



**GRIEG SEAFOOD ASA**

Q1 2019

# ROOTED IN NATURE

## FARMING THE OCEAN

### FOR A BETTER FUTURE

We are sea farmers. We live by and for the ocean. In cold and clear waters we produce salmon to people all over the world. Our fish is healthy for humans and sustainable for the planet. This is our tiny way of making the world a better place.

## CEO COMMENT

«During the first quarter Grieg Seafood experienced strong growth and continued biological improvements, particularly in Finnmark and Rogaland. Although we had continued challenges with gill-related diseases causing high cost in Shetland, the quality of our fish is high. Our strong performance is a result of our skilled employees' dedication to our strategic focus areas - large smolt, digitalization, biosecurity and fish welfare and operational expansion.

We are still in the early stages in executing on our priorities and we expect continued growth and operational improvements going forward. We remain confident in our 2020 target of 100 000 tonnes harvest with cost at or below industry average, and with our five pillars for sustainability, we remain committed to our ambition for sustainable salmon farming and long-term value creation for all our stakeholders.

We are proud to have climbed from 12<sup>th</sup> place to 8<sup>th</sup> place on the SHE Index, which scores companies on their efforts to improve gender balance in management. Our objective is to achieve sustainable growth by combining talented people, knowledge about nature and new technology.”



**ANDREAS KVAME**

CEO Grieg Seafood

# Main achievements in the quarter

## GROUP HIGHLIGHTS

- Harvest volume of 14 800 tonnes, 30% increase compared to Q1 2018
- EBIT before fair value adjustment of NOK 267 million (NOK 162 million)
- EBIT/kg NOK 18.07, up 27% from Q1 2018
- Strong biological performance in Norway and BC
- Earnings driven by overall high prices and cost reductions in Norway
- Continued high cost in Shetland, driven by enduring biological challenges
- Expect harvest volume of 82 000 tonnes in 2019, 10% growth from 2018

### ROGALAND

- Harvest volume of 5 731 tonnes
- EBIT/kg NOK 25.31
- One site affected by PD
- Smolt with average size of 350 grams stocked to sea
- Five sites being monitored and fed from our pilot Precision Farming operations center
- Expect stable cost level in the second quarter

### FINNMARK

- Harvest volume of 5 720 tonnes
- EBIT/kg NOK 25.01
- One site ASC certified, bringing the total to five sites
- Survival rate of 96%
- Production started at the expanded Adamselv smolt facility
- Expect somewhat higher cost per kg in the second quarter, due to lower volume

### SHETLAND

- Harvest volume of 1 788 tonnes
- EBIT/kg NOK -13.93
- Cost affected by write-down of NOK 13.96 per kg
- Biological situation remains unchanged
- Superior share of 95%
- Expect cost to remain high, but with gradual cost reductions going forward driven by higher volume

### BRITISH COLUMBIA

- Harvest volume of 1 562 tonnes
- EBIT/kg NOK 14.54
- Expansion of Gold River smolt facility on track
- Expect stable cost level in the second quarter

# Key figures

NOK 1 000	Q1 2019 INCL. IFRS 16	Q1 2018	FY 2018
Sales revenues	1 647 593	1 493 011	7 500 316
EBITDA	358 776	220 299	1 334 473
EBIT	267 480	162 069	1 098 818
EBIT after fair value adjustment of biological assets	318 839	340 417	1 354 916
Profit before tax	331 338	313 587	1 276 925
Harvest volume (tonnes GWT)	14 801	11 433	74 623
EBIT/kg (NOK)	18.07	14.18	14.72
Total assets	8 962 785	7 560 950	8 142 490
Net interest-bearing liabilities (1)	2 083 250	1 678 863	1 662 943
Equity	4 156 386	3 523 617	3 883 511
Equity % (2)	46%	47%	48%
ROCE (3)	19%	14%	22%
Dividend per share (NOK)	-	-	4.00
Earnings per share (NOK)	2.28	2.01	8.81
Number of employees incl. Ocean Quality	804	761	827

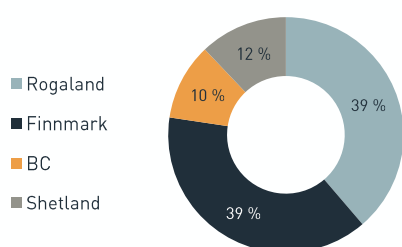
Key figures for Q1 2019 includes effects of adopting IFRS 16. Please refer to Note 6 for further information.

1) NIBD excluded factoring. Q1 2019 NIBD includes effect of adopting IFRS 16, amounting to NOK 433 million. Total net interest-bearing liabilities incl. factoring is NOK 2 586 million. Refer to Note 7 for more information.

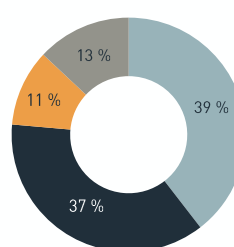
2) Equity ratio according to covenants definition is 53%. See Note 7 for information.

3) ROCE: Return on capital employed. Refer to APM in Note 11 for further information.

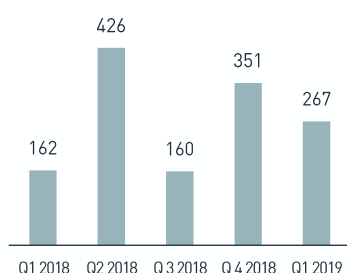
**HARVEST VOLUME  
Q1 2019**



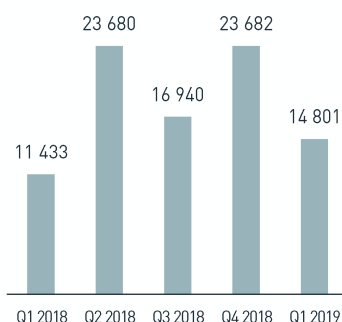
**SALES REVENUES  
Q1 2019**



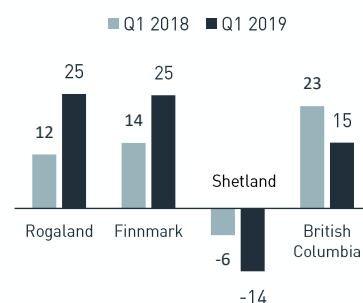
**GROUP EBIT BEFORE  
FAIR VALUE  
(NOK MILLION)**



**GROUP HARVEST VOLUME  
(TONNES GWT)**



**EBIT/KG PER REGION  
(NOK)**



# Our scoreboard

The colors indicate:

- if we are on target to reach our goals
- if we are on track to meet our target
- if we are not satisfied with the result

	ASPECT	TARGET	Q1 2019	FY2018	STATUS	PAGE
<b>PROFIT &amp; INNOVATION</b>	Return on capital employed	12% p.a.	19%	22%	●	4
	Harvest volume (tonnes GWT)	100 000 tonnes in 2020	14 801	74 623	●	4
<b>HEALTHY OCEAN</b>	<b>Survival rate (GSI standard)</b>	93%				16
	Rogaland		92%	92%	●	
	Finnmark		96%	96%	●	
	Shetland		85%	83%	●	
	British Columbia		87%	88%	●	
	<b>Antibiotics gr/tonne*</b>	No use of antibiotics				16
	Rogaland		0.0	0.0	●	
	Finnmark		0.0	0.0	●	
	Shetland		119.7	13.9	●	
	British Columbia		63.6	150.3	●	
	<b>Sea lice treatment gr/tonne*</b>	Minimize use of medical treatments				18
	Rogaland		0.0	1.1	●	
	Finnmark		0.0	0.8	●	
	Shetland		3.6	3.2	●	
	British Columbia		0.0	0.3	●	
	<b>Escape incidents</b>	Zero escape incidents				18
	Rogaland		0	0	●	
	Finnmark		0	0	●	
	Shetland		0	2	●	
	British Columbia		0	0	●	
<b>SUSTAINABLE FOOD</b>	<b>High quality product</b>	93% superior share				19
	Rogaland		72%	73%	●	
	Finnmark		84%	85%	●	
	Shetland		95%	94%	●	
	British Columbia		78%	84%	●	
<b>PEOPLE</b>	<b>Absence rate</b>	Below 4.5%				20
	Rogaland		4.3%	4.7%	●	
	Finnmark		6.2%	5.4%	●	
	Shetland		4.4%	2.3%	●	
	British Columbia		2.7%	1.8%	●	
<b>LOCAL COMMUNITIES</b>	<b>Supporting local communities</b>	Collaborate and contribute to local communities	Yes	Yes	●	21

\*Amount of active pharmaceutical ingredients (APIs) used (gr) per tonne of fish produced (LWE).

# Our approach to sustainable business



## THE UNITED NATIONS DEVELOPMENT GOALS

To promote sustainable development, Grieg Seafood strives to find the right balance between environmental, social and economic considerations in our operations. The 17 United Nations Sustainable Development Goals guide countries' and companies' efforts. Our production is in line with several of these goals, but Grieg Seafood will focus particularly on the goals where we can have the greatest impact.

In our long-term perspective, clean seas, healthy fish and economic profit are no contradictions. It is our task to make these considerations go hand in hand. Our overall target goes beyond short-term profitability. With our five pillars, we are committed to sustainable and long-term value creation for all of our stakeholders.

## FARMING THE OCEAN FOR A BETTER FUTURE

PROFIT & INNOVATION	HEALTHY OCEANS	SUSTAINABLE FOOD	PEOPLE	LOCAL COMMUNITIES
<ul style="list-style-type: none"> <li>Seafood demand</li> <li>Economic productivity</li> <li>Profitable growth</li> <li>Precision Farming</li> <li>Research and innovation</li> </ul>	<ul style="list-style-type: none"> <li>Fish health and welfare</li> <li>Sea lice control</li> <li>Escape control</li> <li>Limiting local emissions</li> <li>Interaction with wild life</li> </ul>	<ul style="list-style-type: none"> <li>Safe and healthy food</li> <li>Sustainable feed</li> <li>Reducing carbon emissions</li> <li>Waste management</li> </ul>	<ul style="list-style-type: none"> <li>Creating attractive jobs</li> <li>Keeping our employees safe</li> <li>Transparency, integrity and anti-corruption</li> <li>Data security and privacy</li> </ul>	<ul style="list-style-type: none"> <li>Local value creation and ripple-effects</li> <li>Local procurement</li> <li>Sponsorships</li> <li>Transparency and dialogue</li> </ul>

In our industry, sustainability is core and strongly impacts our financial targets.

### SUSTAINABILITY DRIVERS

- Sea lice control and minimal sea lice medication
- Escape control
- Survival and disease control
- Wild life management
- Carbon emissions
- HSE and work satisfaction
- Certifications
- Local value creation



### SUCCESS FACTORS

- License to operate
- Higher volume
- Superior quality
- Reduced cost
- Engaged employees
- Preferred partner



### FINANCIAL TARGETS

- ROCE: 12%
- 100 000 tonnes in 2020
- Cost at/below NOK 37.9/kg
- NIBD/EBITDA < 4.5
- NIBD/harvest volume: NOK 20/kg
- Dividend of 25-35% of net profit

For more information, please refer to the Annual Report 2018.

**ROOTED IN**

# PROFIT & INNOVATION

**To achieve attractive financial results, our farming methods need to be both cost-effective and sustainable.**

## Achieving sustainable growth – our focus areas

Grieg Seafood's objective is to ensure sustainable growth in the years ahead by combining skilled and motivated people, new technology and to increasingly farm salmon on nature's terms. The goal is to increase sustainable production to reach an annual harvest volume of 100 000 tonnes in 2020. We are also aiming for production cost at or below weighted industry average, targeting NOK 37.90 per kg by 2020. In Norway, the target is NOK 36.00 per kg by 2020. Our main focus areas to reach our targets are:



During Q1 2019, 3.7 million smolt were transferred to sea, with an average weight of 188 grams. Approximately 26-28 million smolt is planned stocked in 2019, with an average weight around 190 grams.

