

# Q2

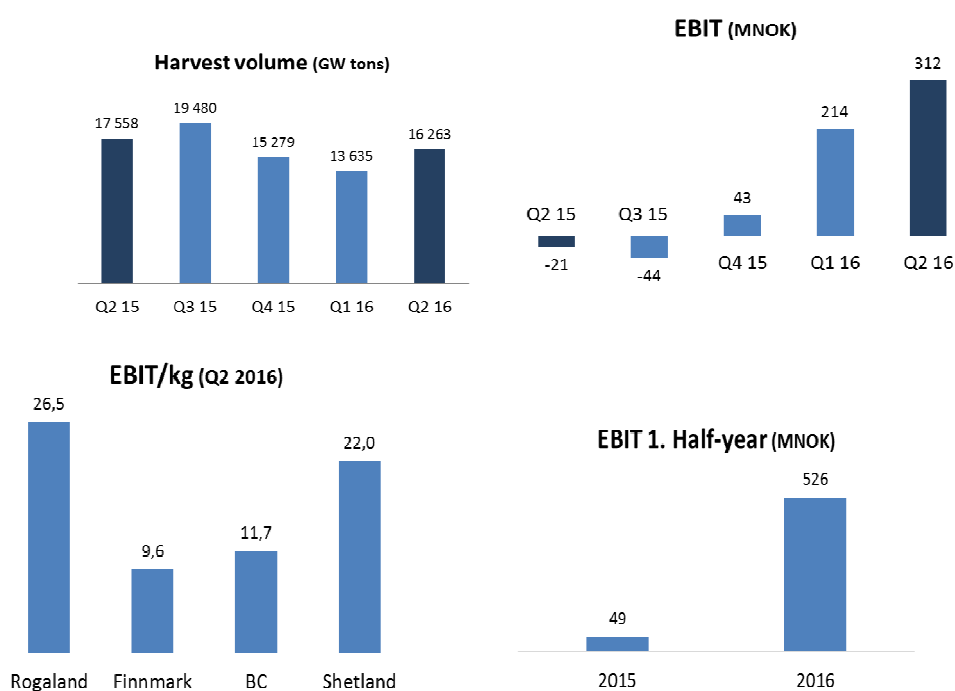
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## 2016



## Highlights – Second Quarter & First Half-Year 2016

- Best-ever quarter with EBIT of MNOK 312 (EBIT/kg NOK 19.2).
- EBIT of MNOK 526 is a record high for first half-year.
- A historically strong market, but falling US prices at end of Q2.
- EBIT/kg NOK 22.5 in Norway.
  - Fixed price contracts account for 31%.
  - Low harvest volume in Finnmark.
  - Lower costs in Rogaland.
- Improved operating results in Shetland, EBIT/kg NOK 22.
- Harvesting brought forward, in a strong market, in order to reduce the biological risk.
  - The Group's harvest volume in Q2 2016 was 16 263 tons gutted weight.
- The volume indication for 2016 has been reduced by 2,000 tons to 68,000 tons because of:
  - Increased harvest.
  - Weak production in BC due to algae.
  - Lost feeding days in Rogaland due to increased lice treatment.
- Further improvement in key figures and financial base.
- The sale of GSF's UK activities has been considered, but the improvement in operations in the region has not been reflected to a sufficient extent in offers received.



Grieg Seafood Group (TNOK)	2Q 2016	2Q 2015	YTD 2016	YTD 2015
Total operating income	1 682 253	1 170 864	2 981 650	2 204 481
EBITDA (TNOK) (1)	356 383	18 965	608 728	127 012
EBIT (TNOK) (2)	311 694	-21 072	526 076	48 970
Profit before tax and fair value adj.	272 802	-19 512	445 507	25 058
Harvest volume (gutted weight tons)	16 263	17 558	29 898	30 638
EBIT/kg	19,2	-1,2	17,6	1,6
Total assets (TNOK)	6 095 316	5 401 822	6 095 316	5 401 822
Net interest-bearing debt (3)	1 359 813	1 534 515	1 359 813	1 534 515
Equity (TNOK)	2 602 490	2 055 600	2 602 490	2 055 600
Equity %	43 %	38 %	43 %	38 %
NIBD/EBITDA (4)	1,9	5,7	1,9	5,7
ROCE (5)	34 %	-2 %	29 %	3 %
Earnings per share after fair value and tax	2,63	-0,93	4,25	-1,44

1) The calculation is based on EBITDA before fair value adjustment of biological assets.

2) EBIT operational is EBIT before fair value adjust. of biological assets.

3) Ocean Quality AS had factoring. NIBD relative to covenants requirements for bank

is not factoring included as interest-bearing debt. Factoring amounts are MNOK 380. See note 5.

4) NIBD / EBITDA is calculated in accordance with the covenants

5) ROCE: Return on average capital employed based on EBIT excluding fair value adjustment for biomass/ average NIBD + Equity excl. fair value adjustment of biomass.

6) Equity ratio including Ocean Quality consolidation is 47%.

## Second Quarter results 2016

EBIT for the Group in Q2 before fair value adjustment of biomass was MNOK 312, against MNOK -21 in 2015. The harvest volume in Q2 2016 was 16 263 tons, against 17 558 tons in the same period last year, reflecting a decline in volume of 7.4%.

