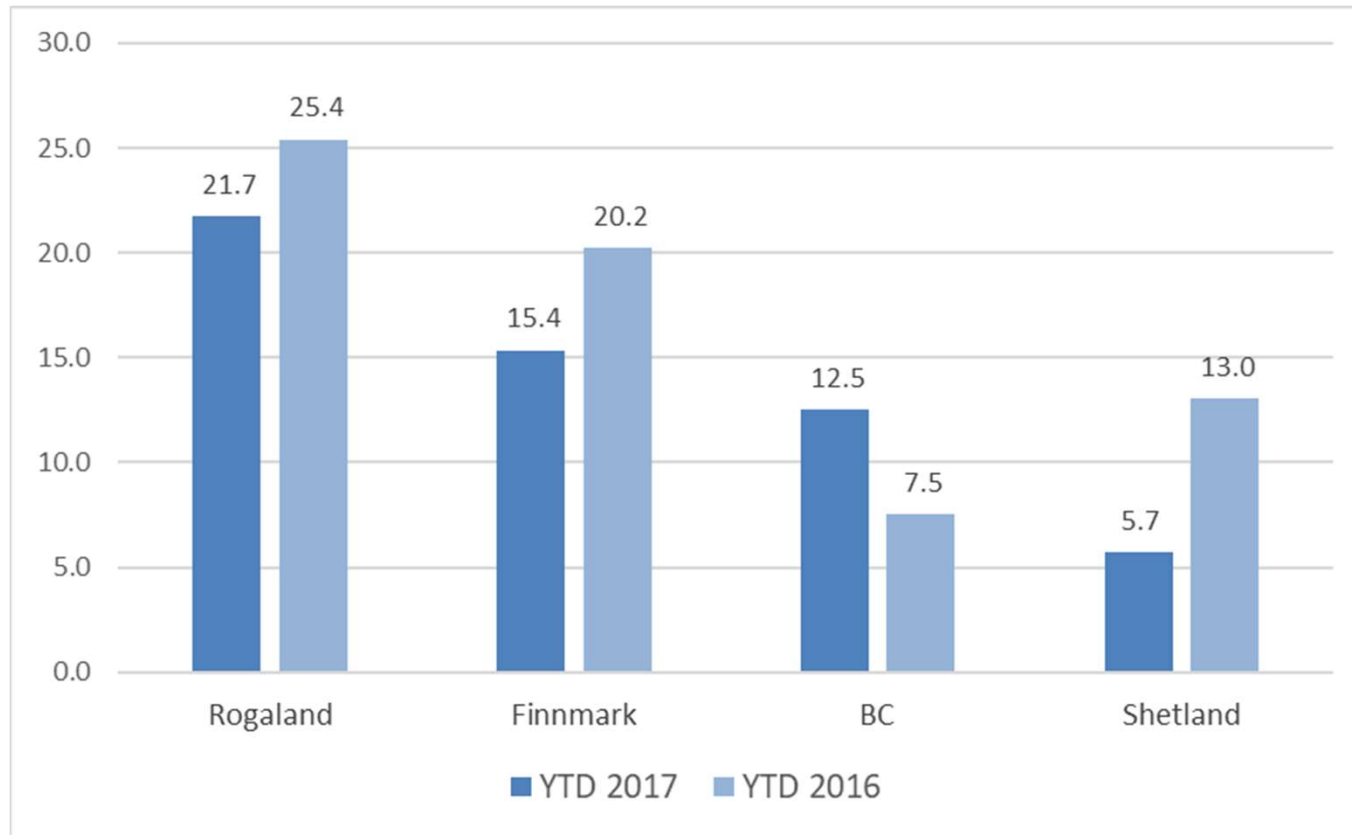
EBIT before FV adjustment/KG gwt (NOK)



Business units performance – YTD 2017



EBIT before FV adjustment/KG gwt (NOK)