Our goal is to keep the average survival rate (calculated as total mortality in sea last rolling 12 months) in seawater above 93%. Due to challenges with algae in BC and gill-related diseases in Shetland, the survival rates are 87% and 85% respectively.

For more information on our priorities, please refer to the Annual Report 2018.

# Group financial review

Improving sustainability is key to increasing our profits. By focusing on reducing our environmental impact and improving fish welfare, we aim to increase harvest rates and reduce production cost. We aim to provide our shareholders with a competitive return on capital invested and have set a ROCE target of 12%. Our investments reflect our growth strategy: digitalization, post-smolt, biosecurity and fish welfare, including continuous evaluation of expansion opportunities.

## PROFIT (Figures for Q1 2018 in brackets)

The Grieg Seafood Group harvested 14 801 tonnes GWT (11 433) in Q1 2019.

The average realized price for Grieg Seafood was up in Q1 2019 compared to Q1 2018, mainly driven by higher average market price. Grieg Seafood's sales revenues in Q1 2019 amounted to NOK 1 648 million, an increase of 10% compared to the same period last year.

The farming cost (total cost related to fish harvested this quarter) improved compared to the same quarter last year. This is mainly related to higher harvest volume and improved production in Norway.

The Group's EBIT before fair value adjustment of biological assets was NOK 267 million (162) during the quarter. EBIT per kg amounted to NOK 18.07 (14.18) for the period. EBIT from the four regions includes value creation from the respective sales activities of the Group's jointly-owned sales company, Ocean Quality. The Group adopted IFRS 16 Leases, effective from 1 January 2019. The adoption of IFRS 16 had a positive effect on EBIT at a total of NOK 1.5 million (NOK 0.1 per kg). For further information about IFRS 16 effects, refer to Note 6.

NOK MILLION	Q1 2019**	Q1 2018	FY 2018
Rogaland	145.0	27.4	219.6
Finnmark	143.0	60.4	594.9
BC	22.7	85.1	290.0
Shetland	-24.9	-7.1	33.8
ASA/ eliminations	-23.5	-9.6	-72.5
<b>GSF EBIT</b>	<b>262.4</b>	<b>156.2</b>	<b>1066.6</b>
NCI*	5.1	5.8	32.2
<b>GSF Group</b>	<b>267.5</b>	<b>162.1</b>	<b>1 098.8</b>

\* Non-controlling interest, value creation related to the sale of fish from Bremnes Fryseri AS (40% ownership of Ocean Quality AS)

\*\* Q1 2019 includes IFRS 16 effects

Q1 2019 results were positively affected by total fair value adjustments of NOK 51 million (178), yielding an EBIT after fair value adjustment of biological assets of NOK 319 million (340).

Net financial items were NOK 12 million (-27) for the quarter, resulting in a pre-tax profit of NOK 331 million (314). Net financial items were negatively affected by NOK -3 million following the adoption of IFRS 16.

Tax for the period was estimated to NOK -76 million (-86), resulting in profit after tax of NOK 256 million (228).

## CASH FLOW (Figures for Q1 2018 in brackets)

The Grieg Seafood Group had a net cash flow from operations of NOK 198 million (-152) in Q1 2019. Change in working capital during the quarter was NOK -176 million (-291).

Net cash flow from investment activities was NOK -70 million (-107) for the quarter, consisting of investments of NOK -105 million (-149). Of total investments, NOK 35 million (42) were financed by leasing. The investments comprise a combination of maintenance and growth, including upgrade of sea equipment, and increased sea and smolt capacity.

Net cash flow from financing activities in the first quarter was NOK 46 million (215). The Group's interest-bearing debt had a net increase of NOK 58 million during the quarter.

The net change in cash and cash equivalents was positive at NOK 175 million (-44) for the quarter and at the end of the period, the Group had cash holdings of NOK 313 million (225).

## FINANCIAL POSITION AND LIQUIDITY (Figures for Q1 2018 in brackets)

As at 31 March 2019, the book value of total assets was NOK 8 963 million (7 561). Increase following the adoption of IFRS 16, amounted to NOK 432 million. Total equity amounted to NOK 4 156 million (3 524), corresponding to an equity share of 46% (47%).

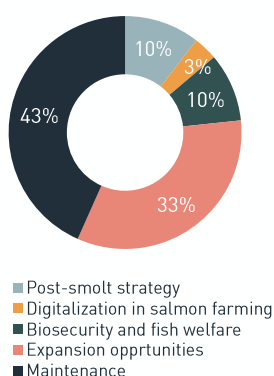
The Group had a good level of free liquidity and unutilized credit facilities at the end of the quarter, with available cash and credit facilities of NOK 817 million. Total net-interest bearing liabilities (NIBD) amounted to NOK 2 586 million (2 088) in Q1 2019, which includes operational lease liabilities recognized in the balance sheet after adopting IFRS 16, at a total of NOK 433 million. Factoring amounted to NOK 503 million (409) at period-end. Refer to Note 7 for more information.

The Group aims to provide shareholders with a competitive return on invested capital through payment of dividends and share price increases. The Board of Directors maintains that, as an average over a period of several years, dividends should correspond to 25-35% of the Group's profit after tax, adjusted for the effect of fair value of biological assets.

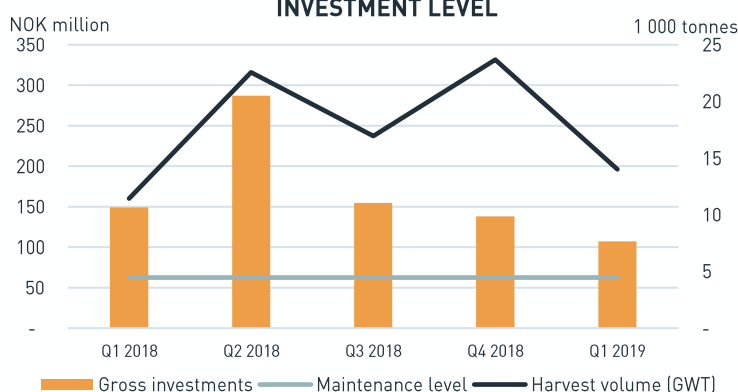
Dividends for the fiscal year 2018 will be decided by the Annual General Meeting. The Board has proposed to pay a dividend of NOK 2.00 per share. The Board will furthermore request the Annual General Meeting to prolong the mandate from 2018 to pay out additional dividend based on the annual financial statements for 2018.

Grieg Seafood is planning to invest a total of NOK 635 million in 2019 where of NOK 385 million is related to growth and improvement. The investments are part of the Group's growth strategy, which entails increased smolt capacity and new farming sites. Increased biomass will also result in increased working capital needs.

**INVESTMENTS Q1 2019**



**INVESTMENT LEVEL**



# Sales and market development

Our farming regions sell their fish to Ocean Quality, which resells the salmon to third parties for further processing or to other customers for consumption as is. Ocean Quality aims to be a preferred and reliable global supplier.

## OCEAN QUALITY GROUP

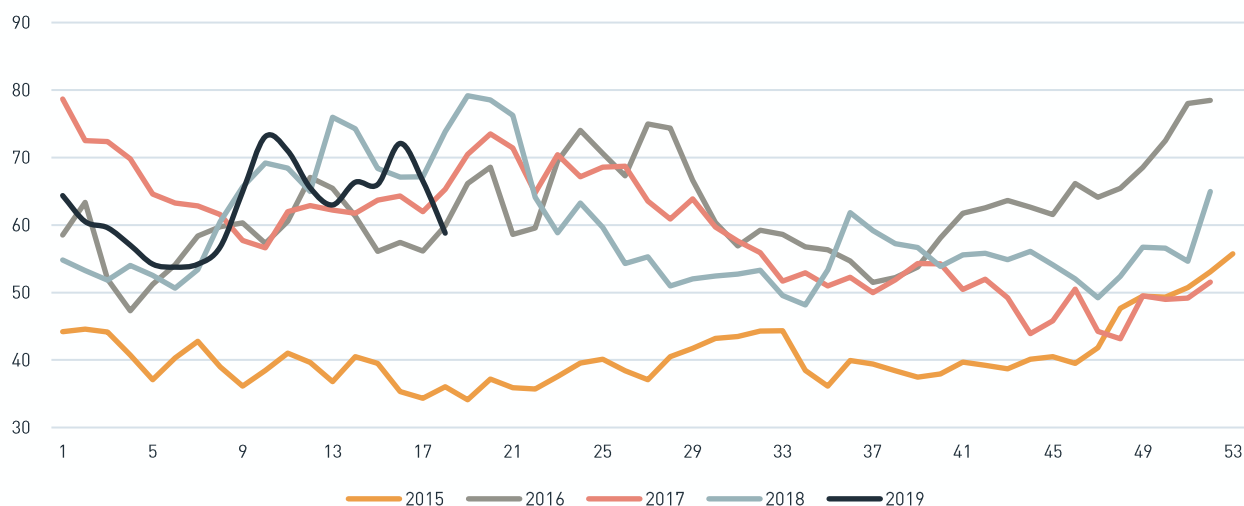
Ocean Quality is the sales organization of Grieg Seafood and Bremnes Fryseri, with an ownership of 60% and 40%, respectively. All fish produced by Grieg Seafood is sold by Ocean Quality with the purpose of generating a positive margin against the market price for salmon. Total volume sold during Q1 2019 was 23 838 tonnes, which is an increase of 7% compared to the same period last year (22 490 tonnes).

## MARKET DEVELOPMENT

Spot salmon prices have remained relatively high in Q1 2019, with a peak towards the end of the quarter. The average price level was up by approximately NOK 6 per kg compared to Q4 2018 and up by NOK 2 per kg compared to Q1 2018.

The overall supply of Atlantic Salmon for the quarter increased by approximately 5% from Q1 2018, which combined with the simultaneous increase in prices confirms the strong underlying demand for farmed salmon.

**WEEKLY NASDAQ SALMON INDEX 2015-2019 (NOK/kg)**



## MARKET EXPECTATIONS AND GUIDING

The global supply of Atlantic Salmon for 2019 is expected to increase by approximately 4-7% compared to 2018, mainly due to increased harvest volume in Norway, UK and Chile. With a growing demand and limited possibilities for increase in harvest volumes, prices are expected to remain high.

The Group's total share of fixed price contracts in Norway in Q1 2019 was 17%. The share of fixed price contracts for Norway and the UK is estimated to be 20% for the year, which is in line with the target of 20-50% contract share.

Grieg Seafood expects to harvest approximately 82 000 tonnes in 2019, an increase of 10% from 2018. The expected harvest volume for Q2 2019 is 21 000 tonnes.

HARVEST 2019 (TONNES GWT)	ROGALAND	FINNMARK	SHETLAND	BRITISH COLUMBIA	GSF GROUP
Q1 2019	5 700	5 700	1 800	1 500	14 800
Q2 2019	7 700	5 500	3 100	4 700	21 000
Q3-Q4 2019	8 600	22 800	7 100	7 800	68 800
<b>Total</b>	<b>22 000</b>	<b>34 000</b>	<b>12 000</b>	<b>14 000</b>	<b>82 000</b>

## INSPECTION BY THE EUROPEAN COMMISSION

In February 2019, the European Commission performed an unannounced inspection of several Norwegian seafood companies in Scotland and the Netherlands, including Grieg Seafood Shetland, to explore potential anti-competitive behavior in the salmon industry. Grieg Seafood is not aware of any anti-competitive behavior and is fully cooperating with the investigation.

