

Grieg Seafood ASA

Q1 2016

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Q1
2016



Agenda

- Highlights
- Business Units (Regions)
- Financials
- Outlook



HIGHLIGHTS Q1 2016



Highlights Q1 2016



- Best-ever quarterly results with EBIT of MNOK 214 (EBIT/kg NOK 15.7).
- EBIT/kg NOK 19.6 in Norway (contract share 25%).
- A historically strong market.
- Stable sea production in all regions.
- Harvested volume was 13 635 tons gutted weight.
- The expected volume for 2016 is maintained at 70 000 tons.
- Significant increase in financial ratio and solidity.
- The board proposes a dividend of NOK 0.5 per share.



Financial highlights Q1 2016

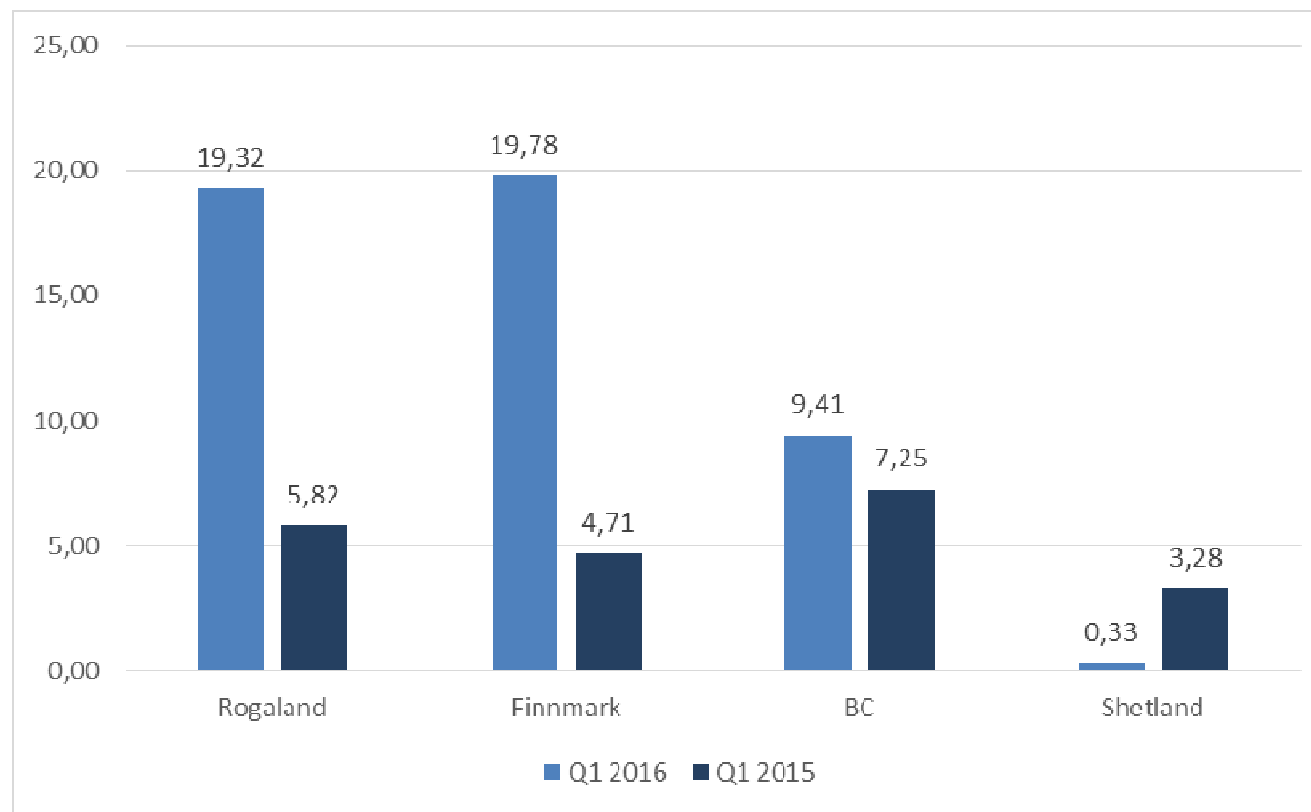
	Q1 2016	Q1 2015
Total operating income (TNOK)	1 299 397	1 033 616
EBITDA (TNOK)	252 345	108 047
EBIT before fair value adj. (TNOK)	214 382	70 042
EBIT / kg (NOK)	15,72	5,35
Harvest volume (tons gwe)	13 635	13 081

BUSINESS UNITS (REGIONS)



Business units performance – Q1 2016

EBIT before biomass adjustment/KG gwt



GSF Rogaland

- Cost slightly down, further improvement in the cost level expected in Q2.
- Smolt and sea production as planned in Q1.
- Decided to expand the smolt plant in Rogaland.
 - Increase the production capacity from 500 tons to 1 300 tons.
 - Important in order to increase average size of the smolt.
 - Total investment of MNOK 120, of which MNOK 50 in 2016 and MNOK 70 in 2017.