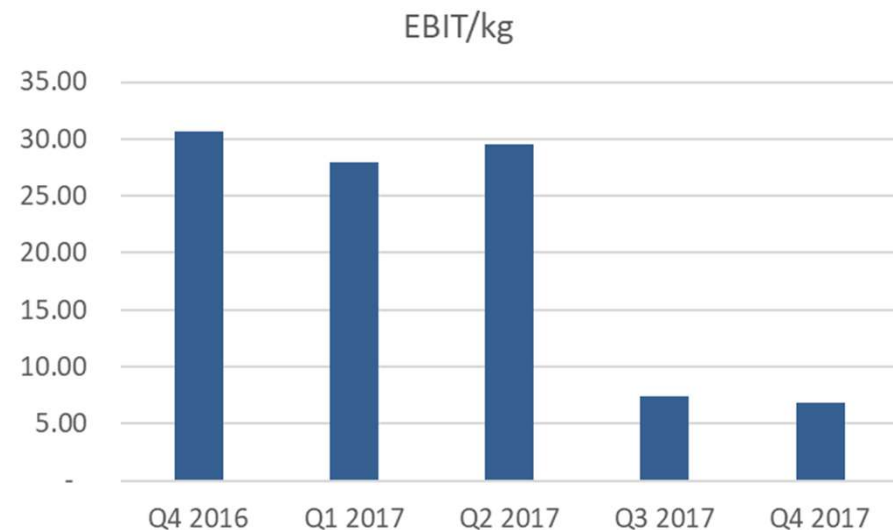


GSF Rogaland



- The increase in harvested volume from Q3 2017, led to lower cost per kg
 - However, PD fish weaker than normal moving cost up
- The cost per kg is expected to remain high in Q1 2018, due to low harvest volumes
- The harvested volume in Q4 was 1 400 tonnes less than previously guided, of which 400 tons was related to loss of weight from PD, while 1 000 tons was transferred to 2018
- Sea production has been stable during the quarter

	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Harvest (gwt)	4 278	5 766	18 111	18 367
Sales revenues	219 948	371 113	1 151 003	1 140 398
EBIT	29 105	177 054	393 614	466 756
EBIT/kg	6.8	30.7	21.7	25.4

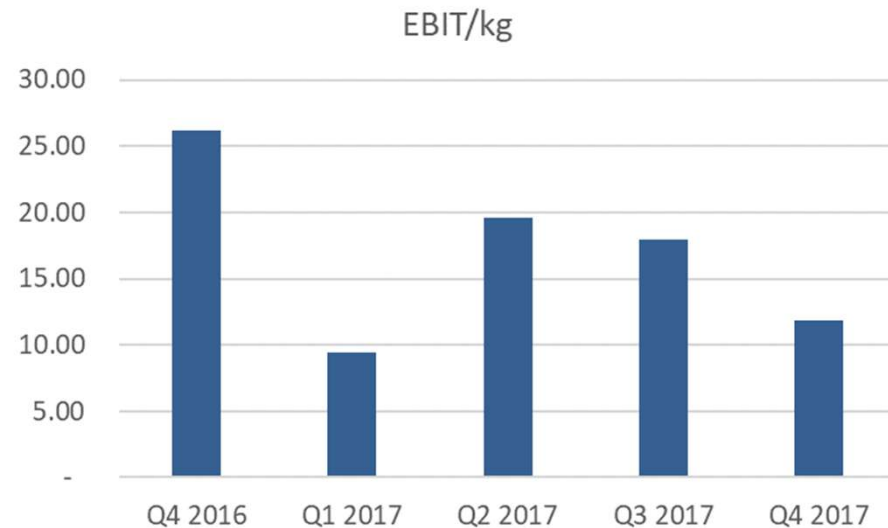


GSF Finnmark



- The cost per kg was reduced somewhat in Q4 2017 over the previous quarter
- The cost per kg is expected to increase in Q1 2018, as a result of low harvest volumes
- Harvested volume approx. 1 500 tons less than previously guided, transferred to 2018
- Sub-normal sea temperatures caused some reduction of production, underlying biology stable
- Ready to grow
 - New sites established
 - Invested in increased smolt capacity
 - Increased number of smolt in sea

	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Harvest (gwt)	8 626	9 336	22 831	22 104
Sales revenues	422 329	580 942	1 268 482	1 244 255
EBIT	102 681	244 317	350 649	447 131
EBIT/kg	11.9	26.2	15.4	20.2