## GRIEG SEAFOOD ROGALAND

5 731

TONNES GWT HARVESTED

25.31

EBIT/KG (NOK)

19 · 2

SEAWATER LICENSES •  
FRESH WATER LICENSES

149

EMPLOYEES

### RESULTS

Harvest volume in Rogaland was 5 731 tonnes in Q1 2019, ahead of the production plan, an increase of 150% compared to Q1 2018. Low harvest volume in Q1 2018 was linked to issues with sea lice and PD.

Revenues for the quarter amounted to NOK 371.3 million, an increase of 152% compared to Q1 2018. The price achievement was higher in Q1 2019 compared to Q1 2018, driven by higher market prices, larger harvest sizes and improved quality of harvested fish.

The biological performance was very good during the quarter, with high production and utilization of the MAB (maximum allowed biomass). Average survival rate in the sea for the last 12 months was 92%, slightly below our target of 93%. Cost per kg declined compared to the same period last year, driven by increased volume and average harvest weight, and improved fish health situation. The cost per kg was stable from Q4 2018. It is expected that cost per kg will be stable in Q2 2019.

EBIT per kg before fair value adjustment of biological assets was NOK 25.31 in the period, compared to NOK 11.94 kg in Q1 2018.

### PRIORITIES

Grieg Seafood Rogaland aims to reduce the production time in sea from 18 to 12 months, with an average smolt size of 500 grams in 2020. The first batch of large size smolt that have spent less than 12 months in the sea, was harvested in Q1 2019 with satisfactory results. The smolt transferred to sea during the quarter had an average weight of 350 grams. The first batch of smolt from the newly expanded Tytlandsvik Aqua was transferred to sea during the beginning of Q2 2019.

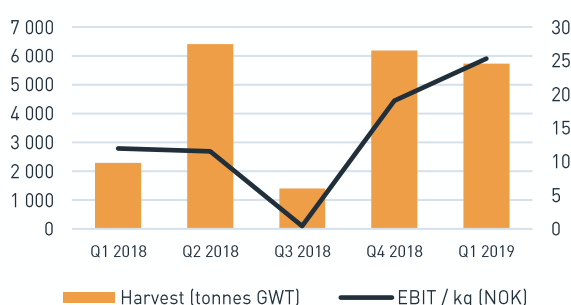
Sea lice and Pancreas Disease (PD) have been a challenge in Rogaland, negatively affecting feeding and reducing growth rates, and increasing cost. Refer to the chapter Healthy Ocean for more information.

As part of the Precision Farming strategy, five sites are now being monitored and fed from our integrated operations center pilot, which was launched in September 2018. Full coverage of all sites is expected by the end of 2019. Precision Farming will ensure better feeding, leading to reduced costs and increased growth.

Grieg Seafood Rogaland targets harvest volumes of 25 000 tonnes with a production cost of NOK 36.00 per kg in 2020.

NOK MILLION	Q1 2019*	Q1 2018	FY 2018
Revenues	371.3	147.5	984.1
EBITDA	162.6	38.5	267.6
EBIT	145.0	27.4	219.6
Harvest volume (tonnes GWT)	5 731	2 295	16 293
EBIT/kg (NOK)	25.31	11.94	13.48

\*Q1 2019 include IFRS 16 effects. Refer to Note 6 for more information.



## GRIEG SEAFOOD FINNMARK

5 720

TONNES GWT HARVESTED

25.01

EBIT/KG (NOK)

27 (8) · 1 · 5

SEAWATER LICENSES (GREEN  
LICENSES) · FRESH WATER  
LICENSE · ASC-CERTIFIED  
SITES

240

EMPLOYEES

### RESULTS

Grieg Seafood Finnmark harvested 5 720 tonnes in Q1 2019, an increase of 37% compared to Q1 2018. The increase is related to strong production growth during the last half of 2018.

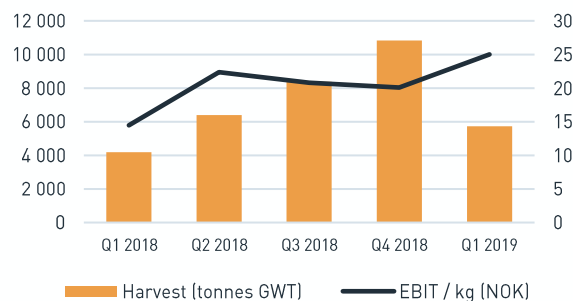
Revenues amounted to NOK 346.4 million, compared to NOK 229.3 million in Q1 2018. The 51% increase is driven by high market prices, improved sales margin and good quality.

The biological performance remained strong in the quarter, with reported survival rate of 96% for the last 12 months. Cost per kg was lower than over the same period last year, driven by strong biological performance, increased volume and larger harvest sizes. The cost per kg was stable from Q4 2018. Cost per kg is expected to increase somewhat in Q2 2019 due to lower harvest volume (5 500 tonnes).

EBIT per kg before fair value adjustment of biological assets was NOK 25.01 in Q1 2019, compared to NOK 14.47 in the corresponding quarter last year.

NOK MILLION	Q1 2019*	Q1 2018	FY 2018
Revenues	346.4	229.3	1 669.7
EBITDA	173.5	84.0	685.6
EBIT	143.0	60.4	594.9
Harvest volume (tonnes GWT)	5 720	4 179	29 774
EBIT/kg (NOK)	25.01	14.47	19.98

\*Q1 2019 include IFRS 16 effects. Refer to Note 6 for more information.



### PRIORITIES

As all regions, Grieg Seafood Finnmark is focused on improving fish welfare and safeguarding survival rates. Camera surveillance and sensor technology are utilized to continuously monitor the environment. The biological conditions have been favorable during the quarter, with stable and low sea lice levels. Refer to the chapter Healthy Ocean for more information.

As a result of our efforts to ensure sustainable production, one additional site achieved ASC certification in Q1 2019, bringing the total to five ASC certified sites.

Expanding our smolt facility at Adamselv was an important step in our strategy to stock larger smolt of good quality. This is to ensure continued growth and safeguard survival rates. The additional capacity was taken into use in Q1 2019, and it is expected to be fully utilized in 2020. Efforts to improve smolt quality is expected to drive growth going forward.

Grieg Seafood Finnmark targets harvest volumes of 38 000 tonnes with a production cost of NOK 36.00 per kg in 2020.

## GRIEG SEAFOOD SHETLAND

1 788

TONNES GWT HARVESTED

-13.93

EBIT/KG (NOK)

17 · 1

SEAWATER LICENSES •  
FRESH WATER LICENSE

183

EMPLOYEES

### RESULTS

Harvest volume in Q1 2019 was 1 788 tonnes, an increase of 49% compared to Q1 2018.

Revenues amounted to NOK 122.3 million, an increase of 41% compared to Q1 2018. Despite challenges related to gill diseases in 2018, the quality of the fish harvested this quarter has been high (95%) and with a good average weight. The price achievement for Q1 2019 was good, but lower than in Q1 2018.

As in the previous quarter, the region experienced reduced survival caused by gill-related diseases and winter ulcers. The survival rate of 85% for the last 12 months has been affected by the challenges endured in 2018. As part of the accounting principle of recognizing extraordinary mortality as cost in the income statement, a write-down of NOK 25.0 million was recognized in the quarter, increasing cost per kg by NOK 13.96. Due to the fish health situation and write-down in addition to low volume, cost per kg in Q1 2019 increased compared to Q1 and Q4 2018 (write-down of NOK 9.59 and NOK 7.99 per kg, respectively). Cost will remain high, but we expect gradual cost reductions as harvest volume increase.

EBIT per kg before fair value adjustment of biological assets was NOK -13.93, compared to NOK -5.91 in Q1 2018.

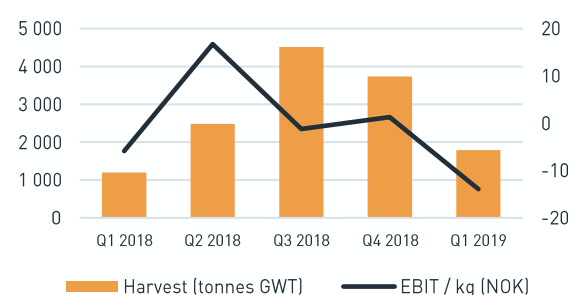
### PRIORITIES

Grieg Seafood Shetland cooperates with other sea farmers in the region to establish a sustainable marine biology. Production is focused on the best sites with the strongest biological control, and routines and systems have been implemented for the monitoring and mitigation of algae-related issues. Other measures to ensure strong biosecurity, improved fish welfare and control of the sea lice situation include the use of aeration systems, cleaner fish, sea lice skirts and fresh water treatments. The sea lice level was high during Q1 2019 and sea lice treatments were carried out. For more information, refer to the chapter Healthy Ocean.

Grieg Seafood Shetland also focuses on improving smolt quality, to ensure a more robust and healthy fish, which is essential for good growth and reduced cost. Initiatives to improve smolt quality have been taken and external expertise have been engaged to identify further improvements. By focusing on initiatives to improve biosecurity and fish welfare, Grieg Seafood Shetland plans to reach a target of 17 000 tonnes harvest with a production cost of NOK 43.00 per kg in 2020.

NOK MILLION	Q1 2019*	Q1 2018	FY 2018
Revenues	122.3	86.8	810.3
EBITDA	-0.7	5.3	80.1
EBIT	-24.9	-7.1	33.7
Harvest volume (tonnes GWT)	1 788	1 201	11 924
EBIT/kg (NOK)	-13.93	-5.91	2.83

\*Q1 2019 include IFRS 16 effects. Refer to Note 6 for more information.



# GRIEG SEAFOOD BRITISH COLUMBIA

1 562

TONNES GWT HARVESTED

14.54

EBIT/KG (NOK)

17 · 1

SEAWATER LICENSES •  
FRESH WATER LICENSE

148

EMPLOYEES

## RESULTS

The harvest volume in Q1 was 1 562 tonnes. This was in line with the production plan, but down from Q1 2018 due to the cyclical nature of utilizing the farms.

Revenues for the quarter was NOK 99.4 million, a decrease compared to Q1 2018 driven by reduced harvest volume. Despite a reduction in the share of superior quality compared to Q1 2018, the achieved price was similar due to high average harvest weight in Q1 2019.

Biological conditions and production have been good. During the quarter, there were challenges related to bacterial diseases (Yellow mouth, SRS and Furunculosis), which impacted the survival rate and production cost at these sites. For the last 12 months, average survival rate was 87%. Compared to Q1 2018, the cost per kg increased, due to harvesting sites with high cost. The cost per kg decreased compared to Q4 2018, when cost was impacted by effects from the HAB (harmful algal bloom) incident. Cost per kg is expected to remain stable in the second quarter.

EBIT per kg before fair value adjustment of biological assets was NOK 14.54, compared to NOK 22.65 in Q1 2018.

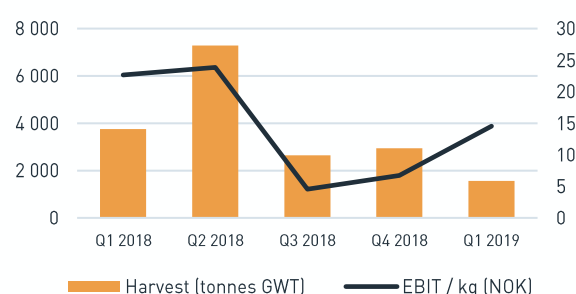
## PRIORITIES

Access to high-quality smolt is key to ensuring production growth with sustainable biology. The expansion work of the Gold River smolt facility is proceeding according to plan, and Grieg Seafood BC is expected to be self-sufficient in terms of smolt deliveries by 2020.

HAB represents a high biological risk. Algae movements and oxygen levels are continuously monitored and analyzed, and aeration systems have been installed to allow for feeding in difficult situations. Improvements to sea production are expected to contribute to improved survival rates during HAB events. The sea lice situation remains stable from the previous quarter and treatments were carried out, refer to the chapter Healthy Ocean for more information. Grieg Seafood BC will continue to grow harvest volume and aims to reduce costs, targeting a harvest volume of 20 000 tonnes with production cost of NOK 39 per kg in 2020.