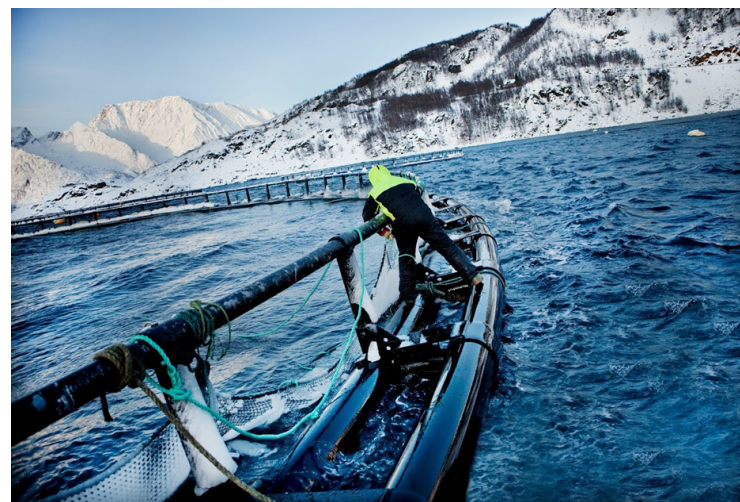
	Q1 2016	Q1 2015
Harvest (gwt)	3 776	2 761
Sales revenues	226 045	120 730
EBIT	72 932	16 067
EBIT/kg	19,3	5,8



GSF Finnmark

- Cost slightly down in Q1.
- Cost expected to be high in Q2.
 - Øksfjorden will be harvested, lice challenges, decision to follow.
 - Low harvest volume in Q2.
- Cost expected to normalise in Q3/Q4.
- Smolt and sea production as planned in Q1.
- Green licences will be implemented in 2016.
- Increasing sea lice resistance.
 - Planning to increase use of mechanical treatment.

	Q1 2016	Q1 2015
Harvest (gwt)	6 296	5 042
Sales revenues	331 609	192 320
EBIT	124 566	23 769
EBIT/kg	19,8	4,7



GSF BC (Canada)

- Cost level expected to be stable ahead.
- Sea production was stable throughout Q1.
- Furunculosis at smolt plant
 - Normally external backup smolt replacing lost internal smolt.
 - Write-down of MNOK 13.2.
 - EBIT/kg in Q1 of -0.6 including the write-down.
 - Impacting harvest volume negatively in 2017/18, totally 2 000 tons.
- Oxygen equipment has been acquired in order to reduce the effect of low oxygen periods.
- Due to family reasons regional director for BC, Stewart Hawthorn, has resigned his position.

	Q1 2016	Q1 2015
Harvest (gwt)	1 324	1 840
Sales revenues	67 644	74 033
EBIT	12 458	13 342
EBIT/kg	9,4	7,3



GSF Shetland

- Cost moving down, but low harvest volume in Q2 impacting cost/kg negatively.
- Smolt and sea production as planned in Q1.
- VAP equipment sold (MNOK 6.2), moving EBIT/kg up to NOK 3.1.
- Process of changing production cycle from 24 to 18 months started.
 - Utilise the best locations. Less favourable locations will be laid fallow temporarily.
 - Reducing biological risk and pressure.
 - Reducing staff cost and investments in equipment.
- Increasing sea lice resistance.
 - Planning to increase use of mechanical treatment.