Regionally, GSF's results for Q2 2016 were as follows:

	EBIT (MNOK)	Harvest volume	EBIT kg
Rogaland	171,9	6 493	26,5
Finnmark	18,9	1 967	9,6
BC	57,7	4 938	11,7
Shetland	63,1	2 865	22,0
ASA/elimination	-10,2	-	-
<b>GSF EBIT</b>	<b>301,4</b>	<b>16 263</b>	<b>18,5</b>
Non-controlling interests	10,3	16 263	0,6
<b>GSF Group</b>	<b>311,7</b>	<b>16 263</b>	<b>19,2</b>

EBIT from the four regions includes value creation from sales/Ocean Quality (OQ), while OQ's value creation relating to fish from Bremnes (which owns 40% of OQ) appears in the item designated IKE in the above table.

Before taxes and fair value adjustment of biomass, the accounts for Q2 show a profit of MNOK 273, compared with a loss of MNOK 20 in the corresponding period last year.

Group sales revenues in Q2 totalled MNOK 1 682, an increase of 44% on last year's corresponding figure.

As Q2 started, the market was historically strong. In Europe prices strengthened further throughout the period, but the US market came under some pressure towards the end of Q2.

In Norway, the proportion of sales based on fixed price contracts stood at 31% in Q2 2016 and is expected to rise to 52% in Q3. The low harvest volume in Q3 will increase the contract proportion in this period, and it will fall in Q4.

## Rogaland

MNOK	2Q 2016	2Q 2015	YTD 2016	YTD 2015
Sales revenue	409,9	282,4	635,9	403,1
EBITDA	180,0	29,4	260,9	52,9
EBIT	171,9	21,8	244,8	37,9
Harvest (tons gw)	6 493	6 956	10 268	9 716
EBIT/kg	26,5	3,1	23,8	3,9

In Rogaland, EBIT before fair value adjustment of biomass was NOK 26.5 per kilo in Q2 2016, against NOK 3.1 per kilo in the same period last year, while the harvest volume was 6 493 tons, against 6 956 tons in the corresponding period last year.

Costs fell in Q2 2016 compared with the preceding quarter.

The harvest volume in Rogaland in Q3 will be low which will increase costs per kg.

Sea production has been affected by increasing activity to combat sea lice in Q2 2016. This has led to several periods when feeding has been suspended. The harvest volume for 2016 is therefore likely to be 1 000 tons less than previously indicated. As Q3 2016 starts, the biological situation is under control.

## Finnmark

MNOK	2Q 2016	2Q 2015	YTD 2016	YTD 2015
Sales revenue	100,9	47,1	432,5	239,4
EBITDA	34,2	9,6	173,8	46,8
EBIT	18,9	-4,7	143,5	19,1
Harvest (tons gw)	1 967	1 290	8 263	6 331
EBIT/kg	9,6	-3,7	17,4	3,0

In Finnmark, EBIT before fair value adjustment of biomass was NOK 9.6 per kilo in Q2, against NOK -3.7 per kilo in the same period last year, while the harvest volume was 1 967 tons, against 1 290 tons in Q2 2015.

In Finnmark, the remaining fish from the Øksfjorden were harvested in Q2 2016. It was decided to cull this area earlier than had been planned due to challenges presented by sea lice, and thereby lay the entire fjord fallow as a common policy for all producers. This means that the treatment costs for the fish harvested in Q2

have been high, while the volume has been low. These two factors have resulted in high costs for Finnmark in Q2.

In addition, most of the fish produced in Finnmark were harvested early in Q2 when the prices in the second quarter were at their lowest.

The harvest quantity will increase in Q3, but the volume will still be relatively low. Costs will therefore fall, but will continue to be slightly above a normalised level, measured in NOK per kg.

Sea production developed as planned in Q2.

## BC – Canada

MNOK	2Q 2016	2Q 2015	YTD 2016	YTD 2015
Sales revenue	281,2	210,3	348,9	284,3
EBITDA	63,3	10,5	68,1	29,3
EBIT	57,7	5,1	57,0	18,4
Harvest (tons gw)	4 938	5 756	6 262	7 596
EBIT/kg	11,7	0,9	9,1	2,4

In BC, EBIT before fair value adjustment of biomass was NOK 11.7 per kilo in Q2, against NOK 0.9 per kilo in the same period last year, while the harvest volume was 4 938 tons, against 5 756 tons in the same period in 2015.

BC has had to deal with challenges presented by algae in the southernmost regions in Q2 and this has resulted in a reduction in both feeding and fish growth. The underlying cost level for in Q2 was therefore slightly above the level in the first quarter of the year. A similar development is expected in the second half of 2016. Consequently, the volume for the current year is likely to be 1 000 tons less than previously indicated.

Smolt production in BC was stable in Q2.

Circles approved for one site in BC. Further action is taken to replace steel cages with circles at additional sites, as this will improve operations in this region.

## Shetland

MNOK	2Q 2016	2Q 2015	YTD 2016	YTD 2015
Sales revenue	205,3	142,8	336,6	337,7
EBITDA	77,3	-32,5	92,4	-10,2
EBIT	63,1	-44,3	70,0	-33,0
Harvest (tons gw)	2 865	3 556	5 105	6 995
EBIT/kg	22,0	-12,5	13,7	-4,7

In Shetland, EBIT before fair value adjustment of biomass was NOK 22.0 per kilo in Q2, against NOK -12.5 per kilo in the same period last year, while the harvest volume was 2 865 tons, against 3 556 tons in the corresponding period last year.

Operations in Shetland have improved, with a significant reduction in costs in Q2 2016 compared with the preceding quarter. The cost level is expected to stabilise in Q3.

Sea production was stable in Shetland in Q2 2016. Towards the end of the period, there were increasing problems with sea lice and algae, which is normal at this time of the year in this region. Mechanical delousing has been used (using tempered water), and so far this has functioned well. The biological situation is currently under control.