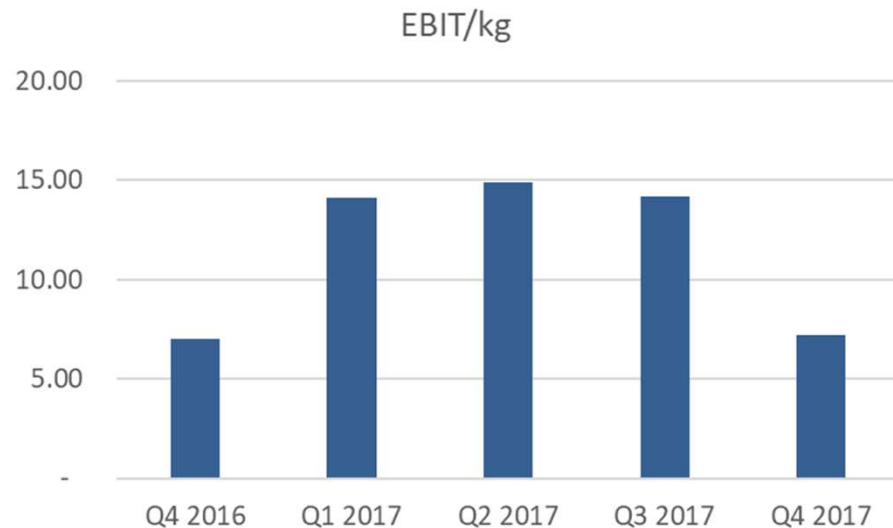


GSF BC (Canada)



- Compared to the previous quarter, costs increased somewhat during Q4, largely attributable to an incident of increased mortality in connection with lice treatment
- Costs are expected to move down in Q1
- Sea production during the period has been good
- Smolt production according to plan, stable biology
- Initiatives related to algae and low oxygen levels progressing according to plan

	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Harvest (gwt)	2 622	1 917	9 600	10 715
Sales revenues	155 284	119 013	580 293	615 438
EBIT	18 977	13 367	120 162	80 526
EBIT/kg	7.2	7.0	12.5	7.5

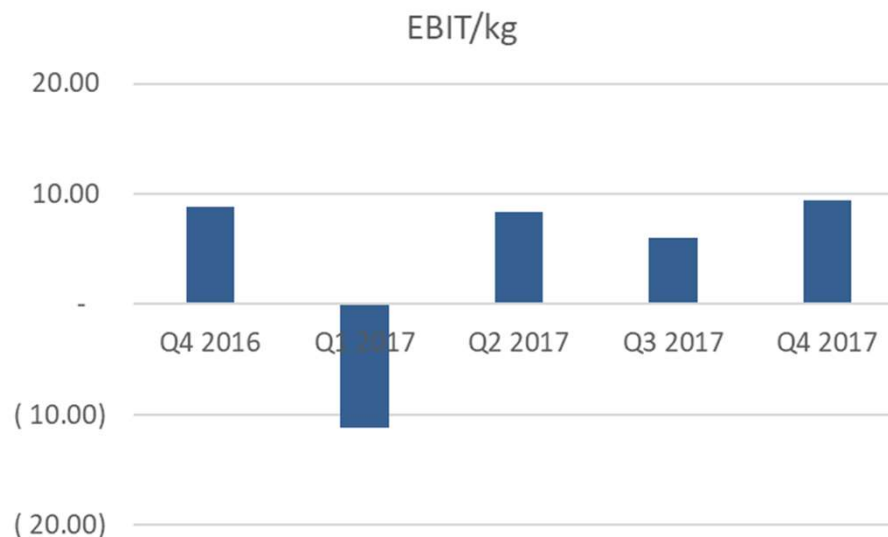


GSF Shetland



- Costs in Shetland remain high, mainly because of issues with lice and algae
 - Nevertheless, the cost level continued to decline during Q4, against the previous quarter
- The cost per kg is, however, expected to increase in Q1 due to low harvested volumes
- Sea production was relatively stable over the quarter
- GSF collaborates closely with other aquaculture companies in the region to solve biological issues
- Prioritised going forward
 - Using the best sites, lower production and cost
 - Longer following periods
 - Algae monitoring
 - Initiatives to lower the number of lice, cleaner fish, fresh water treatment

	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Harvest (gwt)	3 141	3 897	12 056	13 541
Sales revenues	185 657	240 039	745 934	859 815
EBIT	29 706	34 336	68 657	176 558
EBIT/kg	9.5	8.8	5.7	13.0