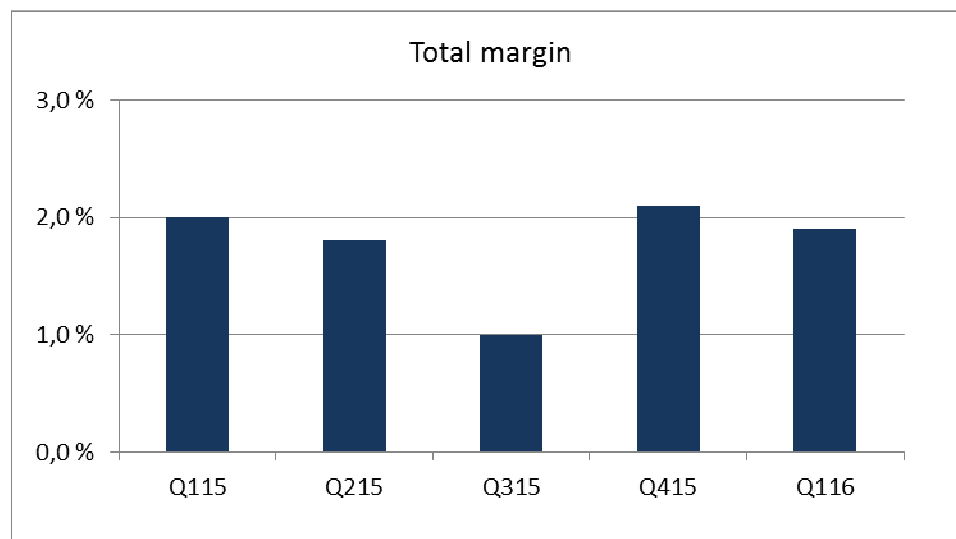
	Q1 2016	Q1 2015
Harvest (gwt)	2 240	3 438
Sales revenues	131 333	194 903
EBIT	731	11 285
EBIT/kg	0,3	3,3



Ocean Quality (GSF 60%, Bremnes 40%)

- Positive/stable margins in Norway.

Norway:



Financials



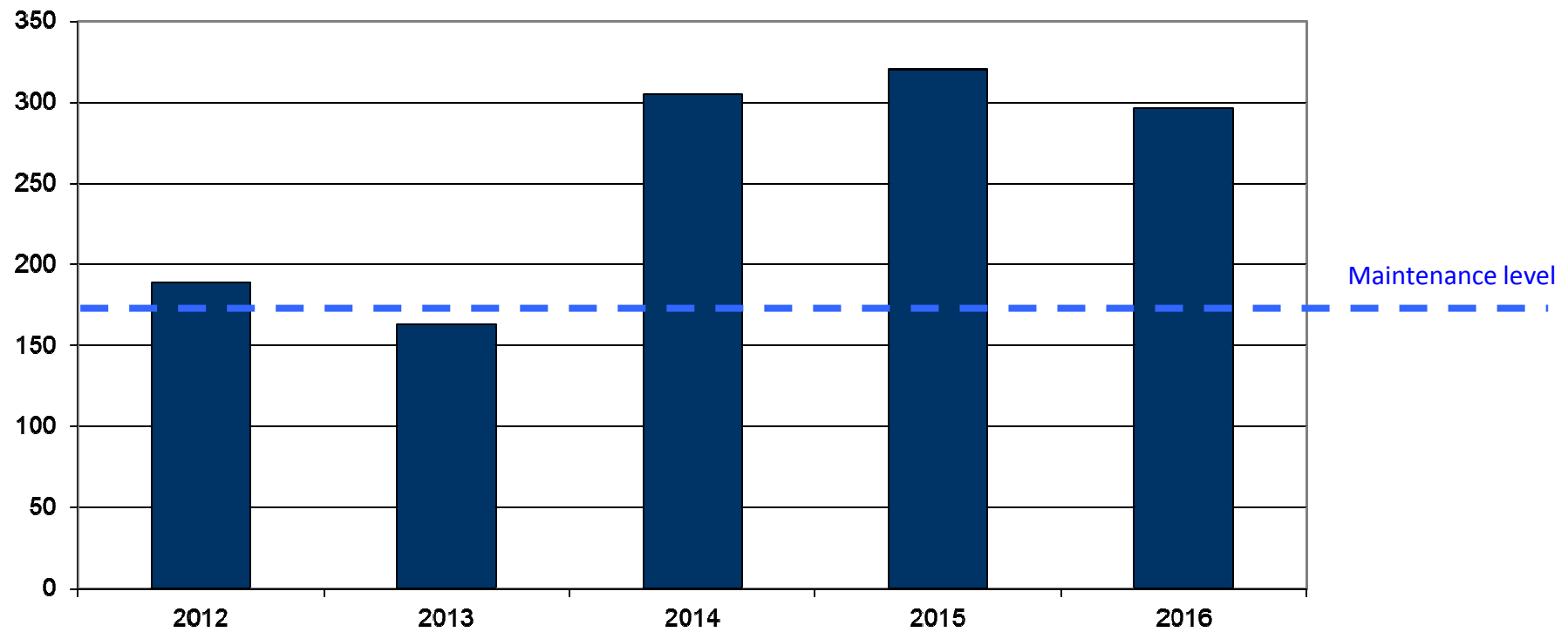
Profit and Loss

All figures in NOK 1,000	Q1 2016	Q1 2015
Total operating income	1 299 397	1 033 616
EBITDA	252 345	108 047
Depreciation and amortisation	-37 962	-38 006
EBIT before biomass adj	214 382	70 042
Fair value adj biological assets	79 497	-112 793
EBIT after biomass adj.	293 879	-42 751
Share of profit from ass. companies	12 083	889
Net financial	-53 761	-25 361
Profit before tax	252 201	-67 223
Estimated taxation	-61 301	15 838
Net profit in the period	190 900	-51 385

Net financial

All figures in NOK 1,000	Q1 2016	Q1 2015
Changes in fair value from hedging instruments	-545	-5 604
Net financial interest	-23 917	-22 614
Net currency gain (losses)	-28 600	3 544
Dividends	0	0
Net other financial expenses/-income	-699	-687
Net financial item	-53 761	-25 361

Investments



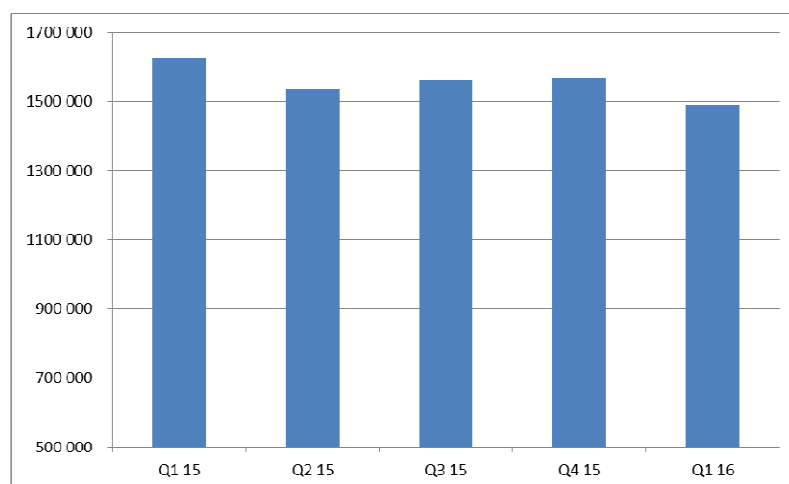
Cash Flow



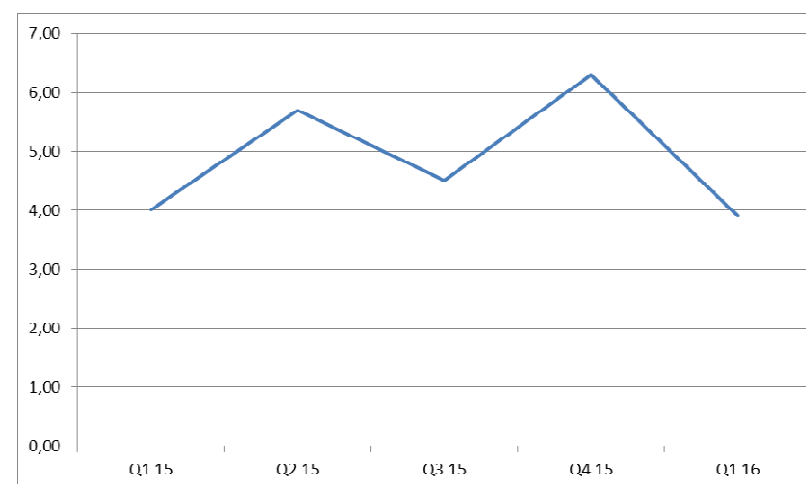
	Q1 2016	Q1 2015
Cash - opening balance	392 020	181 498
EBITDA	252 345	108 047
Inventory, trade payables and trade receivables	-152 675	-4 107
Other adjustments	9 535	15 530
Cash flow from operations	109 205	119 470
Capital expenditure (fixed assets)	-23 149	-119 779
Investments in associated companies/shares	24 000	0
Change in other non-current receiveables	0	-17
Cash flow from investments	851	-119 796
Changes in interest-bearing debt	-106 128	37 673
Paid dividends	0	0
Net interest and financial items	-26 805	-19 073
Cash flow from financing	-132 933	18 600
Currency effect on cash - opening balance	-237	1 448
Changes in cash (incl currency effect on cash)	-23 114	19 722
Cash - closing balance	368 906	201 220