## Ocean Quality Group

In relation to sales, value creation is determined by measuring it against a reference price/market price for fish (NASDAQ). In Norway, the figure for value creation in Q2 was 2.4%.

The company paid dividend of MNOK 12.9 to minority owner Bremnes Seashore who owns 40%.

The sales-organization has been well established in BC and UK. It is important to be able to move fish between the different markets globally.

## Cash flow and financial situation

The Grieg Seafood Group had a net cash flow of MNOK 213 from operations in Q2 2016 (MNOK 74 in Q2 2015). In Q2 2016 investments in fixed assets amounted to MNOK 52 (MNOK 45 in Q2 2015).

Dividend of NOK 0.5 per share was paid during Q2



At the end of Q2 2016 the equity ratio stood at 43%, against 38% at the same time last year. At the end of Q2 the Group had a good level of free liquidity and unutilised credit facilities. Net interest-bearing debt, excluding factoring debt, totalled MNOK 1 360 at the end of the period, against MNOK 1 535 at the same time last year.

### **Summary – First Half-Year 2016**

EBIT for the Group, before fair value adjustment of biomass, was MNOK 526 in the first half of 2016, against MNOK 49 in 2015. The harvest volume in the first half-year was 29 898 tons, against 30 638 tons in the corresponding period last year.

This is GSF's best-ever half-year performance, which contributes to a significant improvement in the company's key figures and financial base. The good figures are largely attributable to a historically strong market. Globally, the supply of salmon has flattened out, while the underlying demand is increasing. This has resulted in a shortage of fish and high prices.

Stable sea production in all regions has also contributed to the good half-year results.

GSF remains focused on increasing both the size and quality of the smolt. In this connection, it has been decided to expand the smolt plant in Rogaland.

Access to bigger smolt has provided a basis for changing the production cycle in Shetland from 24 to 18 months. In the first half of 2016 implementation of this plan has been a key area of attention for GSF.

Sea lice are one of the main challenges facing the fish farming industry. In the course of the last half-year GSF has been focused on the transition from medical to mechanical methods of combating sea lice. The method that GSF has been most targeted on has been the use of tempered water. Lumpfish in all European regions are also an important tool in this connection.

### **Measures to boost production and reduce costs**

A stated goal is to reduce GSF's cost level to the industry average, or lower. The company will also be aiming to increase production by 10% annually in the period 2017-2019.

GSF has an ongoing focus on improving operational efficiency, and this involves both increasing production per plant and per licence, as well as reducing costs per kilo.

One of the key steps being taken is to set out bigger smolt, which will make it possible to shorten the production time in the sea. An increase in the number of smolt is also decisive to achieve growth and lower costs.

We also focus on improved/good survival.

#### **Rogaland**

Work on extending the smolt plant in Rogaland has now started and is expected to be completed by Q3 2017. This will make it possible to increase the annual production capacity from 500 to 1 300 tons.

#### **Finnmark**

Green licences are currently being implemented. The amount of smolt being set out is due to increase in this region, especially in the second half of 2016, laying the basis for growth and reduced costs per kilo in the coming years.

The increasing resistance of sea lice to chemical treatment presents a challenge in Finnmark. GSF has therefore secured mechanical treatment capacity, which will come into operation in August 2016.

#### **BC**

Reliable access to smolt is of vital importance to BC and the current plant has been unable to provide the stability of supply that is required. This has led to periodic shortages of smolt, and a resulting inability to fully utilise the company's sea locations.

Steps have therefore been taken to identify alternative locations for the possible establishment of a new young fish plant in BC. In parallel with this

process, work is in hand aimed at further improvements of the existing plant. Purification of the water supply continues to be a main focus of attention.

### **Shetland**

In Shetland, the production cycle is being changed from 24 to 18 months. This will make it possible to utilise the good locations more effectively. Less productive locations will be laid fallow temporarily. Implementation of these changes is progressing as planned.

Shetland is also a region where resistant sea lice are presenting an increasing challenge, and in this connection the company has procured mechanical treatment capacity.

Earlier this year GSF initiated a strategic review of its activities in Shetland. As part of this process, the company considered selling all or parts of this region. Offers were received, but after an overall assessment the Board has decided not to effect a sale since the level of the offers received do not reflect the improvements that are being realised in the region.

GSF will continue to give consideration to other strategic alternatives in Shetland. The company believes that there is considerable potential for biological and operational synergies to be achieved from greater coordination between the parties in the region.

### **Outlook**

In a global perspective, there are expectations of limited supply-side growth in the salmon market. There is strong underlying demand for salmon and good prices are therefore expected during the remaining months of 2016 and into 2017. The market may however come under sporadic pressure during some weeks in the course of Q3 2016, which could result in lower prices during these periods.

The US market is expected to develop particularly well in the second half of 2016 due to a reduction in offers from Chile.

The harvest volume for 2016 is expected to be 68 000 tons which is 2 000 tons less than the amount indicated in the first quarter report. The revised figure reflects the expectation that production is likely to be lower than expected in BC and Rogaland.

A harvest volume of 13 500 tons is expected in Q3. This is relatively low. In this regard, a significantly higher harvest volume is planned for Q4.

The process of hiring a new regional director in BC is ongoing.

For further information please refer to [www.griegseafood.com](http://www.griegseafood.com).