NOK MILLION	Q1 2019*	Q1 2018	FY 2018
Revenues	99.4	233.1	1 088.4
EBITDA	39.5	94.9	335.7
EBIT	22.7	85.1	290.9
Harvest volume (tonnes GWT)	1 562	3 758	16 632
EBIT/kg (NOK)	14.54	22.65	17.49

\*Q1 2019 include IFRS 16 effects. Refer to Note 6 for more information.



## ROOTED IN

## HEALTHY OCEAN

**Farming salmon with methods that keep the fish and our oceans healthy has a direct impact on harvest volume, cost, quality, license to operate and engaged employees.**

General focus areas to keep our oceans healthy include fish health and welfare, sea lice control, escape control, limiting local emissions and impact on wild life. All areas are reported on in our Annual Report.

## Fish health and welfare

Good fish health and welfare is both an ethical responsibility and the most important measure to ensure good growth, higher harvesting quality and lower cost.

SURVIVAL RATE	Q1 2019	Q1 2018	FY 2018
Rogaland	92%	90%	92%
Finnmark	96%	95%	96%
Shetland	85%	88%	83%
British Columbia	87%	93%	88%

USE OF ANTIBIOTICS*	Q1 2019	Q1 2018	FY 2018
Rogaland	0.0	0.0	0.0
Finnmark	0.0	0.0	0.0
Shetland	119.66	15.99	13.90
British Columbia	63.55	32.72	150.27

\*Amount of active pharmaceutical ingredients (APIs) used (gr) per tonne of fish produced (LWE).

### SURVIVAL RATE

We target a survival rate of 93% [calculated as number of mortalities in sea last 12 months, according to the standards of the Global Salmon Initiative]. We reached our target in Finnmark. In Rogaland we missed our target by 1%, mainly due to issues arising from Pancreas Disease (PD), negatively affecting feeding and reducing growth rates. At the end of Q1 2019, one in 13 sites was diagnosed with PD, compared to six in 12 sites at the same time last year. Shetland has endured heart-and gill diseases, winter ulcers and Furunculosis in addition to mechanical treatments against sea lice, all of which affected the 12-month survival rate. We are working to improve smolt health and robustness in Shetland and to reduce the number of mechanical treatments. In BC, the harmful algal bloom incident in 2018 impacted survival. We have implemented algae prevention measures with promising results.

### USE OF ANTIBIOTICS

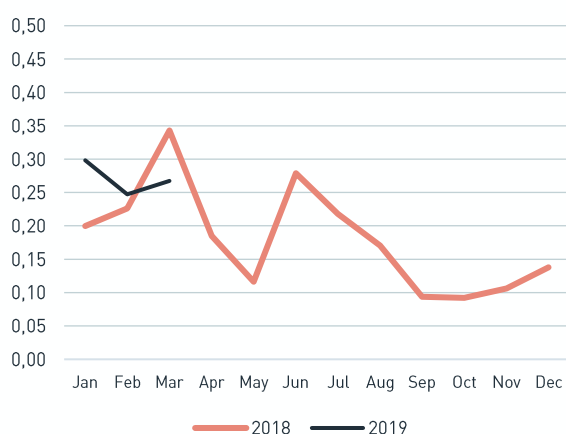
Our aim is to completely avoid the use of antibiotics, and we favor the use of vaccines and a healthy diet to manage diseases. However, antibiotics is sometimes used as a last resort to fight illness. Head office must approve use of antibiotics, and prescriptions are signed by certified fish health personnel. We also comply with limits and medicine

withdrawal periods set by local authorities. We did not use any antibiotics in Norway in 2018 nor in Q1 2019, due to good results from vaccines and efforts to ensure fish health. In Shetland, the use of antibiotics has been related to winter-ulcer and Furunculosis. In BC antibiotics have been used to treat our salmon from Yellow mouth disease, SRS and Furunculosis. Through our post-smolt strategy we will be in control of the environment of the fish for a longer time. This will make the fish more robust before being transferred into the sea and will shorten exposure time to biological risks.

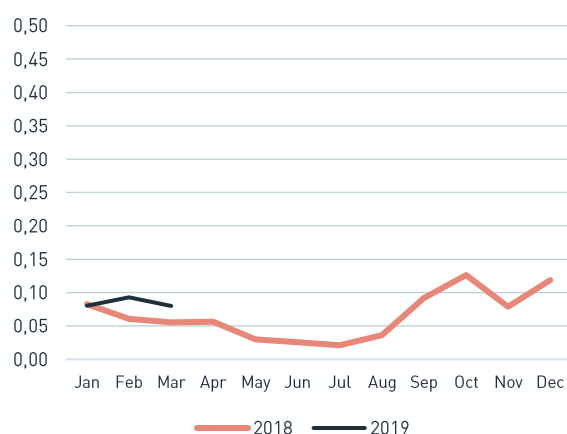
## Sea lice control

Controlling sea lice levels is one of the most important measures to protect the wild salmon population as well as the health and welfare of farmed salmon. Sea lice treatments are expensive and resource intensive. Our main approach to sea lice control is the implementation of prevention measures, such as cleaner fish, sea lice skirts, post smolt development and digital prediction through big data analytics. Sea lice levels shall stay below the legal limit of 0.5 adult female per fish in Norway, and we aim to achieve the same levels in Shetland and BC. At our green licenses in Finnmark, the sea lice limit is 0.25. Between April and June, when wild salmon smolt swim out of the rivers and past the salmon farms, the sea lice limit decreases to 0.2 per fish in Norway.

### ROGALAND



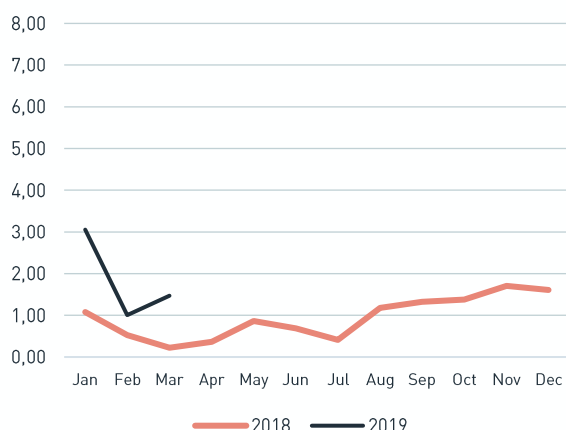
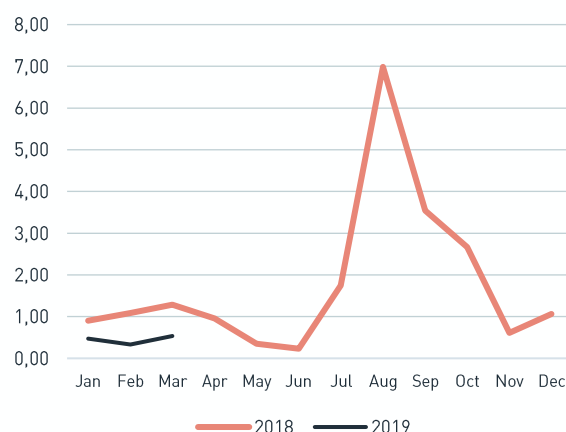
### FINNMARK



The sea lice counts are calculated as the average number of adult female lice per month.

The sites in Rogaland are located in a yellow area of the Norwegian "traffic light" system (moderate sea lice density). During 2018, we had success in use of preventive methods. By planning and using wrasse effectively, we managed to avoid treatments between July and November 2018. Sea lice levels increased towards the end of the year, and we had to use treatments during Q1 2019.

Finnmark has low sea lice levels year-round. Seawater temperatures are an advantage and the interconnectivity between the sites are low. However, we use targeted preventive methods such as sea lice skirts and cleaner fish. The sea lice situation was stable throughout the first quarter 2019 and no sea lice treatments were carried out.

**SHETLAND****BRITISH COLUMBIA**

Sea lice levels in Shetland are in general high. Medical treatments were necessary during the quarter to reduce the sea lice pressure. Measure have been taken to increase treatment capacity going forward.

Each year, BC is heavily influenced by sea lice pressure from wild salmon in the autumn. We are testing preventive methods and sea lice levels have been stable during Q1, at a lower level than last year.

SEA LICE TREATMENTS*	Q1 2019		Q1 2018		FY 2018	
	IN BATH	IN FEED	IN BATH	IN FEED	IN BATH	IN FEED
Rogaland	0.01	0.02	0.00	0.07	0.00	1.09
Finnmark	0.00	0.00	0.16	0.00	0.72	0.08
Shetland	3.41	0.18	0.93	0.07	2.98	0.21
British Columbia	0.00	0.00	0.00	0.44	0.00	0.32

\*Amount of active pharmaceutical ingredients (APIs) used (gr) per tonne of fish produced (LWE).

Our policy is to apply additional measures when the sea lice limit rises above 0.3 adult female per fish at a site. We favor non-chemical delousing methods, and medical treatments are used only as a last resort. When selecting treatment, we aim to find the correct balance between the welfare of our fish, the potential impact on the local environment and the need to avoid parasite resistance to existing treatments.

## Escape control

Escaped farmed salmon may mix genetically with wild salmon stocks. Escapes are also expensive, and we have zero tolerance for escapes. We had no escapes during the first quarter 2019.

## ROOTED IN

## SUSTAINABLE FOOD

**A sustainable food chain is important both to ensure our license to operate and to become a preferred partner among customers.**

General focus areas to make our value chain more sustainable includes ensuring safe and healthy food, quality control, traceability, sustainable feed, cutting carbon emissions and waste management. All areas are reported on in our Annual Report.

## Safe and healthy food

Our farmed salmon has no traces of illegal drugs and no organic pollutants or heavy metals above the allowed threshold. We have full traceability and strict quality control at every stage of production. Our certifications BAP and GLOBALG.A.P. cover the entire supply chain, and our sales organization, Ocean Quality, is certified according to GLOBALG.A.P., Chain of Custody and ASC Chain of Custody.

SUPERIOR SHARE*	Q1 2019	Q1 2018	FY 2018
Rogaland	72%	64%	73%
Finnmark	84%	78%	85%
Shetland	95%	93%	94%
British Columbia	78%	87%	84%

NUMBER OF CLAIMS	Q1 2019	Q1 2018	FY 2018
Rogaland	98	41	172
Finnmark	58	29	265
Shetland	45	66	270
British Columbia	282	100	518

\*We categorize our salmon as superior, ordinary or production grade. Superior quality has a positive overall impression with good meat quality and no exterior damage or faults. Please refer to p. 123 in our Annual Report 2018 for more details. The superior share is calculated as a percentage of net biomass.

The share of superior quality fish in Rogaland was impacted by PD in 2018 and Q1 2019. The PD situation has improved, and we expect to have less downgrading going forward. The increase in number of claims in Q1 2019 is related to PD. In Finnmark, the superior share in Q1 2019 was affected by the occurrence of winter-ulcers due to cold seawater temperatures. Winter-ulcers also caused the increase in number of claims. In Shetland, although we had challenges with gill-related diseases, the share of superior quality fish increased in Q1 2019 due to strict focus on fish welfare and successful treatments. This also positively affected the number of claims. The harmful algal bloom that occurred last summer affected the quality in BC in Q1 2019. The number of claims in BC in Q1 2019 are related to soft flesh caused by the microscopic parasite Kudoa, which affected salmon harvested from one specific site during the quarter. Kudoa does not give any visible symptoms in living fish, but one to two days post mortem, potent enzymes produced by the parasite may degrade the muscle. The presence of the parasite is mainly of concern for the quality of the fish and does not pose a health-risk for consumers. We have implemented effective mitigating measures against Kudoa.