Net Interest Bearing Debt/EBITDA

NIBD
(excl. factoring)



NIBD/EBITDA
(according to covenants)



NIBD

MNOK	Q1 2016	Q1 2015
Term Loan	1 143	833
Revolving Credit	400	275
Bond	0	400
Leasing	312	309
Other interest bearing debt	6	12
Cash - closing balance	-369	-201
NIBD excl factoring	1 492	1 627

Factoring	319	155
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Balance sheet 1

ASSETS	31.03.16	31.03.15
Goodwill	109 669	108 997
Licenses	1 076 927	1 073 923
Other intangible assets	17 577	13 974
Property, plant and equipment	1 477 482	1 475 818
Investments in associated and joint venture companies	14 748	29 078
Other non-current assets	5 193	2 829
Total non-current assets	2 701 596	2 704 617
Inventories	56 658	92 612
Biological assets	1 599 706	1 655 074
Fair value biological assets	385 796	168 385
Accounts receivable	532 079	394 446
Other current receivables	178 358	96 788
Derivates and other financial instruments	9 532	0
Cash and cash equivalents	368 906	201 220
Total current assets	3 131 035	2 608 524
Total assets	5 832 631	5 313 142

Balance sheet 2

EQUITY AND LIABILITIES	31.03.16	31.03.15
Share capital	446 648	446 648
Treasury Shares	-5 000	-5 000
Retained earnings and other equity	1 956 067	1 758 206
Total equity	2 397 715	2 199 854
Deferred tax liabilities	578 877	545 237
Pension- and other obligations	9 351	1 612
Subordinated loans	19 090	22 900
Borrowings and leasing	1 702 164	1 257 164
Total non-current liabilities	2 309 482	1 826 914
Short-term loan facilities	156 767	562 117
Factoring	319 345	154 916
Accounts payable	431 918	339 908
Tax payable	18 205	55 254
Derivates and other financial instruments	19 115	30 526
Other current liabilities	180 084	143 652
Total current liabilities	1 125 434	1 286 374
Total liabilities	3 434 915	3 113 287
Total equity and liabilities	5 832 631	5 313 142

Key financial indicators

	Q1 2016	Q1 2015
EBITDA-margin before adj biomass	19 %	10 %
EBIT-margin before adj biomass	16 %	7 %
NIBD/EBITDA before adj biomass	3,9	4,0
ROCE before adj biomass	24 %	7 %
Equity ratio	41 %	41 %

OUTLOOK



Harvest estimate

Guiding 2016 (1,000 tons gw e)	Rogaland	Finnmark	BC	Shetland	GSF Group
Q1	3,8	6,3	1,3	2,2	13,6
Growth %	37 %	25 %	-28 %	-35 %	4 %
Q2	6,2	1,5	4,2	2,1	13,9
Growth %	-11 %	18 %	-28 %	-42 %	-21 %
Q3-Q4	9,3	15,5	7,3	10,4	42,5
Total	19,2	23,3	12,8	14,7	70,0
Growth %	26 %	20 %	-11 %	-10 %	7 %

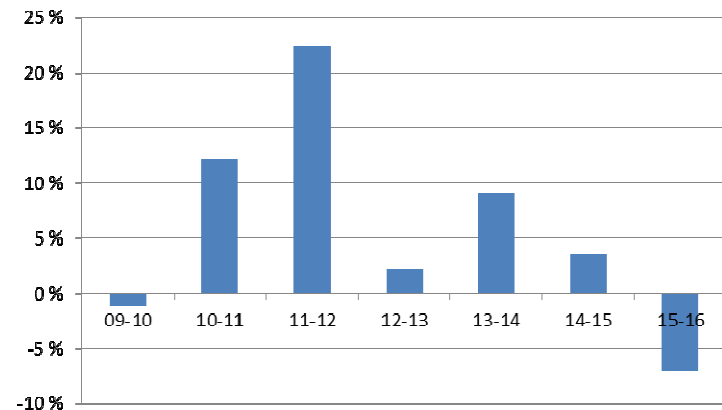
- The expected volume for 2016 is maintained at 70 000 tons.