Bergen, 18 August 2016

The Board of Directors of Grieg Seafood ASA



Per Grieg jr.  
Chair



Asbjørn Reinkind  
Vice Chair



Karin Bing Ørgland  
Board Member



Ola Braanaas  
Board Member



Wenche Kjølås  
Board Member



Andreas Kvame  
CEO

## Income Statement

All figures in NOK 1 000

	2Q 2016	2Q 2015	YTD 2016	YTD 2015
<b>Sales revenues</b>	<b>1 664 150</b>	<b>1 148 552</b>	<b>2 930 395</b>	<b>2 171 907</b>
Other operating income	18 104	22 312	51 255	32 574
<b>Operating income</b>	<b>1 682 253</b>	<b>1 170 864</b>	<b>2 981 650</b>	<b>2 204 481</b>
Share of profit from ass. companies	-145	1 541	-420	7 351
Change in inventories	36 270	-49 317	64 849	43 657
Raw materials and consumables used	-792 634	-785 657	-1 536 424	-1 476 472
Salaries and personnel expenses	-101 580	-84 677	-224 604	-185 130
Other operating expenses	-467 781	-233 788	-676 323	-466 875
<b>EBITDA</b>	<b>356 383</b>	<b>18 965</b>	<b>608 728</b>	<b>127 012</b>
Depreciation and amortisation of tangible assets	-43 474	-39 312	-86 442	-76 663
Amortisation of intangible assets	-1 215	-725	-2 433	-1 379
Reversing of impairments of tangible and intangible assets	0	0	6 223	0
<b>EBIT before fair value adjustment of biological assets</b>	<b>311 694</b>	<b>-21 072</b>	<b>526 076</b>	<b>48 970</b>
Fair value adjustment of biological assets	115 771	-108 332	195 268	-221 125
<b>EBIT (Operating profit)</b>	<b>427 465</b>	<b>-129 404</b>	<b>721 344</b>	<b>-172 155</b>
Share of profit from ass. companies	0	1 072	12 083	1 961
Net financial item	-38 891	488	-92 652	-24 873
<b>Profit before tax and fair value adj. of biological assets</b>	<b>272 802</b>	<b>-19 512</b>	<b>445 507</b>	<b>26 058</b>
<b>Profit before tax</b>	<b>388 574</b>	<b>-127 844</b>	<b>640 774</b>	<b>-195 067</b>
Estimated taxation	-90 916	26 488	-152 217	42 327
<b>Profit after tax</b>	<b>297 657</b>	<b>-101 355</b>	<b>488 557</b>	<b>-152 740</b>
<b>Attributable to:</b>				
Profit attributable to non-controlling interest	7 434	1 277	19 046	6 217
Profit attributable to owners of Grieg Seafood ASA	290 223	-102 633	469 511	-158 957
<b>Dividende declared and paid per share</b>	<b>0,50</b>	<b>0,5</b>	<b>0,50</b>	<b>0,5</b>
<b>Earnings per share</b>	<b>2,63</b>	<b>-0,93</b>	<b>4,25</b>	<b>-1,44</b>

For 2016 it has been a change in the classification from raw materials and consumables used to other operating expenses.

It is cost related to Ocean Quality. It has not been done corresponding changes for 2015.

Corresponding changes in 2015 will have given a reclassification from raw materials and consumables used to other operating expenses with 119 MNOK for 2nd quarter 2015 and 181 MNOK for the first half year.



## Statement of Comprehensive Income

All figures in NOK 1 000

Statement of Comprehensive Income	2Q 2016	2Q 2015	YTD 2016	YTD 2015
<b>Profit for the period</b>	<b>297 657</b>	<b>-101 355</b>	<b>488 557</b>	<b>-152 740</b>
<b>Other comprehensive income:</b>				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Currency translation differences, subsidiaries	-4 916	5 320	-3 581	3 977
Currency effect of net investments	-21 558	15 164	-64 265	27 661
Tax effect of net investments	5 389	-4 094	16 066	-7 468
Changes in fair value of cash flow hedges	-4 926	-1 534	-4 926	-2 074
Income tax effect fair value of cash flow hedges	1 232	0	1 232	0
Adjustment financial assets	31	0	31	0
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
<b>Total recognised income for the period</b>	<b>-24 748</b>	<b>14 856</b>	<b>-55 443</b>	<b>22 097</b>
<b>Total comprehensive income for the period</b>	<b>272 909</b>	<b>-86 499</b>	<b>433 114</b>	<b>-130 642</b>
<b>Attributable to:</b>				
Profit attributable to non-controlling interests	7 434	1 277	19 046	6 217
Profit attributable to owners of Grieg Seafood ASA	265 475	-102 633	414 068	-136 859

## Balance Sheet

All figures in NOK 1 000

ASSETS	30.06.2016	30.06.2015	31.12.2015
Goodwill	109 153	109 306	110 647
Licenses	1 068 767	1 079 449	1 093 338
Other intangible assets	17 852	16 178	16 993
Deferred taxes	1 101	1 227	10 317
Property, plant and equipment	1 455 381	1 494 878	1 534 770
Investments in associated company	14 603	25 123	25 947
Other current receivables	4 092	1 620	4 093
<b>Total non-current assets</b>	<b>2 670 948</b>	<b>2 727 780</b>	<b>2 796 104</b>
Inventories	76 082	88 933	90 867
Biological assets	1 563 250	1 579 566	1 616 636
Fair value biological assets	497 573	58 414	312 479
Accounts receivable	678 977	581 903	581 904
Other current receivables	226 655	124 733	145 767
Derivates and other financial instruments	11 107	0	0
Cash and cash equivalents	370 726	240 494	392 020
<b>Total current assets</b>	<b>3 424 368</b>	<b>2 674 042</b>	<b>3 139 673</b>
<b>Total assets</b>	<b>6 095 316</b>	<b>5 401 822</b>	<b>5 935 777</b>