## ROOTED IN

## PEOPLE

**The passion and dedication of our people drives Grieg Seafood forward.  
Engaged employees are key to achieve our targets.**

General focus areas are health and safety, creating attractive jobs, employee development, ethics, integrity and anti-corruption. All areas are reported on in our Annual Report.

## Keeping our employees safe

Accidents can be prevented by working on procedures and culture or by improving equipment quality. We never compromise on health and safety and have a zero-tolerance philosophy for accidents. We target an absence rate below 4.5%.

LTIR* & ABSENCE RATE	Q1 2019		FY 2018	
	LTIR	ABSENCE	LTIR	ABSENCE
Rogaland	41	4.32%	24	4.65%
Finnmark	0	6.19%	18	5.40%
Shetland	13	4.42%	24	2.25%
British Columbia	36	2.70%	38	1.81%

\*Lost Time Incident Rate (LTIR) is calculated as number of injuries leading to absence, divided by the total number of work hours, multiplied by 1 000 000.

The main types of injuries are accidents related to being struck by an object, incidents when handling work equipment, slips, trips and falls. Rogaland has a stable absence rate, split approximately equal between short-and long-term absence. The increase in the absence rates in Finnmark and Shetland in Q1 2019 compared to 2018 is related to long-term sickness. We are monitoring this closely.

## Transparency and integrity

Strong business integrity and ethical conduct is essential to become a world leader and preferred provider of sustainably produced salmon. We have zero tolerance for bullying, unwanted sexual attention and harassment. We did not have any harassment incidents in the quarter.

## Creating attractive jobs

We work to attract more female workers to balance the gender gap, and we report on the SHE Index because we believe transparency creates trust. Grieg Seafood climbed from 12<sup>th</sup> place in the 2018 ranking to 8<sup>th</sup> place on the SHE Index held in February 2019.

## ROOTED IN

## LOCAL COMMUNITIES

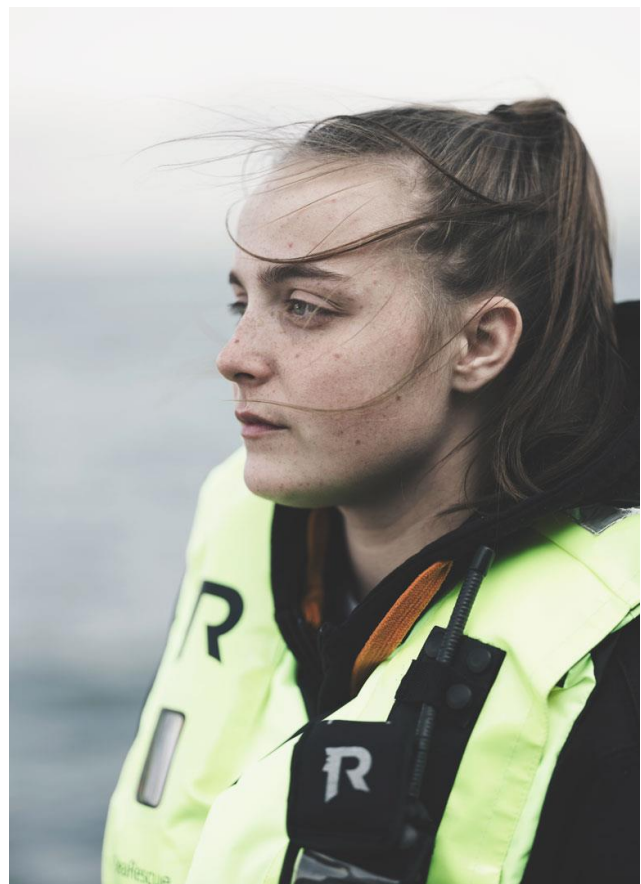
**We are grateful to our local communities for giving us permission to farm salmon in their fjords. We need their license to operate to achieve sustainable growth.**

Our license to operate is two-fold. First, it is based on the public's trust that we, as a company, operating on the Commons, always work to reduce our environmental footprint and improve the welfare of our fish. This is reported on according to our pillars, Healthy Ocean and Sustainable Food. Second, it is based on our ability to give sufficiently back to our local communities. We do that primarily by creating full-time, well-paying jobs in rural areas, by paying local taxes, by using local suppliers of goods and services as often as we can, by hiring local apprentices and by supporting local sports- and cultural activities.

We aim to be open and honest with our local communities about our production methods, our successes and our remaining challenges. We view it as our responsibility to ensure and engage in constructive dialogue with all of the stakeholders and groups that are somehow impacted by our farming.

In British Columbia and Finnmark, we are farming in areas that belong to Indigenous Peoples. We recognize that they have special rights, as acknowledged to them by the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and we strive to take particular care to avoid infringing on such rights. Going forward, we will continue our work to improve relations and farming practices in these areas, so that we can live in co-existence with and further contribute to indigenous culture.

In the beginning of 2019, Kristina Furnes joined Grieg Seafood as Global Communication Manager. The employment of Kristina Furnes is a new step in our efforts to improve the dialogue with society around us, also in cooperation with other actors in the industry. Our industry gets to use fjords that belong to all to produce healthy salmon, and we need to be trusted partners of the communities where we operate.



# The Grieg Seafood share

Our ambition is to create shareholder value and deliver competitive returns relative to comparable investment alternatives.

At the end of Q1 2019, Grieg Seafood had a total of 111 662 000 shares, including treasury shares, divided between 6 195 shareholders. The Grieg family in total holds 52.80% of the Grieg Seafood shares. The 20 largest shareholders account for 75.76% of the shares. Please refer to Note 10 for more information about the shareholders.

KEY FIGURES	Q1 2019	Q1 2018	FY 2018
Number of shares at period-end (incl treasury shares)	111 662 000	111 662 000	111 662 000
Number of shareholders	6 195	5 110	5 124
Number of shares traded	19 806 577	32 686 798	116 144 510
Total value of shares traded per day (NOK million)	34.8	37.1	42.1
Share price at period-end	104.6	72.2	102.3
Average share price (NOK)	109.9	70.3	92.2
Lowest closing price (NOK)	99.2	66.0	66.2
Highest closing price (NOK)	121.6	75.7	129.5

## PERFORMANCE vs OSEBX INDEX



## Related parties' transactions

There have been no transactions with related parties which affect the financial results for the quarter. Please see Note 9 for further information.

## Events after the balance sheet date

In April 2019, a class-action lawsuit was filed in the USA mainly based on the investigation by the European Commission (refer to page 11). We are not aware of any anti-competitive behavior, neither in Norway, the EU or the USA.

Currently, there is no new information regarding the European Commission inspection.

No other significant events have been recorded after the balance sheet date.

### THE BOARD OF DIRECTORS AND CEO

BERGEN, 15 MAY 2019



**ASBJØRN REINKIND**

Vice Chair



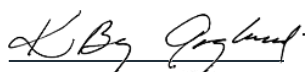
**PER GRIEG JR.**

Chair



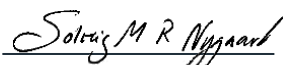
**WENCHE KØLÅS**

Board Member



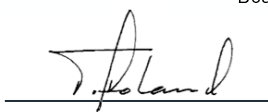
**KARIN BING ORMLAND**

Board Member



**SOLVEIG M.R. NYGAARD**

Board Member



**TØRE HOLAND**

Board Member



**ANDREAS KVAME**

CEO

# Financial statements

## INCOME STATEMENT

NOK 1 000	Q1 2019*	Q1 2018	FY 2018
Sales revenues	1 647 593	1 493 011	7 500 316
Other income	2 881	23 983	52 010
Share of profit from associates	422	-250	-2 328
Change in inventories	246 888	256 407	240 717
Raw materials and consumables used	-984 931	-985 270	-4 093 572
Salaries and personnel expenses	-146 814	-135 600	-541 047
Other operating expenses	-407 262	-431 982	-1 821 623
<b>EBITDA before fair value adjustment of biological assets</b>	<b>358 776</b>	<b>220 299</b>	<b>1 334 473</b>
Depreciation property, plant and equipment	-89 909	-56 917	-230 262
Amortization licenses and other intangible assets	-1 388	-1 313	-5 393
<b>EBIT before fair value adjustment of biological assets</b>	<b>267 480</b>	<b>162 069</b>	<b>1 098 818</b>
Fair value adjustment of biological assets	51 359	178 347	256 097
<b>EBIT after fair value adjustment of biological assets</b>	<b>318 839</b>	<b>340 417</b>	<b>1 354 916</b>
<b>Net financial items</b>	<b>12 499</b>	<b>-26 829</b>	<b>-77 991</b>
<b>Profit before tax</b>	<b>331 338</b>	<b>313 587</b>	<b>1 276 925</b>
Estimated taxation	-75 764	-85 856	-279 805
<b>Net profit for the period</b>	<b>255 573</b>	<b>227 732</b>	<b>997 120</b>
<b>Allocated to</b>			
Controlling interests	251 605	221 990	972 506
Non-controlling interests	3 968	5 742	24 615
Dividend declared and paid per share (NOK)	-	-	-
Earnings per share (NOK)	2.28	2.01	8.81

\* Q1 2019 includes IFRS 16 effects. Please refer to Note 6 for further information.

## COMPREHENSIVE INCOME STATEMENT

NOK 1 000	Q1 2019*	Q1 2018	FY 2018
<b>Profit for the period</b>	<b>255 573</b>	<b>227 732</b>	<b>997 120</b>
<i>Net other comprehensive income to be reclassified to profit/loss in subsequent periods</i>			
Currency effect on investment in subsidiaries	10 220	-41 921	-5 888
Currency effect on loans to subsidiaries	6 997	-19 239	-4 193
Tax effect loans to subsidiaries	-1 539	4 425	923
Cash flow hedges	2 082	6 125	15 026
Tax effect cash flow hedges	-458	-1 409	-3 494
Change in fair value of equity instruments	-	-	11
<b>Other comprehensive income for the period, net of tax</b>	<b>17 301</b>	<b>-52 019</b>	<b>2 383</b>
<b>Total comprehensive income for the period</b>	<b>272 875</b>	<b>175 713</b>	<b>999 503</b>
Allocated to			
Controlling interests	268 256	169 888	968 766
Non-controlling interests	4 618	5 825	30 738

\* Q1 2019 includes IFRS 16 effects. Please refer to Note 6 for further information.

## STATEMENT OF FINANCIAL POSITION

NOK 1 000	31.03.2019	31.03.2018	31.12.2018
<b>ASSETS</b>			
Goodwill	109 144	108 814	109 013
Licenses	1 124 331	1 058 090	1 121 662
Other intangible assets	19 750	18 005	25 175
Deferred tax assets	1 718	3 623	1 718
Property, plant and equipment	2 344 400	1 939 557	2 292 912
Right-of-use assets	432 123	-	-
Investments in associates	37 544	9 199	37 122
Other current receivables	1 350	1 317	1 327
<b>Total non-current assets</b>	<b>4 070 360</b>	<b>3 138 604</b>	<b>3 588 929</b>
Inventories	143 998	73 267	126 092
Biological assets	2 430 215	2 207 500	2 223 833
Fair value of biological assets	1 016 130	877 406	971 309
Trade receivables	768 329	776 686	925 232
Other current receivables	208 716	246 666	166 432
Derivatives and other financial instruments	12 483	15 653	2 743
Cash and cash equivalents	312 553	225 169	137 920
<b>Total current assets</b>	<b>4 892 425</b>	<b>4 422 346</b>	<b>4 553 561</b>
<b>Total assets</b>	<b>8 962 785</b>	<b>7 560 950</b>	<b>8 142 490</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	446 648	446 648	446 648
Treasury shares	-4 914	-5 000	-4 914
Retained earnings and other equity	3 660 575	3 032 603	3 392 319
<b>Total controlling interests</b>	<b>4 102 310</b>	<b>3 474 251</b>	<b>3 834 053</b>
Non-controlling interests	54 076	49 366	49 458
<b>Total equity</b>	<b>4 156 386</b>	<b>3 523 617</b>	<b>3 883 511</b>
Deferred tax liabilities	955 572	798 059	877 639
Cash-settled share options	8 690	9 983	8 493
Subordinated loans	13 874	14 902	14 047
Borrowings and leasing	1 804 395	1 693 539	1 591 072
Non-current lease liabilities (IFRS 16)	328 396	-	-
<b>Total non-current liabilities</b>	<b>3 110 196</b>	<b>2 516 483</b>	<b>2 491 251</b>
Current portion of long-term borrowings and leasing	172 396	212 141	221 788
Current portion lease liabilities (IFRS 16)	104 860	-	-
Factoring liabilities	503 012	409 131	573 377
Trade payables	582 948	529 502	649 352
Tax payable	108 320	136 344	130 287
Derivatives and other financial instruments	1 823	12 501	5 905
Other current liabilities	222 114	221 231	187 019
<b>Total current liabilities</b>	<b>1 695 473</b>	<b>1 520 850</b>	<b>1 767 729</b>
<b>Total liabilities</b>	<b>4 806 399</b>	<b>4 037 333</b>	<b>4 258 979</b>
<b>Total equity and liabilities</b>	<b>8 962 785</b>	<b>7 560 950</b>	<b>8 142 490</b>

\* Q1 2019 includes IFRS 16 effects. Please refer to Note 6 for further information.