Financials



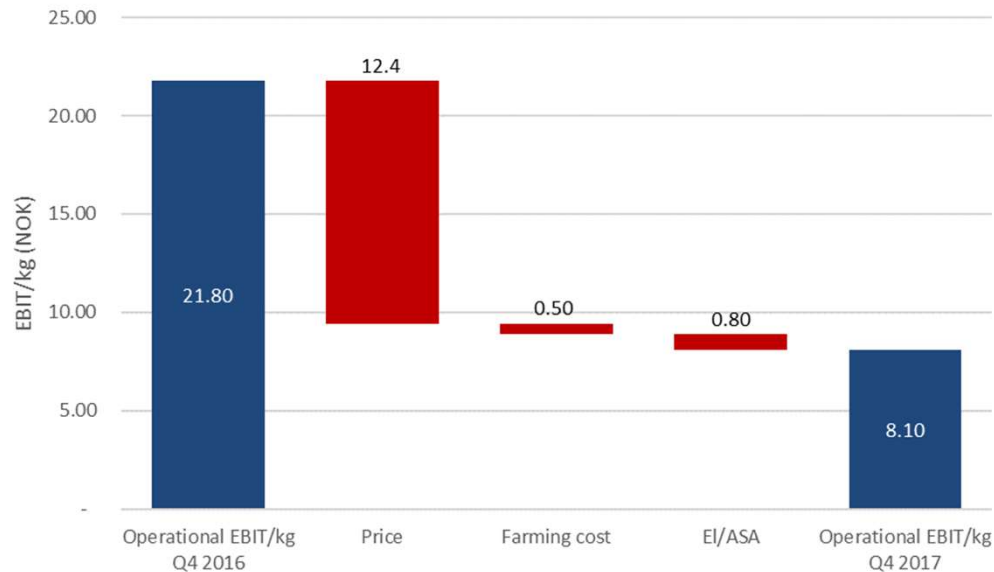
Profit and Loss



All figures in NOKm	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Total operating income	1 731	2 069	7 038	6 604
EBITDA	204	502	1 104	1 342
Depreciation and amortisation	-54	-46	-201	-174
EBIT before biomass adj	151	456	904	1 168
Fair value adj biological assets	129	227	-91	516
EBIT after biomass adj.	279	683	812	1 683
Share of profit ass. companies	-	-	-	12
Net financial	13	0	-14	-135
Profit before tax	293	684	798	1 561
Estimated taxation	-84	-135	-213	-339
Net profit in the period	208	548	585	1 222

- Revenues and earnings down due to lower prices and volume
- Higher depreciations following growth investments
- Net financials positive
 - Low NIBD/EBITDA-ratio reducing financial cost
 - Changes in currency