EQUITY AND LIABILITIES	30.06.2016	30.06.2015	31.12.2015
Share capital	446 648	446 648	446 648
Treasury Shares	-5 000	-5 000	-5 000
Retained earnings and other equity	2 124 376	1 588 378	1 765 514
<b>Shareholders of GSF</b>	<b>2 566 024</b>	<b>2 030 026</b>	<b>2 207 162</b>
<b>Non-controlling interests</b>	<b>36 466</b>	<b>25 574</b>	<b>30 349</b>
<b>Total equity</b>	<b>2 602 490</b>	<b>2 055 600</b>	<b>2 237 511</b>
Deferred tax liabilities	662 598	530 917	539 040
Other obligations	14 365	1 435	4 498
Subordinated loans	17 690	23 201	21 425
Borrowings and leasing	1 564 784	1 207 609	1 791 229
<b>Total non-current liabilities</b>	<b>2 259 437</b>	<b>1 763 161</b>	<b>2 356 192</b>
Short-term loan facilities	156 165	560 943	162 930
Factoring debt	380 204	279 531	338 231
Accounts payable	496 337	548 953	653 083
Tax payable	14 435	53 120	24 545
Derivates and other financial instruments	22 920	12 974	27 104
Other current liabilities	163 329	127 539	136 179
<b>Total current liabilities</b>	<b>1 233 389</b>	<b>1 583 060</b>	<b>1 342 072</b>
<b>Total liabilities</b>	<b>3 492 826</b>	<b>3 346 221</b>	<b>3 698 264</b>
<b>Total equity and liabilities</b>	<b>6 095 316</b>	<b>5 401 822</b>	<b>5 935 777</b>

## Changes in equity

All figures in NOK 1 000

Changes in equity	YTD 2016	YTD 2016	YTD 2015	YTD 2015
All figures in NOK 1 000	KE *	IKE **	KE *	IKE **
<b>Equity period start</b>	<b>2 207 162</b>	<b>30 349</b>	<b>2 222 094</b>	<b>19 357</b>
Profit for the period	469 511	19 046	-158 957	<b>6 217</b>
Comprehensive income for the period	-55 443	0	22 097	0
<b>Total recognised income for the period</b>	<b>414 068</b>	<b>19 046</b>	-136 860	<b>6 217</b>
Pay dividends	-55 206	0	-55 206	<b>0</b>
Dividends to non-controlling interest	0	-12 929	0	<b>0</b>
<b>Total equity from shareholders in the period</b>	<b>-55 206</b>	<b>-12 929</b>	<b>-55 206</b>	<b>0</b>
<b>Total change of equity in the period</b>	<b>358 862</b>	<b>6 117</b>	-192 066	6 217
<b>Equity at period end</b>	<b>2 566 024</b>	<b>36 466</b>	<b>2 030 028</b>	<b>25 574</b>

\*) Shareholders of GSF ASA

\*\*) Non-controlling interests

## Cash Flow Statement

All figures in NOK 1 000

	2Q 2016	2Q 2015	YTD 2016	YTD 2015
EBIT after fair value adjustment	427 465	-129 404	721 344	-172 155
Taxes paid	-510	-2 118	-7 249	-4 236
Adjustment for fair value adjustment	-117 178	108 332	-195 268	221 125
Adjustment for depreciation and impairment	44 690	40 037	82 652	78 042
Adjustment for income/loss from associated and joint venture companies	145	-2 949	420	-8 756
Change in inventory, trade payables and trade receivables	-113 861	101 493	-266 536	97 386
Gain-/loss on sale of property, plant and equipment	-1 273	0	-1 278	
Other adjustments	-26 695	-41 156	-14 639	-7 290
<b>Cash flow from operations</b>	<b>212 783</b>	<b>74 235</b>	<b>319 446</b>	<b>204 116</b>
Capital expenditure (fixed assets)	-52 200	-44 845	-80 563	-164 765
Proceeds from sale of fixed assets	2 914	48	9 259	48
Dividends from equity investments	0	30	0	30
Proceeds from sale of shares	0	7 973	24 000	7 973
Change in other non-current receivables	0	-18	0	-35
<b>Cash flow from investments</b>	<b>-49 286</b>	<b>-36 812</b>	<b>-47 304</b>	<b>-156 749</b>
Net changes in interest-bearing debt incl. factoring	-69 987	78 813	-176 116	106 900
Paid dividends	-55 206	-55 206	-55 206	-55 206
Paid dividends to non-controlling interests	-12 929	0	-12 929	0
Net interest and financial items	-25 153	-23 361	-52 341	-43 097
<b>Cash flow from financing</b>	<b>-163 275</b>	<b>246</b>	<b>-296 592</b>	<b>8 597</b>
<b>Changes in cash and cash equivalents in the period</b>	<b>222</b>	<b>37 672</b>	<b>-24 450</b>	<b>55 964</b>
Cash and cash equivalents - opening balance	368 906	201 220	392 020	181 498
Currency effect on cash - opening balance	1 598	1 602	3 156	3 032
<b>Cash and cash equivalents - closing balance</b>	<b>370 726</b>	<b>240 494</b>	<b>370 726</b>	<b>240 494</b>

## Selected notes to the second quarter accounts

### Note 1 – Accounting principles

Grieg Seafood ASA (the Group) comprises Grieg Seafood ASA and its subsidiaries, and includes the Group's share of the accounting results of associated companies.