Supply outlook

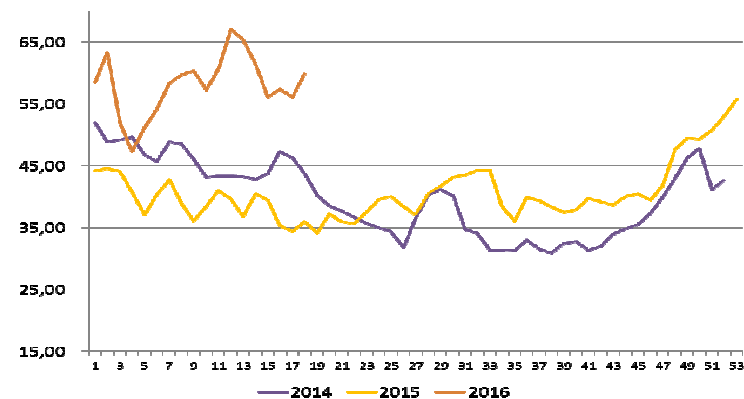


- **Global supply moving down, 2016 vs 2015 expected to be -7%. Strong market is expected.**
- Norway – from positive to negative growth rate:
 - 2015: +3%
 - 2016: -4% (1,065' MT)
- Chile – negative growth rate:
 - 2015: +1%
 - 2016: -21% (420' MT)
- Canada – none growth:
 - 2015: +28%
 - 2016: 0% (140' MT)
- UK – from negative to positive growth rate:
 - 2015: -3%
 - 2016: 3% (155' MT)

Global supply growth farmed salmon (YoY):



NASDAQ (Norway) price development :



Outlook summary/actions GSF

- Strong market expected ahead, including US.
- Aim to bring the cost level down to the industry average, or lower.
- 10% annual increase in production 2017-2019, increasing biomass in 2016.
- GSF's smolt programme - increasing number and size of smolt.
 - Increasing both internal and external smolt capacity.
 - Shorten the production time in the sea.
- Aim is to save 10 % on external purchases, started to see results.
- HR Director started.
- A strategic review of the company's operations in Shetland is ongoing.

Thank you !



APPENDIX

Share info

- Number of shares
 - 111.7 million (after full conversion of bonds in August 2009).
- Last issues: Q2 2009
 - 139 MNOK 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
 - 1.62 NOK/share Q1 2016.
 - -0.51 NOK/share Q1 2015.
- Shareholder structure
 - Largest 20 have 92.96% of total no. of shares.

Shareholders

	No. shares	%
GRIEG HOLDINGS	55 801 409	49,97 %
DNB NOR MARKETS, AKSJEHAND/ANALYSE	22 144 074	19,83 %
NORDEA BANK SVERIGE AB	6 582 998	5,90 %
KONTRARI AS	4 881 172	4,37 %
YSTHOLMEN	2 928 197	2,62 %
OM HOLDING AS	2 610 000	2,34 %
STATE STREET BANK AND TRUST CO.	1 305 901	1,17 %
GRIEG SEAFOOD ASA	1 250 000	1,12 %
KVASSHØGDI AS	1 000 000	0,90 %
GRIEG SHIPPING II AS	824 565	0,74 %
SKANDINAVISKA ENSKILDA BANKEN AB	783 964	0,70 %
VERDIPAPIRFONDET PARETO INVESTMENT	719 000	0,64 %
VERDIPAPIRFONDET PARETO NORDIC	705 000	0,63 %
THE BANK OF NEW YORK MELLON SA/NV	432 850	0,39 %
HSBC BANK PLC	382 691	0,34 %
SEB PRIME SOLUTIONS SISSENER CANOP	350 000	0,31 %
VERDIPAPIRFONDET DNB SMB	320 345	0,29 %
CLEARSTREAM BANKING S.A	285 968	0,26 %
MK PENSJON PK	276 944	0,25 %
GRIEG LTD A/S	217 390	0,19 %
Total 20 largest shareholders	103 802 468	92,96 %
Total other	7 859 532	7,04 %
Total numbers of shares	111 662 000	100,00 %

Profit and Loss

All figures in NOK 1,000	Q1 2016	Q1 2015
Total operating income	1 299 397	1 033 616
Share of profit from joint venture	-275	5 810
Change in inventories	1 078	92 974
Raw materials and consumables used	-716 289	-690 814
Salaries and personnel expenses	-123 024	-100 452
Other operating expenses	-208 542	-233 087
EBITDA	252 345	108 047
Depreciation and amortisation	-42 968	-37 351
Depreciation and amortisation of licenses	-1 218	-655
Impairment adjustments on assets	6 223	0
EBIT before biomass adj	214 382	70 042
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