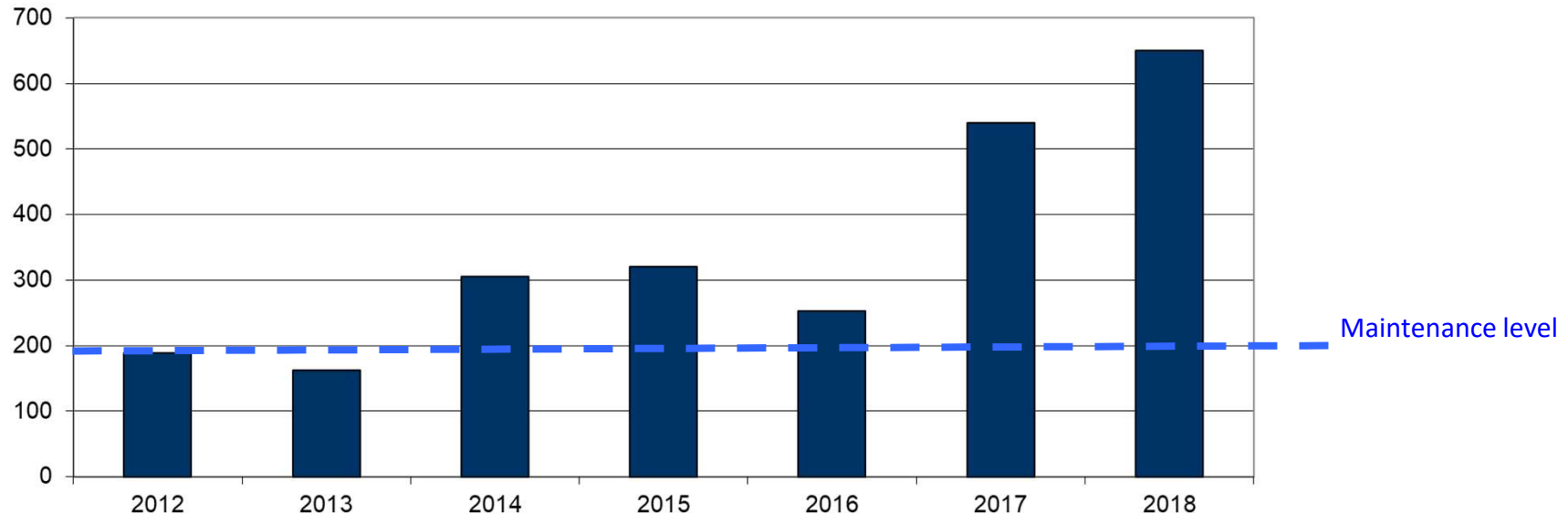
EBIT and cost development



- Lower spot-prices offset by higher contract prices
- Cost/kg farming stable
- The high ASA cost in Q4 2017 mainly related to loss on contracts of ASC certified fish, failed to produce the contracted volume of ASC certified fish.

Investments

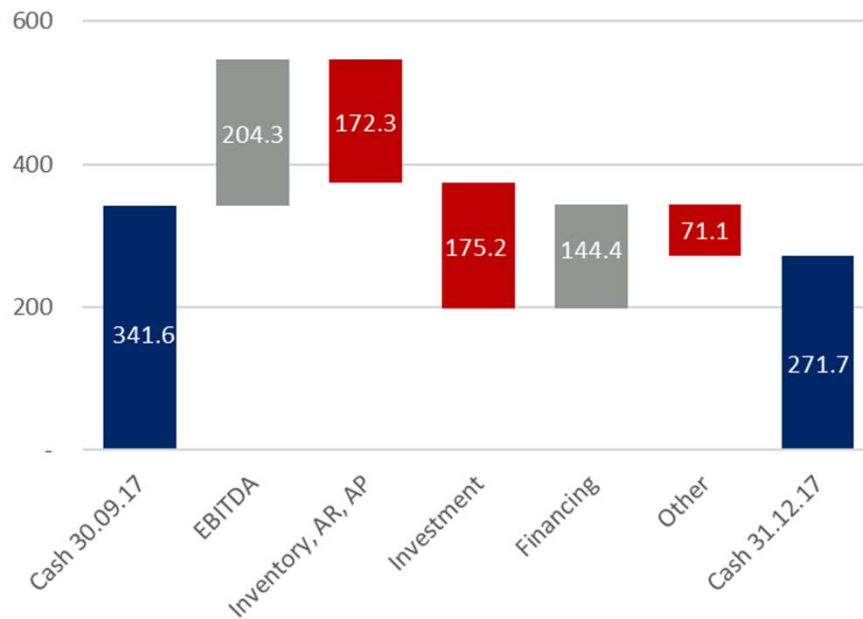
(NOKm)



- Maintenance NOK 200 million
- Expansion of smolt plant Rogaland/Finmark NOK 150 million (MNOK 60 moved from 2017)
- Growth on licenses Finmark MNOK 60
- Improving biology and growth MNOK 240

Cash Flow

(NOKm)



- Working capital increase due to higher biomass
- 2018 growth ambitions expected to increase working capital by some NOK 200 million next year
- NOK 300 million draw on revolving credit facility
- Dividend MNOK 110 paid

Dividend

- Dividend policy: 25–35% of the company's profits after tax, adjusted for the effect of biomass adjustments.
- In 2017, dividends for the fiscal year 2016 have been paid in the total amount of NOK 4 per share, which corresponds to 56 % of 2016 profits after tax and fair value adjustment of biomass.
- Dividend for the fiscal year 2017 will be decided by the Annual General Meeting. The Board will return with its recommendation for the size of the dividend.
- The Board will request that the authorisation provided by the Annual General Meeting in 2017 to pay additional dividend later in the year, is carried over.

NIBD



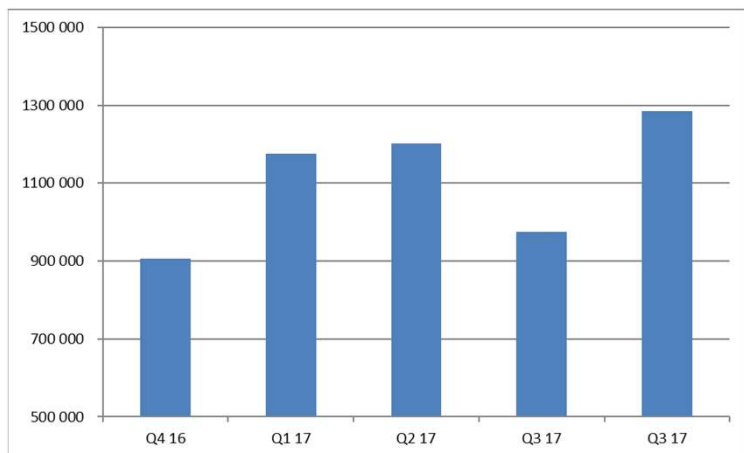
NOKm	Q4 2017	Q4 2016
Term Loan	985	1 075
Revolving Credit	300	0
Leasing	260	317
Other interest bearing debt	11	17
Cash - closing balance	-272	-504
NIBD excl. factoring	1 284	906