The accounts for the first quarter and the first half-year have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations as approved by the EU, including IAS 34 – Interim Financial Reporting. The quarterly report does not contain all of the information required for a complete annual report, and it should therefore be read in conjunction with

the last annual report for the Group (2015). Both the first quarter report and the second quarter report are unaudited. The same accounting principles and methods of calculation which were used with respect to the last annual report (2015) have also been used in the preparation of the second quarter report. There have been no new standards in the second quarter requiring implementation.

## Note 2 – Segment information

The operating segments are geographically divided by country and region and are identified on the basis of the reporting method used by the Group management (the most senior decision-makers) when they assess performance and profitability at strategic level.

Earnings from the sales company Ocean Quality AS Group (OQ) are reported for each producer. The minority share is reported along with the owner cost as an elimination. OQ consists of the companies in Norway, the UK and NA (North America). UK and NA are wholly owned by OQ Norway. GSF owns 60% of OQ Norway. Ocean Quality sells all of the fish produced by GSF.

The results from the segments are based on the adjusted operating result (EBIT), before fair value adjustment. This excludes the effect of one-time

costs, such as restructuring costs and amortisation of goodwill. This method of measurement also excludes the effect of share options, as well as unrealised gains and losses on financial instruments.

The column "Other items/eliminations" contains the results of activities carried out by the parent company and other non-production-gear or sales companies of the Group, as well as eliminations of the share of EBIT to minority interests in OQ.

**Main items in the elimination column are as follows:**

	Q2 2016	YTD 2016
Shareholder cost	-10 247	-15 308
EBIT attributable to non-controlling interest	10 361	26 117
EBIT elim./other item	114	10 809

2Q 2016	Rogaland		Finnmark		BC - Canada		Shetland - UK		Elim. / other (2)		Group	
	2Q 2016	2Q 2015	2Q 2016	2Q 2015	2Q 2016	2Q 2015	2Q 2016	2Q 2015	2Q 2016	2Q 2015	2Q 2016	2Q 2015
Revenues (TNOK)	409 894	282 355	100 937	47 121	281 212	210 296	205 254	142 829	666 853	465 951	1 664 150	1 148 552
Other income (TNOK)	265	-5 847	1 998	1 345	-314	23 674	4 778	3 441	11 377	-301	18 104	22 312
EBITDA (MNOK)	179 995	29 439	34 242	9 593	63 342	10 529	77 297	-32 513	1 506	1 917	356 383	18 965
EBIT (TNOK) (1)	171 884	21 846	18 900	-4 709	57 726	5 089	63 071	-44 327	114	1 029	311 694	-21 072
EBITDA %	43,9 %	10,6 %	33,3 %	19,8 %	22,5 %	4,5 %	36,8 %	-22,2 %			21,2 %	1,6 %
EBIT % (1)	41,9 %	7,9 %	18,4 %	-9,7 %	20,6 %	2,2 %	30,0 %	-30,3 %			18,5 %	-1,8 %
EBIT /KG GWT (1)	26,5	3,1	9,6	-3,7	11,7	0,9	22,0	-12,5			19,2	-1,2
Harvest in tons, GWT	6 493	6 956	1 967	1 290	4 938	5 756	2 865	3 556			16 263	17 558

1) EBIT before fair value adjustment of biological assets

2) Other elimination is including bonus and share of profit from OQ to the producer.

YTD 2016	Rogaland		Finnmark		BC - Canada		Shetland - UK		Elim. / other (2)		Group	
	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015
Revenues (TNOK)	635 939	403 085	432 546	239 441	348 856	284 329	336 588	337 732	1 176 466	907 320	2 930 395	2 171 907
Other income (TNOK)	318	-2 932	1 975	3 464	3 460	22 776	5 582	8 571	39 920	695	51 255	32 574
EBITDA (MNOK) (1)	260 873	52 868	173 785	46 794	68 110	29 265	92 360	-10 160	13 600	8 245	608 728	127 012
EBIT (TNOK) (2)	244 816	37 913	143 466	19 060	56 983	18 431	70 002	-33 042	10 809	6 608	526 076	48 970
EBITDA %	41,0 %	13,2 %	40,0 %	19,3 %	19,3 %	9,5 %	27,0 %	-2,9 %			20,4 %	5,8 %
EBIT %	38,5 %	9,5 %	33,0 %	7,8 %	16,2 %	6,0 %	20,5 %	-9,5 %			17,6 %	2,2 %
EBIT /KG GWT (1)	23,8	3,90	17,4	3,0	9,1	2,4	13,7	-4,7			17,6	1,6
Harvest in tons, GWT	10 268	9 716	8 263	6 331	6 262	7 596	5 105	6 995			29 898	30 638

## Adjusted operating EBIT for reportable segments

All figures in NOK 1 000

	2Q 2016	2Q 2015	YTD 2016	YTD 2015
<b>EBIT before fair value adjustment</b>	<b>311 694</b>	-21 072	<b>526 076</b>	48 970
Fair value adjustment of biological assets incl. fair value of financial instruments	115 771	-108 332	195 268	-221 125
<b>EBIT (operating profit)</b>	<b>427 465</b>	-129 404	<b>721 344</b>	-172 155
Income from associated companies	0	1 072	12 083	1 961
<b>Total income from associated companies</b>	<b>0</b>	1 072	<b>12 083</b>	1 961
<b>Net financial item:</b>				
Changes in fair value from hedging instruments	2 993	13 320	2 448	10 368
Net financial interest	-27 010	-25 243	-50 927	-47 856
Net currency gain (losses)	-18 393	11 438	-46 993	13 202
Net other financial expenses /-income	3 520	973	2 821	-587
<b>Net financial item</b>	<b>-38 891</b>	<b>488</b>	<b>-92 652</b>	-24 873
<b>Profit before tax</b>	<b>388 574</b>	<b>-127 844</b>	<b>640 775</b>	<b>-195 067</b>
Estimated taxation	-90 917	26 488	-152 217	42 327
<b>Net profit in the period</b>	<b>297 657</b>	<b>-101 355</b>	<b>488 557</b>	<b>-152 740</b>