## CHANGES IN EQUITY

NOK 1 000	Q1 2019 CI*	Q1 2019 NCI**	YTD 2019 CI*	YTD 2019 NCI**
<b>Equity at period start</b>	<b>3 834 053</b>	<b>49 458</b>	<b>3 834 053</b>	<b>49 458</b>
Profit for the period	251 605	3 968	251 605	3 968
Comprehensive income for the period	16 651	650	16 651	650
<b>Total recognized income for the period</b>	<b>268 256</b>	<b>4 618</b>	<b>268 256</b>	<b>4 618</b>
<b>Total change in equity in the period</b>	<b>268 256</b>	<b>4 618</b>	<b>268 256</b>	<b>4 618</b>
<b>Equity at period end</b>	<b>4 102 310</b>	<b>54 076</b>	<b>4 102 310</b>	<b>54 076</b>

\* Controlling interest: Shareholders of GSF ASA

\*\* Non-controlling interest

## CASH FLOW STATEMENT

NOK 1 000	Q1 2019	Q1 2018	FY 2018
EBIT after fair value adjustment of biological assets	318 839	340 417	1 354 916
Depreciation and amortization	91 297	58 230	235 655
(Gain)/loss on sale of property, plant and equipment	-	231	4 992
Share of profit from companies applying equity method of accounting	-422	250	2 328
Fair value adjustment of biological assets	-51 359	-178 347	-256 097
Change in inventory excl. fair value, trade payables and trade receivables	-176 073	-291 536	-309 157
Other adjustments	37 933	-70 941	-64 962
Taxes paid	-22 190	-10 486	-147 833
<b>Net cash flow from operating activities</b>	<b>198 024</b>	<b>-152 183</b>	<b>819 841</b>
Proceeds from sale of fixed assets	-	333	1 295
Capital expenditure (fixed assets)	-104 571	-149 352	-733 034
Property, plant and equipment financed by leasing	34 823	41 717	169 216
Investment in associate companies	-	-	-30 000
Change in other non-current receivables	-	-	10
<b>Net cash flow from investing activities</b>	<b>-69 749</b>	<b>-107 302</b>	<b>-592 514</b>
Net changes in interest-bearing liabilities incl. factoring	57 989	229 919	170 441
Paid dividends	-	-	-441 691
Paid dividends to non-controlling interests	-	-	-24 821
Sale of treasury shares	-	-	2 615
Net interest and other financial items	-11 589	-14 622	-67 113
<b>Net cash flow from financing activities</b>	<b>46 400</b>	<b>215 297</b>	<b>-360 569</b>
<b>Net change in cash and cash equivalents</b>	<b>174 675</b>	<b>-44 188</b>	<b>-133 242</b>
<b>Cash and cash equivalents - opening balance</b>	<b>137 920</b>	<b>271 715</b>	<b>271 715</b>
Currency translation of cash and cash equivalents	-42	-2 357	-554
<b>Cash and cash equivalents - closing balance</b>	<b>312 553</b>	<b>225 169</b>	<b>137 920</b>

## SELECTED NOTES

### NOTE 1 ACCOUNTING PRINCIPLES

Grieg Seafood ASA (the Group) comprises Grieg Seafood ASA and its subsidiaries, including the Group's share of associated companies. The financial report for the first quarter of 2019 has been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations approved by the EU, including IAS 34. The report does not include all information required in a complete annual report and should therefore be read in conjunction with the Group's recent annual report (2018). The quarterly report is unaudited.

The Group has adopted IFRS 16 Leases from 1 January 2019, which replaces IAS 17 Leases and related interpretations. Under IAS 17, leases were classified as either finance or operating leases. Payments under operating leases were recognized as operating expenses on a straight-line basis in the P&L. The new standard requires lessees to recognize nearly all leased assets on the balance sheet, with certain exceptions. The leases are recognized as right-of-use assets (ROU assets) and a corresponding lease liability. The lease payment is allocated between the liability and finance cost. The ROU assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group has carried out a modified retrospective approach upon the adoption of IFRS 16, which implies that ROU assets are measured at cost at an amount equal to the lease liability at 1 January 2019. The lease liability is calculated as the present value of remaining lease payments at 1 January 2019 discounted by the incremental borrowing rate. There were no onerous lease contracts that would have required an adjustment to the ROU assets at 1 January 2019. The 2018 comparable figures are not restated in the Q1 2019 report and the reclassifications and adjustments following the implementation are recognized in the opening balance sheet on 1 January 2019.

- In applying IFRS 16, the Group has applied the following practical expedients:
- Recognition exemption of operating lease agreements with remaining lease term of less than 12 months.
- Use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- Use of a single discount rate to a portfolio of leases with similar characteristics.
- Exclusion of initial direct costs for the measurement of the ROU asset at the date of initial application.

For contracts entered into before 1 January 2019, the Group elected to rely on its assessment made applying IAS 17 and IFRIC, on whether the contract is, or contains a lease.

Implementation of the new standard had a significant effect on the financial statement, where leased vessels and office buildings had the greatest impact. Please refer to Note 6 for further information about the implementation effects of IFRS 16.

Management is required to make estimates and assumptions concerning the future that affect the accounting policies and recognized amounts of assets, liabilities, income and expenses. Significant estimates relate to valuation of biological assets and intangible assets. Estimates and underlying assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be probable under the present circumstances. The final outcomes may deviate from these estimates. Changes in estimates are reflected in the accounts as they occur.

## NOTE 2 RISKS AND UNCERTAINTIES

The Group is exposed to risks in several areas, such as biological production, changes in salmon prices, political risk related to trade barriers, and financial risk, including interest rate fluctuations, exchange rates and liquidity.

The Group's internal control mechanisms and risk exposure are subject to constant monitoring and improvement, and efforts to reduce different types of risk have high priority. The management has established a framework for managing and eliminating most of the risk that can prevent the Group from attaining its goals.

The Group operates in an industry with high volatility, which leads to financial risk. The financial risk is managed by a central unit at the Group's head office. The Group's financial position remains strong. The Group has renegotiated the syndicated bank loan agreement, which will secure the working capital that is needed for achieving the growth targets. Income and currency risk have been transferred to the sales company. The production companies sell in local currencies to the sales company, which hedges its transactions against currency fluctuations related to CAD/USD, EUR/NOK and USD/NOK and, if required, other currencies.

The greatest operational risk is related to biological developments with regards to the smolt- and aquaculture operations. To reduce risk, the Group focuses on production of Atlantic salmon as its main product. Training of employees and establishing good internal routines to reduce operational risk, is a priority.

The aquaculture industry has experienced major issues with sea lice and algae in recent years. The Group collaborates actively with authorities and other aquaculture players to implement activities to reduce biological risk. One of the initiatives is joint fallowing and zoning. A digitalization process has been initiated across the Group to facilitate operational improvements. Through utilization of sensor technology, the ambition is to reduce the algae challenges in BC and on Shetland. The introduction of sensor technology to monitor algal blooms enables the Group to determine at an early stage the type of algae and the appropriate feeding response. This is of vital importance as different types of algae has various effect on the salmon.

With regards to sea lice, which are developing resistance to pharmaceuticals, there is an ongoing development from medical to mechanical treatment. In fighting sea lice, the use of wrasse is also a proven remedy, which has provided good results in Rogaland.

The Group has a zero-tolerance policy with regards to escapes. There were no escape incidents in Q1 2019.

Salmon price developments are highly volatile, with great fluctuations within relatively short time spans. However, there has been a stable increase in the demand for salmon over recent years, while the growth in supply has been more limited, and this development is expected to continue going forward. Supply and demand are also affected by other factors, such as government regulations, sea temperatures, outbreaks, diseases, and other indirect and direct factors, which affect production and hence also supply.

## NOTE 3 SEGMENT INFORMATION

The operating segments are divided geographically by country or region, based on the reporting criteria applied by Group management (as supreme decision-makers) when assessing performance and profitability at a strategic level.

Earnings from the sales companies in Ocean Quality Group (OQ) is reported per producer. The minority share is reported with ownership cost, as an elimination. Ocean Quality comprises the companies in Norway, UK, North America (NA) and USA. Ocean Quality UK and Ocean Quality NA are wholly owned by Ocean Quality Norway, while Ocean Quality USA is wholly owned by Ocean Quality NA. Grieg Seafood owns 60% of Ocean Quality. Ocean Quality sells all fish produced by Grieg Seafood.

Segment results are based on EBIT before fair value adjustments. The effect of one-off costs, such as restructuring costs and write-down of goodwill, share options, as well as unrealized gains and losses on financial instruments, are excluded from the segment, and reported as ownership cost. The ownership cost in the quarter includes fees to lawyers related to the EU commission investigation, other consulting fees related to strategy process and share options.

The column "Other items/eliminations" comprises results from activities carried out by the Group's parent company and other non-production or sales companies, as well as the share of EBIT to Ocean Quality minority interests.

Eliminations (NOK 1 000)	Q1 2019	Q1 2018
Ownership cost	-23 480	-9 646
Share of EBIT to minority interest	5 098	5 826
<b>EBIT elim. /other items</b>	<b>-18 382</b>	<b>-3 821</b>

Geographical segments (NOK 1 000)	Rogaland		Finnmark		BC-Canada		Shetland-UK		Elim. /Others (2)		The Group	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Sales revenues	371 296	147 527	346 419	229 346	99 443	233 094	122 319	86 790	708 115	796 254	1 647 593	1 493 011
Other income	32	17 425	24	463	0	0	513	2 318	2 313	3 778	2 881	23 983
EBITDA (1)	162 633	38 542	173 466	83 983	39 481	94 879	-711	5 325	-16 092	-2 431	358 776	220 299
EBIT (1)	145 017	27 396	143 038	60 448	22 718	85 139	-24 911	-7 094	-18 382	-3 821	267 480	162 069
EBITDA %	44%	23%	50%	37%	40%	41%	-1%	6%			22%	15%
EBIT %	39%	17%	41%	26%	23%	37%	-20%	-8%			16%	11%
Harvest volume tonnes GWT	5 731	2 295	5 720	4 179	1 562	3 758	1 788	1 201			14 801	11 433
<b>EBIT/kg</b>	<b>25.31</b>	<b>11.94</b>	<b>25.01</b>	<b>14.47</b>	<b>14.54</b>	<b>22.65</b>	<b>-13.93</b>	<b>-5.91</b>			<b>18.07</b>	<b>14.18</b>

1) EBITDA and EBIT before fair value adjustment of biological assets.