- Remaining undrawn rev cred of NOK 400 million
- New term sheet signed, increasing bank frame NOK 500 million

Net Interest Bearing Debt/EBITDA

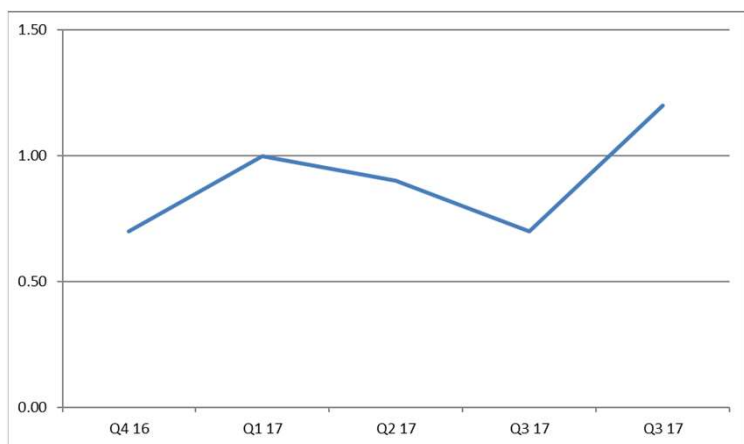


NIBD (NOK 1,000)
(excl. factoring)



- NIBD increased due to growth

NIBD/EBITDA
(according to covenants)



Balance sheet - Assets

(NOK 1,000)



ASSETS	31.12.17	31.12.16
Goodwill	109 038	108 595
Licenses	1 068 552	1 060 622
Other intangible assets	18 383	17 598
Property, plant and equipment	1 868 622	1 510 379
Investments in associated and joint venture companies	0	0
Other non-current assets	16 068	5 612
Total non-current assets	3 080 664	2 702 804
Inventories	85 516	89 164
Biological assets	2 024 945	1 635 138
Fair value biological assets	682 089	824 487
Accounts receivable	761 407	800 591
Other current receivables	198 527	163 246
Derivates and other financial instruments	48 232	48 994
Cash and cash equivalents	271 715	503 613
Total current assets	4 072 431	4 065 234
Total assets	7 153 095	6 768 038

Balance sheet – Equity and liabilities

(NOK 1,000)



EQUITY AND LIABILITIES	31.12.17	31.12.16
Share capital	446 647	446 648
Treasury Shares	-5 000	-5 000
Retained earnings and other equity	2 890 508	2 765 303
Total equity	3 332 155	3 206 951
Deferred tax liabilities	720 611	674 684
Pension- and other obligations	9 799	11 360
Subordinated loans	15 353	15 963
Borrowings and leasing	1 393 587	1 230 327
Total non-current liabilities	2 139 350	1 932 333
Short-term loan facilities	157 225	165 606
Factoring	500 976	502 535
Accounts payable	584 982	493 534
Tax payable	174 552	172 057
Derivates and other financial instruments	28 462	23 990
Other current liabilities	235 393	271 032
Total current liabilities	1 681 590	1 628 754
Total liabilities	3 820 940	3 561 088
Total equity and liabilities	7 153 095	6 768 038

Key financial indicators



	Q4 2017	Q4 2016	YTD 2017	YTD 2016
EBITDA-margin before adj FV	12 %	24 %	16 %	20 %
EBIT-margin before adj FV	9 %	22 %	13 %	18 %
NIBD/EBITDA before adj FV	1.2	0.7	1.2	0.7
ROCE before adj FV	15 %	52 %	24 %	33 %
Equity ratio	47 %	47 %	47 %	47 %

OUTLOOK



Harvest estimate



Guiding 2018 (1,000 tons gwe)	Rogaland	Finnmark	BC	Shetland	GSF Group
Q1	2.5	3.4	2.1	0.9	8.9
Growth %	-42 %	110 %	69 %	-32 %	4 %
Q2-Q4	18.5	26.1	15.4	11.1	71.1
Growth %	35 %	23 %	84 %	3 %	31 %
Total	21.0	29.5	17.5	12.0	80.0
Growth %	16 %	29 %	82 %	0 %	28 %