### Note 3 – Biological assets

The accounting treatment of living fish by companies which apply IFRS is regulated by IAS 41, Agriculture. The best estimate of the fair value of fish weighing less than 1 kilo is considered to be the accumulated cost, while fish between 1 kilo and 4 kilos include a proportionate share of the expected profit. The fair value of fish in excess of 4 kilos (ready for harvesting) is set at the net sale price calculated on the assumption that the fish

are harvested/sold on the balance sheet date. If the expected net sale price is less than the expected cost, this will entail a negative adjustment of the value of biological assets, and in such case this is 100%. The sale prices are based on forward prices and/or the most relevant price information that is available for the period when the fish is expected to be harvested. The price is adjusted for quality differences, together with cost of logistics. The volume is adjusted for gutting loss since the sale price is measured for gutted weight.

Biological assets	Tons		NOK 1 000	NOK 1 000
	YTD 2016	2Q 2015	2Q 2016	2Q 2015
<b>Biological assets - beginning of period</b>	48 089	52 342	1 985 502	1 813 773
Currency translation			-22 466	11 353
Increases due to purchases	18	212	3 054	3 552
Increases due to production	31 548	14 760	562 268	570 487
Decreases due to sales/harvesting/mortality	-36 317	0	-579 311	-651 212
Fair value adjustment beginning of period	N/A	N/A	-385 796	-168 385
Fair value adjustment acquisitions	N/A	N/A	0	0
Fair value adjustment end of period	N/A	N/A	497 573	58 414
<b>Biological assets - end of period</b>	<b>43 338</b>	<b>47 230</b>	<b>2 060 822</b>	<b>1 637 980</b>

	Number of fish (1.000)	Biomass (tons)	Cost of production	Fair value adjustment	Carrying amount
<b>Biological assets - status 30.06.2016</b>					
Smolt /brood/small fish 0-1 kg	33 784	5 427	390 314	0	390 314
Biological assets with round weight < 1- 4 kg	11 629	25 551	832 604	293 933	1 126 537
Biological assets with round weight > 4 kg	2 709	12 360	340 332	203 640	543 971
<b>Total</b>	<b>48 122</b>	<b>43 339</b>	<b>1 563 250</b>	<b>497 573</b>	<b>2 060 822</b>

	Number of fish (1.000)	Biomass (tons)	Cost of production	Fair value adjustment	Carrying amount
<b>Biological assets - status 30.06.2015</b>					
Smolt /brood/small fish 0-1 kg	34 342	4 909	365 428	0	365 428
Biological assets with round weight < 1- 4 kg	11 867	25 790	771 129	43 606	814 735
Biological assets with round weight > 4 kg	3 538	16 531	443 009	14 807	457 816
<b>Total</b>	<b>49 747</b>	<b>47 230</b>	<b>1 579 567</b>	<b>58 414</b>	<b>1 637 980</b>

#### Note 4 – Associated companies

Investments in companies which are closely related to the Group's operations are classified as a part of the operating result. This relates to cases where the associated companies and joint ventures have activities in the same area of the value chain as the Group.

In Q1 the shareholding in Salten Stamfisk AS was sold. The investment in Salten Stamfisk AS was a financial investment.

ASSOCIATED		Acquisition cost	Book value 31.12.2015	Other changes/sales	Share of profit YTD 2016	Book value 30.06.16	Share of profit Q1 2016	Share of profit Q2 2016	Gains from the sale of shares
Finnmark Brønnbåtrederi AS	49 %	55	15 024	0	-420	14 604	-276	-144	0
<b>Share of profit classified as operations</b>		<b>55</b>	<b>15 024</b>	<b>0</b>	<b>-420</b>	<b>14 604</b>	<b>-275</b>	<b>-144</b>	<b>0</b>
Salten Stamfisk AS	34 %	1 913	10 922	12 083	1 161	0	1 161	0	11 917
<b>Share of profit classified under operating result</b>		<b>1 913</b>	<b>10 922</b>	<b>12 083</b>	<b>1 161</b>	<b>0</b>	<b>1 161</b>	<b>0</b>	<b>11 917</b>
<b>Total</b>		<b>1 968</b>	<b>25 947</b>	<b>12 083</b>	<b>741</b>	<b>14 604</b>	<b>887</b>	<b>-144</b>	<b>11 917</b>

The shares in Salten Stamfisk AS has been sold 15 of March 2016. The gain is including in result from associated company.

#### Note 5 – Factoring debt

Ocean Quality AS in Norway and the UK has a factoring agreement, which means financing of outstanding accounts, and where all significant risks and control of customer receivables continue to be the responsibility of OQ. Prepayments/ financing received from factoring are posted as net

interest-bearing debt. Factoring is posted under financing in the balance sheet. Where factoring is employed, the total interest-bearing debt is as follows:

	30.06.2016	30.06.2015	31.12.2015
Net interest bearing debt GSF	1 359 813	1 534 515	1 568 878
Factoring debt (OQ)	380 204	279 531	338 231
<b>Net interest bearing debt</b>	<b>1 740 017</b>	<b>1 814 046</b>	<b>1 907 109</b>

## Note 6 – Related parties

The Group has transactions with companies, which are controlled by Grieg Seafood ASA's majority owner, Grieg Holdings AS. Grieg Seafood ASA rents its offices from Grieg Gaarden AS. Grieg Holding AS is a shareholder of Ryfylke Rensefisk AS from which GSF buys lumpfish. Grieg Seafood ASA buys roe from SalmoBreed AS, which is a related part in relation to a Board member. All services and the rental relationship are on an arm's length basis. OQ

AS purchases fish from its shareholder, Bremnes Fryseri AS, which it then sells to its domestic and international customers. Bremnes Fryseri supplies the fish from its subsidiary Bremnes Seashore AS. OQ AS rents office premises and office equipment from Bremnes Fryseri AS. All sales of goods and services are on an arm's length basis.