2) Elim. /other includes bonus and share of profit from Ocean Quality to producers.

3) Q1 2019 figures include IFRS 16 effects. Refer to Note 6 for further information.

NET FINANCIAL ITEMS (NOK 1 000)	Q1 2019	Q1 2018	FY 2018
Changes in fair value from hedging instruments	1 139	1 890	-561
Net financial interest*	-12 954	-16 663	-52 015
Net currency gain (losses)	25 461	-11 609	-23 199
Dividend	-	-	10
Net other financial income (expenses)	-1 147	-448	-2 226
<b>Net financial items</b>	<b>12 499</b>	<b>-26 829</b>	<b>-77 991</b>

\*Q1 2019 includes effect of IFRS, amounting to NOK -3 million. Refer to Note 6 for further information about IFRS 16 effects.

## NOTE 4 BIOLOGICAL ASSETS

The accounting treatment of live fish by enterprises applying IFRS is regulated by IAS 41 Agriculture. IAS 41 comprises a hierarchy of methods for accounting measurement of biological assets at level 3. The basic principle is that such assets shall be measured at fair value less costs to sell. Fair value is defined in IFRS 13 as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. According to IFRS 13, the highest and best use of the biological asset establishes the valuation premises.

Considering the industry’s common goal to harmonize the fair value calculation model, Grieg Seafood made adaptations to the model during Q4 2018, which is also the basis for Q1 2019. The previous calculation was based on a growth model which has been the standard model in the salmon industry, while the new calculation is cash-flow based present value model. Changes to the model involve calculation techniques and do not represent a change in accounting policy. For Q1 2018 the previous model has been used. See the Annual Report 2018 for more information.

Biological assets comprise live fish, smolt and fish in sea. The fish are divided into two main groups, depending on the stage of the life cycle. At the earliest stage of the life cycle, the fish are classified in group 1) roe, fry and smolt. This fish is kept onshore. When the fish is large enough to be released to sea, they are classified in group 2) biomass in sea.

- Fish onshore (smolt) are recognized at accumulated cost. The best estimate of fair value is considered to be the accumulated cost due to low biological transformation. The smolts are currently released to sea at a stage when the weight is still relatively low.
- For fish in sea, the fair value is calculated by applying a cash-flow based present value model.

Biological assets are measured at fair values less costs to sell. The measurement unit is the individual fish, however, for practical reasons, cash flows and estimates are carried out per location. Valuation is based on several different premises, many of which are non-observable. The premises are divided into the four following categories: Sales price, production cost, volume and discount rate.

In accordance with the principle for highest and best use, the Grieg Seafood considers that the optimal harvest weight is 4.76 kg (live weight), which corresponds to 4 kg gutted weight. Fish with a live weight of 4.76 kg or more are classified as ready for harvest (mature fish), while fish that have still not achieved this weight are classified as not harvestable (immature fish).

For mature fish, at the balance sheet date, uncertainty mainly involves realized prices and volume. For immature fish, level of uncertainty is higher. Price, volume, discount rate and remaining production costs are the main uncertainty factors; however, uncertainty is also related to biological transformation and mortality prior to harvest date for the fish.

The change in the fair value of biological assets is recognized through profit or loss and presented as “fair value adjustment of biological assets”.

Sales prices are based on forward prices and/or the most relevant price information available for the period during which the fish is expected to be harvested. The price/net sales value is adjusted for quality differences (superior, ordinary and production), and for logistics expenses and sales commissions. Estimated harvesting expenses are deducted.

	Tonnes		NOK 1 000	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018
<b>Biological assets beginning of period</b>	<b>56 399</b>	<b>54 677</b>	<b>3 195 142</b>	<b>2 698 353</b>
Currency translation	-	-	10 859	-48 541
Increases due to production	22 881	17 359	745 119	663 919
Decreases due to sales / harvesting/mortality	-19 349	-13 612	-549 597	-424 141
Fair value adjustment beginning of period	n/a	n/a	-971 310	-682 088
Fair value adjustment period end	n/a	n/a	1 016 130	877 406
<b>Biological assets period end</b>	<b>59 930</b>	<b>58 424</b>	<b>3 446 345</b>	<b>3 084 906</b>

<b>Biological assets 31.03.2019</b>	<b>Number of fish (1 000)</b>	<b>Biomass (tonnes)</b>	<b>Cost of production</b>	<b>Fair value adjustment</b>	<b>Carrying amount</b>
Biomass onshore	38 291	1 274	188 525	-	188 525
Biological assets with round weight < 4.76 kg	30 540	45 805	1 853 598	787 567	2 641 165
Biological assets with round weight > 4.76 kg	2 334	12 852	388 092	228 563	616 655
<b>Total</b>	<b>71 165</b>	<b>59 930</b>	<b>2 430 215</b>	<b>1 016 130</b>	<b>3 446 345</b>
<b>Biological assets 31.03.2018</b>	<b>Number of fish (1 000)</b>	<b>Biomass (tonnes)</b>	<b>Cost of production</b>	<b>Fair value adjustment</b>	<b>Carrying amount</b>
Biomass onshore	25 369	739	158 950	-	158 950
Biological assets with round weight < 4.76 kg	25 110	32 643	1 338 883	392 075	1 730 958
Biological assets with round weight > 4.76 kg	5 505	25 040	709 667	485 331	1 194 997
<b>Total</b>	<b>55 984</b>	<b>58 422</b>	<b>2 207 500</b>	<b>877 406</b>	<b>3 084 906</b>

## NOTE 5 FAIR VALUE ADJUSTMENTS

<b>Fair value adjustment (NOK 1 000)</b>	<b>Q1 2019</b>	<b>Q1 2018</b>	<b>FY 2018</b>
Change in fair value adjustment of biological assets	42 711	212 692	297 583
Change in physical delivery contracts related to fair value adjustments of biological assets	204	-1 849	-458
Change in fair value of financial derivatives from salmon (Fish Pool contracts)	8 444	-32 496	-41 028
<b>Total recognized fair value adjustment of biological assets</b>	<b>51 359</b>	<b>178 347</b>	<b>256 097</b>

Provisions allocated to future physical delivery contracts that require fair value adjustments are recognized as other current liabilities in the balance sheet. The contracts are calculated based on the same forward prices used for fair value calculation of biological assets. Value adjustment of financial derivatives from salmon are recognized in the balance sheet as derivatives and other financial instruments. Financial derivatives are calculated at market value.

## NOTE 6 EFFECTS OF IFRS 16

As a consequence of adopting IFRS 16 at 1 January 2019, the Group recognized right-of-use assets (ROU assets) corresponding to the present value of lease liabilities at a total amount of NOK 310 million. The incremental borrowing rates applied to the lease liabilities at the date of initial recognition are in the interval of 3.1%- 4.1% for buildings and properties, and 2.8% - 4.1% for other assets. The leases are recognized in each of the Group companies in local currencies. The equity effect at 1 January 2019 was 0.

Statement of financial position (NOK 1 000)	Closing balance 31.12.2018	IFRS 16 effects on opening balance	Adjusted opening balance 01.01.2019	IFRS 16 effects Q1 2019
Non-current assets	3 588 929	319 054	3 907 983	113 069
Current assets	4 553 561	-	4 553 561	-
<b>Total assets</b>	<b>8 142 490</b>	<b>319 054</b>	<b>8 461 544</b>	<b>113 069</b>
<b>Equity (before tax effect)</b>	<b>3 883 511</b>	<b>-</b>	<b>3 883 511</b>	<b>-1 128</b>
Non-current liabilities	2 491 251	236 580	2 727 831	91 816
Current liabilities	1 767 729	82 474	1 850 203	22 386
<b>Total liabilities</b>	<b>4 258 979</b>	<b>319 054</b>	<b>4 578 033</b>	<b>114 202</b>
<b>Total equity and liabilities</b>	<b>8 142 490</b>	<b>319 054</b>	<b>8 461 544</b>	<b>113 073</b>

Income statement (NOK 1 000)	Q1 2019 before IFRS 16 effect *	IFRS 16 effects	Q1 2019
Total revenues	1 650 474	-	1 650 474
Share of profit from associates	422	-	422
Raw materials and consumables used incl. change in inventories	-738 043	-	-738 043
Salaries and personnel expenses	-146 814	-	-146 814
Other operating expenses	-433 061	25 800	-407 262
<b>EBITDA before fair value adjustment of biological assets</b>	<b>332 977</b>	<b>25 800</b>	<b>358 776</b>
Depreciation and amortization	-66 980	-24 316	-91 297
<b>EBIT before fair value adjustment of biological assets</b>	<b>265 996</b>	<b>1 483</b>	<b>267 480</b>
Fair value adjustment of biological assets	51 359	-	51 359
<b>EBIT after fair value adjustment of biological assets</b>	<b>317 355</b>	<b>1 483</b>	<b>318 839</b>
Net financial items	15 110	-2 612	12 499
<b>Profit before tax</b>	<b>332 466</b>	<b>-1 128</b>	<b>331 338</b>

\* Figures are presented as if IAS 17 still applies

IFRS 16 provided a positive effect of NOK 25.8 million on EBITDA as operational lease expenses are replaced by depreciation of the right-of-use assets and interest on the lease liabilities. Depreciation increased by NOK 24.3 million, bringing the net positive effect on EBIT to NOK 1.5 million. Financial expenses increased by NOK 2.6 million. The net negative effect on profit before tax amounted to NOK -1.1 million in Q1 2019. The adoption of IFRS has had a positive effect on cash flow from operating activities as operational lease expenses within the scope of IFRS 16 have been reversed and reclassified to interest expense and repayment on lease liabilities. IFRS 16 did not affect the net change in cash and cash equivalents.

## NOTE 7 TOTAL NET INTEREST-BEARING DEBT AND EQUITY ACCORDING WITH COVENANTS

Net interest-bearing debt is calculated in accordance with covenant requirements in the financing agreement. According to the agreement, factoring liabilities, IFRS 16 effects and non-controlling ownership interests' share of bank assets, are not included.

Ocean Quality in Norway and the UK has a factoring agreement that comprises financing of outstanding receivables, where any significant risk and control of accounts receivable remain with Ocean Quality. Prepayments/financing from factoring are net interest-bearing debt. Factoring is recognized as financing in the balance sheet.

The share of bank assets that belongs to non-controlling ownership interests (Bremnes Fryseri AS), is excluded in the calculation of the bank's covenant requirements.

As at 31 March 2019, the Group had a good level of free liquidity and unutilized credit facilities, with available cash and credit facilities of NOK 817 million.

Net interest-bearing liabilities (NOK 1 000)	31.03.2019	31.03.2018	31.12.2018
Total non-current interest-bearing liabilities	2 143 648	1 704 991	1 601 174
Total current interest-bearing liabilities	780 267	621 271	795 166
<b>Gross interest-bearing liabilities</b>	<b>2 923 916</b>	<b>2 326 262</b>	<b>2 396 340</b>
Cash and cash equivalents	312 553	225 169	137 920
Loans to other companies	25 100	13 100	22 100
<b>Net interest-bearing liabilities</b>	<b>2 586 262</b>	<b>2 087 993</b>	<b>2 236 320</b>
Quote of factoring liabilities	503 012	409 131	573 377
Quote of Bremnes' share of cash OQ AS (40%)	-75 361	-58 682	-26 595
Quote of IFRS 16 lease liabilities	433 256	-	-
<b>Net interest-bearing liabilities according to covenants</b>	<b>1 725 356</b>	<b>1 737 544</b>	<b>1 689 537</b>
<b>NIBD/EBITDA *</b>	<b>1.2</b>	<b>1.6</b>	<b>1.3</b>

\* NIBD/EBITDA is calculated in accordance with the covenants. 12 months rolling EBITDA before fair value adjustment.