- 3 000 tons moved from 2017 increasing harvest guiding 2017 to 80 000 tons
- Harvested volume up 28 % from 2017
 - Number of fish in sea increased by 27 % YoY
 - Biomass in sea increased by 20 % YoY

Supply outlook

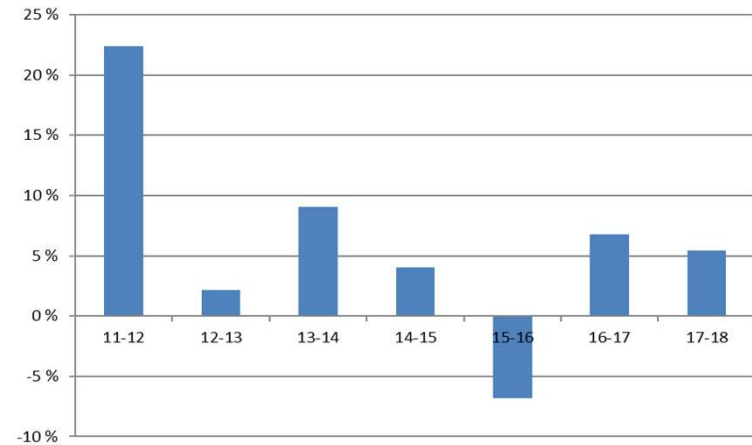


Expected global harvest quantity growth 2018: 5 %

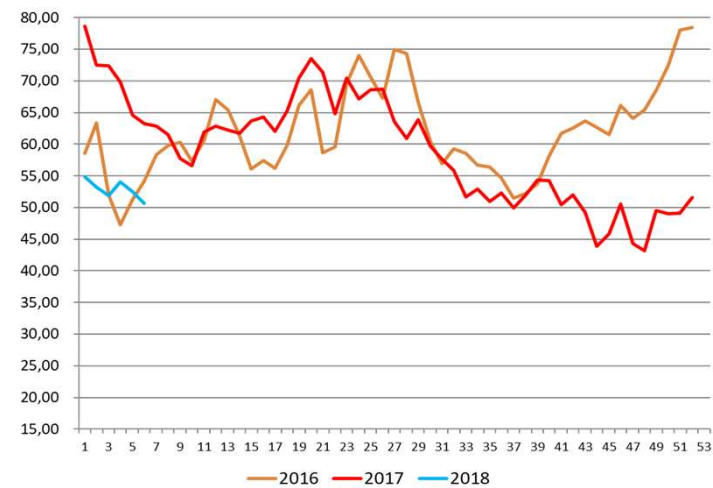
- Norway
 - 2017: +3%
 - 2018: +8% (1,173' MT)
- Chile
 - 2017: +15%
 - 2018: +6% (552' MT)
- North America
 - 2017: -1%
 - 2018: +4% (152' MT)
- UK
 - 2017: +10%
 - 2018: - 9% (143' MT)

Source: Kontali Analyse AS

Global supply growth farmed salmon (YoY):



NASDAQ (Norway) price development :



Outlook/summary



- Growth strategy moving forward as planned
 - Increased smolt capacity, both internal and external
 - Smolt input increased by 27 % in 2017
 - 100 000 tons in 2020
- Focusing on cost
 - On level with or lower than the industry average
 - Increased volumes, improved utilisation of capacity and shorter production time at sea will contribute to higher efficiency and reduced cost of production
 - To reach this goal, GSF has started an internal improvement programme, which will operate until 2020
- Ocean Quality per today excluded from exporting Norwegian Salmon to China
- Lower market prices are expected to stimulate the market activity
 - Supply growth guidance of 5 % in 2018
 - Supply growth guidance of 5 % in 2019
- Expected contract share Norway 22 % for 2018
- Expected contract share UK 22 % for 2018
- The harvest volume for Q1 2018 is expected to be 8 900 tons (80 000 tons for 2018)

Thank you !