### Shares controlled by board members and management:

	No. shares	Shareholding
<b>Board of directors:</b>		
Per Grieg jr. *)	60 786 561	54,44 %
Wenche Kjølås (Jaw endel AS)	7 000	0,006 %
Asbjørn Reinkind (Reinkind AS)	120 000	0,107 %
Karin Bing Orgland	0	0,00 %
Ola Braanaas	0	0,00 %
<b>Management:</b>		
Atle Harald Sandtorv (CFO)	45 500	0,04 %
Andreas Kvame (CEO)	15 000	0,01 %
Knut Utheim (COO)	3 500	0,00 %
Sigurd Pettersen (Regional Director)	8 800	0,01 %
Roy-Tore Rikardsen (Regiondirektør)	0	0,00 %
Alexander Knudsen (Regional Director)	44 000	0,04 %
Stewart Hawthorn (Regional Director)	33 000	0,03 %
<b>Total shares controlled by board members and management</b>	<b>61 063 361</b>	<b>54,69 %</b>
* Shares owned by the following companies are controlled by Per Grieg jr. and closely related( Verdipapirhandelloven § 2-5):		
Grieg Holdings AS	55 801 409	
Grieg Shipping II AS	824 565	
Ystholmen AS	2 928 197	
Grieg Ltd AS	217 390	
Kvasshøgdi AS	1 000 000	
Per Grieg jr. private	15 000	
<b>Total no. shares controlled by Per Grieg jr. and closely related</b>	<b>60 786 561</b>	

## Note 7 – Share capital and shareholders as at 30 June 2016

### Share capital:

30.06.2016, the company has 111 662 000 shares at a nominal value of NOK 4 per share. The company purchased in June 2011 1 250 000 own shares at rate 14.40 NOK per share.

Date of registration	Type of change	Change in share capital (TNOK)	Nominal value per share (NOK)	Total share capital (TNOK)	No. of ordinary shares
30.06.2016			4,00	446 648	111 662 000
	Holdings of own shares		4,00	-5 000	-1 250 000
<b>Total ordinary shares</b>				<b>441 648</b>	<b>110 412 000</b>

### The largest shareholders in Grieg Seafood ASA as of 30.06.2016 were:

	No. shares	Shareholding
GRIEG HOLDINGS AS	55 801 409	49,97 %
YSTHOLMEN AS	2 928 197	2,62 %
OM HOLDING AS	2 750 000	2,46 %
STATE STREET BANK AND TRUST CO.	2 694 669	2,41 %
FOLKETRYGDFONDET	2 000 000	1,79 %
JPMORGAN CHASE BANK, N.A., LONDON	1 427 690	1,28 %
ARTIC FUNDS PLC	1 397 000	1,25 %
KONTRARI AS	1 323 827	1,19 %
GRIEG SEAFOOD ASA	1 250 000	1,12 %
VERDIPAPIRFONDET PARETO INVESTMENT	1 200 000	1,07 %
SKANDINAVISKA ENSKILDA BANKEN AB	1 170 000	1,05 %
VERDIPAPIRFONDET PARETO NORDIC	1 050 000	0,94 %
UBS AG, LONDON BRANCH	1 014 695	0,91 %
GOLDMAN SACHS INTERNATIONAL	1 005 045	0,90 %
KVASSHØGDI AS	1 000 000	0,90 %
THE NORTHERN TRUST CO	952 710	0,85 %
SEI INSTITUTIONAL INTERNATIONAL	897 454	0,80 %
BLACKWELL PARTNERS, LLC SERIES A	897 234	0,80 %
SKANDINAVISKA ENSKILDA BANKEN AB	881 016	0,79 %
GRIEG SHIPPING II AS	824 565	0,74 %
<b>Total 20 largest shareholders</b>	<b>82 465 511</b>	<b>73,85 %</b>
Total other	29 196 489	26,15 %
<b>Total numbers of shares</b>	<b>111 662 000</b>	<b>100,00 %</b>

## Information about Grieg Seafood ASA

### Head Office - Grieg Seafood ASA

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Office address:	Grieg-Gaarden, C. Sundts gt. 17/19, NO-5004 Bergen
Tel.:	+47 55 57 66 00
Internet:	<a href="http://www.griegseafood.com">www.griegseafood.com</a>
Organisation number:	NO 946 598 038 MVA

### Board of Directors of Grieg Seafood ASA

Per Grieg jr.	Chair
Asbjørn Reinkind	Vice Chair
Wenche Kjølås	Board Member
Karin Bing Orgland	Board Member
Ola Braanaas	Board Member

### Group Management

Andreas Kvame	CEO
Atle Harald Sandtorv	CFO
Knut Utheim	COO

### Financial Calendar

First Quarter 2016	12 May 2016
Annual General Meeting	14 June 2016
Second Quarter 2016	18 August 2016
Third Quarter 2016	11 November 2016
Fourth Quarter 2016	16 February 2017

*The company reserves the right to amend the above dates.*