The equity share requirement according to covenants is 40%, without consolidation of Ocean Quality Group and effects of IFRS 16. As at 31 March 2019, the equity share exclusive of Ocean Quality and IFRS 16 effects was 53% (2018: 51%).

The effect on net interest-bearing liabilities of adopting IFRS 16 amounted to NOK 433 million in Q1 2019.

## NOTE 8 INVESTMENT IN ASSOCIATED COMPANIES

Investments in associated companies with operations in the same section of the value chain as the Grieg Seafood Group, have been classified as part of the EBIT. Grieg Seafood Rogaland has invested a total of NOK 40 million in Tytlandsvik Aqua AS, corresponding to 33.3% of the shares in the company. The remaining shareholdings are held by Bremnes Fryseri AS (33.3%) and Vest Havbruk AS (33.3%). Through Tytlandsvik Aqua AS, the partners will secure increased and improved access to post smolt for the Group.

A total of approx. NOK 300 million has been invested in the construction of a large smolt facility in Rogaland. The construction work was completed at the end of 2018. Recognized share of profit in Q1 2019 was NOK 422 thousand and the book value was NOK 38 million as at 31 March 2019.

## NOTE 9 RELATED PARTIES

The Group has transactions with companies controlled by Grieg Maturitas II AS, who is the parent company of Grieg Aqua AS, majority owner of Grieg Seafood ASA. Grieg Seafood ASA rents office premises from Grieg Gaarden AS and acquires other administrative services from Grieg Group Resources AS. The office rental agreement was recently renewed for a period of 10 years. Grieg Kapital AS has share holdings in Ryfylke Rensefisk AS, from which Grieg Seafood acquires lumpfish. Grieg Seafood ASA buys roe from SalmoBreed AS, sea equipment from Mørenot Group, feed from Biomar Group and veterinary services from Fomas AS and SLab AS, who are related parties to board members. Ocean Quality AS purchases fish from its shareholder Bremnes Fryseri AS, for resale to domestic and international customers. The fish from Bremnes Fryseri AS is supplied by its subsidiary Bremnes Seashore AS. Ocean Quality AS rents office premises and office equipment from Bremnes Fryseri AS.

All transactions, including both sale and purchase of goods and services, are made on an arm's length basis.

Shares controlled by board members and management at 31.03.2019	No. of shares	Shareholding
<b>Board of directors</b>		
Per Grieg jr.	58 961 996	52.80%
Asbjørn Reinkind (Reinkind AS)	120 000	0.11%
Wenche Kjølås (Jawendel AS)	7 000	0.01%
Karin Bing Orgland	-	-
Solveig Nygaard	-	-
Tore Holand	-	-
<b>Group management</b>		
Andreas Kvame (CEO)	39 165	0.04%
Atle-Harald Sandtorv (CFO)	24 208	0.02%
Knut Utheim (COO)	23 507	0.02%
Kathleen Mathisen (CHRO)	7 536	0.01%
Grant Cumming (Regional Director, Grieg Seafood Shetland)	3 425	0.00%
Roy-Tore Rikardsen (Regional Director, Grieg Seafood Finnmark)	19 565	0.02%
Alexander Knudsen (Regional Director, Grieg Seafood Rogaland)	22 165	0.02%
Rocky Boschmann (Regional Director, Grieg Seafood British Columbia)	3 295	0.00%
<b>Total shares controlled by board members and management</b>	<b>59 231 862</b>	<b>53.05%</b>

Shares owned by the following companies are controlled by Per Grieg jr. and closely related (Verdipapirhandelloven § 2-5):

Shares owned by Per Grieg jr. and closely related	No. of shares	Shareholding
Grieg Aqua AS	56 018 799	50.17%
Ystholmen Felles AS	2 928 197	2.62%
Per Grieg jr. private	15 000	0.01%
<b>Total shares owned by Per Grieg jr. and closely related</b>	<b>58 961 996</b>	<b>52.80%</b>

## NOTE 10 SHARE CAPITAL AND SHAREHOLDERS

At 31 March 2019, the company had 111 662 000 shares with a nominal value of NOK 4 per share. All shares issued by the company are fully paid-up. There is one class of shares and all shares confer the same rights. In June 2011, the company purchased 1 250 000 treasury shares at NOK 14.40 per share. On 21 November 2018, the company sold 21 576 shares to employees for use in the share savings program. The sales price was NOK 121.56 per share, which provided a gain of NOK 107.16 per share. After the transaction, the company has 1 228 424 treasury shares.

Share capital and number of shares	Nominal value per share (NOK)	Total share capital (NOK 1 000)	No. of ordinary shares
<b>Total</b>	4.00	446 648	111 662 000
Holding of treasury shares	4.00	-5 000	-1 250 000
Sale of treasury shares to employees	4.00	86	21 576
<b>Total excl. treasury shares</b>		<b>441 734</b>	<b>110 433 576</b>

The 20 largest shareholders in Grieg Seafood ASA at 31.03.2019	No. of shares	Shareholding
Grieg Aqua AS	56 018 799	50.17%
OM Holding AS	6 064 379	5.43%
Folketrygdfondet	3 930 350	3.52%
Ystholmen Felles AS	2 928 197	2.62%
State Street Bank and Trust Comp	1 985 960	1.78%
Verdipapirfondet Pareto Investment	1 926 457	1.73%
Verdipapirfondet Alfred Berg Gamba	1 700 796	1.52%
Grieg Seafood ASA	1 228 424	1.10%
Clearstream Banking S.A.	1 149 378	1.03%
Handelsbank Nordiska Smabolagsfond	1 007 190	0.90%
Euroclear Bank S.A./N.V.	935 043	0.84%
State Street Bank and Trust Comp	849 825	0.76%
JPMorgan Chase Bank, N.A., London	828 120	0.74%
BNP Paribas Securities Services	700 000	0.63%
Pictet & Cie (Europe) S.A.	607 615	0.54%
UBS Switzerland AG	593 064	0.53%
JPMorgan Chase Bank, N.A., London	554 879	0.50%
Verdipapirfondet Nordea Avkastning	542 577	0.49%
The Bank of New York Mellon SA/NV	541 469	0.48%
State Street Bank and Trust Comp	505 326	0.45%
<b>Total 20 largest shareholders</b>	<b>84 597 848</b>	<b>75.76%</b>
Total others	27 064 152	24.24%
<b>Total number of shares</b>	<b>111 662 000</b>	<b>100.00%</b>

**NOTE 11 ALTERNATIVE PERFORMANCE MEASURES (APM)**

APM	Definition and calculation	Reason for applying APM
<b>EBIT</b>  EBIT before fair value adjustment of biological assets	<p>Operating profit incl. amortization and depreciation excl. fair value adjustment of biological assets.</p> <p>Unless otherwise specified, EBIT before fair value adjustment of biological assets is shortened to EBIT (earnings before interest and taxes). This also applies to all key figures where EBIT is a component, including: EBIT-margin (%), EBIT/ kg GWT and ROCE</p>	EBIT before fair value adjustment provides a more informative result as it does not consider future gains or losses on fish not yet sold. The fair value adjustment has a non-operational nature and can affect the comparability of our performance from period to period. It is generally considered the industry measure for profitability.
<b>EBITDA</b>  EBITDA before fair value adjustment of biological assets	<p>Operating profit before amortization and depreciation excl. fair value adjustment of biological assets.</p> <p>Unless otherwise specified, EBITDA before fair value adjustment of biological assets is shortened to EBITDA. This also applies to all key figures where EBITDA is a component. including: EBITDA-margin (%), and NIBD/EBITDA</p>	EBITDA before fair value adjustment provides a more informative result as it does not consider future gains or losses on fish not yet sold. The fair value adjustment has a non-operational nature and can affect the comparability of our performance from period to period.
<b>EQUITY RATIO</b>  excluding Ocean Quality	<p>The equity ratio is calculated both with and without consolidation of Ocean Quality Group. The bank syndicate equity covenant definition is exclusive Ocean Quality, solely considering Grieg Seafood companies both with regards to equity and total liabilities, exclusive effects of IFRS 16.</p>	The equity ratio is applied to measure the solidity according to the Group's covenant requirements.
<b>NIBD</b>	<p>Net interest-bearing debt (NIBD) comprises long-term and current debt to financial institutions after deducting cash and cash equivalents. NIBD is calculated in two ways:</p> <p>1) For external reporting purpose: including all long-term and current debt to credit institutions excl. factoring debt, incl IFRS 16 effect.</p> <p>2) For covenant calculation as required by the bank syndicate: as in method 1 but cash and cash equivalents are reduced with an amount corresponding to Bremnes Fryseri AS' 40% share of Ocean Quality AS' bank deposits, and IFRS 16 lease liabilities are excluded. Method 2 is used for calculation of NIBD/EBITDA.</p>	NIBD/EBITDA is a measure of solidity and one of the covenants in our bank agreement. When calculating NIBD/ EBITDA NIBD is calculated according to method 2 and EBITDA is before fair value adjustment of biological assets and consolidation of Ocean Quality Group.
<b>ROCE</b>	<p>Return on capital employed (ROCE) is calculated using values before fair value adjustment of biological assets and is calculated as follows: EBIT before fair value adjustment of biological assets divided by average annual NIBD plus average annual equity before fair value adjustment of biological assets.</p> <p>The average annual values for NIBD and equity are calculated as Opening balance plus Ending balance divided by 2. NIBD is excluding Ocean Quality (refer to method 2 under NIBD above).</p>	ROCE measures the return on invested capital. Fair value adjustment of biological assets is extracted as this reflects future gains or losses on fish not yet sold which can affect the comparability of performance from period to period.
<b>EPS</b>  adjusted for fair value of biological assets	<p>Adjusted earnings per share (adj EPS) is calculated as net profit after taxes minus non-controlling interests plus/minus fair value adjustment of biological assets net of tax effects divided by the number of shares.</p>	The fair value adjustment of biological assets is extracted to avoid future gains or losses on fish not yet sold due to its non-operational nature. Adj EPS is used to calculate the dividend payout ratio (dividend paid per share relative to adj EPS).

# About Grieg Seafood

Grieg Seafood ASA is one of the world's leading salmon farmers, specializing in Atlantic salmon. The Group has an annual production target of 100 000 tonnes gutted weight in 2020.

Our farming facilities are in Finnmark and Rogaland in Norway, British Columbia in Canada and Shetland in the UK. 804 people are employed by the Grieg Seafood Group (incl Ocean Quality). Grieg Seafood ASA was listed on the Oslo Stock Exchange in June 2007. Our headquarters are situated in Bergen, Norway. The business development of Grieg Seafood ASA focuses on profitable growth, sustainable use of resources and being the preferred supplier to selected customers.

## HEAD QUARTER GRIEG SEAFOOD ASA

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Sundts gt. 17/19, 5004 Bergen

**Telephone** + 47 55 57 66 00

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**Organization number** NO 946 598  
038 MVA

## BOARD OF DIRECTORS GRIEG SEAFOOD ASA

### **Per Grieg jr.**

Chair

### **Asbjørn Reinkind**

Vice chair

### **Wenche Kjølås**

Board member

### **Karin Bing Orgland**

Board member

### **Solveig Nygaard**

Board member

### **Tore Holand**

Board member

## GROUP MANAGEMENT

### **Andreas Kvame**

CEO

### **Atle Harald Sandtorv**

CFO

### **Knut Utheim**

COO

### **Kathleen O. Mathisen**

CHRO

## FINANCIAL CALENDAR

### **Annual General Meeting 2019**

13 June 2019

### **Q2 2019**

21 August 2019

### **Q3 2019**

7 November 2019

### **Q4 2019**

13 February 2020

*The company reserves the right to make amendments to the calendar.*