APPENDIX



Share information



- Number of shares
 - 111.7 million (after full conversion of bonds in August 2009)
- Last issues: Q2 2009
 - MNOK 139 new share issue
- Subordinated convertible bond issue: Q1 2009
 - 100 mill. convertible at NOK 4.00 per share within 31.12.2010
 - 85% converted in Q2 2009
 - 15% converted in Q3 2009
- EPS
 - 1.80 NOK/share Q4 2017
 - 4.90 NOK/share Q4 2016
- Shareholder structure
 - Largest 20 hold 75.76% of total no. of shares

Shareholders



	No. shares	%
GRIEG HOLDINGS AS	55 801 409	49.97 %
OM HOLDING AS	5 164 379	4.63 %
FOLKETRYGDFONDET	2 949 137	2.64 %
NYE YSTHOLMEN AS	2 928 197	2.62 %
STATE STREET BANK AND TRUST COMP	2 602 761	2.33 %
VERDIPAPIRFONDET PARETO INVESTMENT	1 915 000	1.71 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	1 700 796	1.52 %
JPMORGAN CHASE BANK, N.A., LONDON	1 477 767	1.32 %
CLEARSTREAM BANKING S.A.	1 286 414	1.15 %
GRIEG SEAFOOD ASA	1 250 000	1.12 %
EUROCLEAR BANK S.A./N.V.	1 038 097	0.93 %
ARCTIC FUNDS PLC	926 000	0.83 %
STATE STREET BANK AND TRUST COMP	850 452	0.76 %
VERDIPAPIRFONDET PARETO NORDIC	799 000	0.72 %
JPMORGAN CHASE BANK, N.A., LONDON	745 897	0.67 %
VPF NORDEA KAPITAL	674 006	0.60 %
JPMORGAN CHASE BANK, N.A., LONDON	649 460	0.58 %
VPF NORDEA AVKASTNING	648 523	0.58 %
MORGAN STANLEY AND CO INTL PLC	598 815	0.54 %
CREDIT SUISSE SECURITIES (EUROPE)	587 515	0.53 %
Total 20 largest shareholders	84 593 625	75.76 %
Total other	27 068 375	24.24 %
Total numbers of shares	111 662 000	100.00 %

Cash Flow

(NOK 1,000)



	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Cash - opening balance	341 612	199 468	503 613	392 020
EBITDA	204 280	502 039	1 104 240	1 341 661
Inventory, trade payables and trade receivables	-172 308	-109 824	-290 807	-404 850
Other adjustments	-71 007	113 160	-112 244	16 302
Cash flow from operations	-39 035	505 375	701 189	953 113
Capital expenditure (fixed assets)	-178 073	-88 051	-537 501	-237 653
Investments in associated companies/shares	0	15 593	0	39 592
Change in other non-current receivables	2 922	-1 519	-5 705	-1 519
Cash flow from investments	-175 151	-73 977	-543 206	-199 580
Changes in interest-bearing debt	266 794	-54	144 729	-375 103
Paid dividends	-110 412	-110 412	-441 648	-165 618
Paid dividends to non-controlling interests	0	0	-32 561	-12 929
Net interest and financial items	-12 017	-17 731	-59 756	-91 184
Cash flow from financing	144 365	-128 197	-389 236	-644 834
Currency effect on cash - opening balance	-76	944	-645	2 894
Changes in cash (incl. currency effect on cash)	-69 897	304 145	-231 898	111 593
Cash - closing balance	271 715	503 613	271 715	503 613

Profit and Loss



All figures in NOK 1,000	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Total operating income	1 731 232	2 069 178	7 037 713	6 603 591
Share of profit from joint venture	325	989	0	569
Change in inventories	316 342	1 521	499 768	338 449
Raw materials and consumables used	-1 196 174	-1 048 193	-4 222 031	-3 660 262
Salaries and personnel expenses	-138 167	-132 980	-482 827	-483 473
Other operating expenses	-509 278	-388 475	-1 728 382	-1 457 214
EBITDA	204 280	502 039	1 104 240	1 341 661
Depreciation and amortisation	-52 357	-44 810	-195 744	-175 352
Depreciation and amortisation of licenses	-1 293	-1 363	-4 792	-5 036
Impairment adjustments on assets	0	249	0	6 472
EBIT before biomass adj	150 631	456 115	903 704	1 167 745
Fair value adj biological assets	128 544	227 036	-91 463	515 741
EBIT after biomass adj.	279 175	683 151	812 240	1 683 486
Share of profit ass. companies	0	0	0	12 083
Net financial	13 408	472	-14 457	-134 733
Profit before tax	292 583	683 623	797 783	1 560 836
Estimated taxation	-84 467	-135 212	-212 634	-338 505
Net profit in the period	208 116	548 411	585 149	1 222 331