



GRIEG SEAFOOD ASA

Q2 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

"Grieg Seafood continued to experience strong growth and biological improvements in Rogaland and Finnmark during the second quarter. With a steady focus on our operational priorities, we have increased biological control with preventive efforts and obtained a more efficient utilization of our licenses. Our post-smolt strategy is on track, and during the quarter, we acquired 50% ownership of Nordnorsk Smolt. We also ASC-certified an additional three sites in Finnmark.

While we still have some challenges related to gill disease and algae in Shetland, the biological condition is improving. We continue to work systematically to increase our smolt robustness in Shetland, and survival on smolt stocked to sea so far this year is increasing. We have initiated a strategic assessment of our operations on Skye, as we see that the synergy between our farming areas on Shetland and Skye are low. In BC, challenges related to algae, plankton and low oxygen levels have impacted production negatively during the quarter. This shows the importance of monitoring and use of aeration system to minimize impact. We are still in the early stages in executing on our priorities and we expect continued growth and operational improvements going forward.

By driving forward improvements to our farming operations, we remain committed to our ambition for sustainable salmon farming and long-term value creation for all our stakeholders, and also remain confident in our 2020 target of 100 000 tonnes harvest with cost at or below industry average."



ANDREAS KVAME
CEO Grieg Seafood

Main achievements in the quarter

GROUP HIGHLIGHTS

- Harvest volume of 21 800 tonnes
- EBIT before fair value adjustment of NOK 309 million (NOK 426 million)
- EBIT/kg NOK 14.17, down 25% from Q2 2018
- Strong biological performance in Norway
- Earnings driven by overall high prices and cost reductions in Rogaland
- Continued high cost in Shetland - a strategic evaluation of farming area Skye initiated
- Biological challenges related to sea lice and algae in British Columbia
- Expect harvest volume of 82 000 tonnes in 2019, 10% growth from 2018

ROGALAND

- Harvest volume of 8 526 tonnes
- EBIT/kg NOK 27.22
- Strong biological performance resulted in high average harvest weight and improved price achievement
- No sites affected by PD
- Survival rate of 94%
- Smolt of average weight 273 grams stocked to sea
- Eight sites monitored and fed from pilot Precision Farming operations center
- Expect higher cost in the third quarter due to lower volume

FINNMARK

- Harvest volume of 5 391 tonnes
- EBIT/kg NOK 20.53
- Strong overall biological performance
- Survival rate of 96%
- Three sites ASC certified, bringing the total to eight sites
- Expect somewhat higher cost per kg in Q3, due to harvesting of sites with high cost (winter-ulcer and MAB limits)

SHETLAND

- Harvest volume of 3 297 tonnes
- EBIT/kg NOK -6.00
- Biological challenges related to algae blooms and continued gill-related diseases
- Superior share of 96%
- Improved smolt quality
- Strategic evaluation of Skye, to focus resources and operations
- Expect cost to decrease in the third quarter. Cost will remain high, with gradual reductions going forward as volume increases

BRITISH COLUMBIA

- Harvest volume of 4 587 tonnes
- EBIT/kg NOK -0.77
- 11% decrease in spot salmon price y-o-y impacted EBIT significantly due to low contract share
- Challenging quarter with high sea lice pressure, algae, plankton and low oxygen level
- Expansion of Gold River smolt facility on track
- Continued focus on algae mitigation and digital monitoring
- Expect lower cost level in the third quarter

Key figures

NOK 1 000	Q2 2019 INCL. IFRS 16	Q2 2018	YTD 2019 INCL. IFRS 16	YTD 2018
Sales revenues	2 225 030	2 291 867	3 872 622	3 784 878
EBITDA	408 459	482 610	767 236	702 909
EBIT	308 860	426 313	576 340	588 383
EBIT after fair value adjustment of biological assets	222 350	236 692	541 189	577 109
Profit before tax	188 042	216 269	519 379	529 856
Harvest volume (tonnes GWT)	21 802	22 568	36 603	34 001
EBIT/kg (NOK)	14.17	18.89	15.75	17.31
Total assets	8 763 015	7 533 514	8 763 015	7 533 514
Net interest-bearing liabilities (1)	2 006 000	1 527 179	2 006 000	1 527 179
Equity	4 053 410	3 453 424	4 053 410	3 453 424
Equity % (2)	46%	46%	46%	46%
ROCE (3)	21%	34%	20%	24%
Dividend per share (NOK)	2.00	2.00	2.00	2.00
Earnings per share (NOK)	1.27	1.48	3.55	3.49
Number of employees incl. Ocean Quality	849	803	849	803

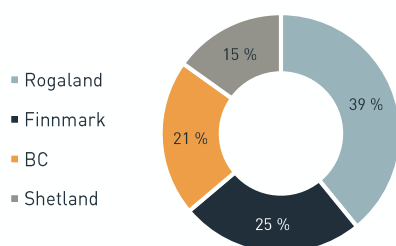
Key figures for Q2 and YTD 2019 include effects of adopting IFRS 16. Please refer to Note 6 for further information.

1) NIBD excluded factoring. Q2 2019 NIBD includes effect of adopting IFRS 16, amounting to NOK 405 million. Total net interest-bearing liabilities incl. factoring is NOK 2 520 million. See Note 7 for more information.

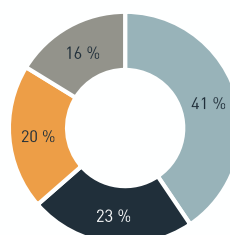
2) Equity ratio according to covenants definition is 54%. See Note 7 for information.

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

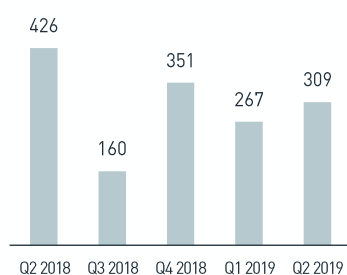
**HARVEST VOLUME
Q2 2019**



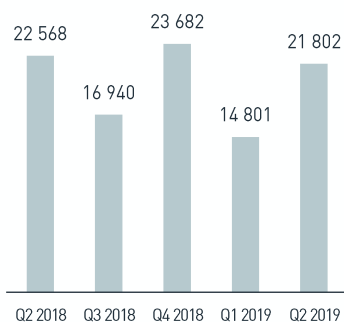
**SALES REVENUES
Q2 2019**



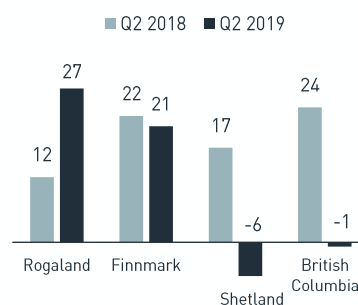
**GROUP EBIT BEFORE
FAIR VALUE
(NOK MILLION)**



**GROUP HARVEST VOLUME
(TONNES GWT)**



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



Our scoreboard


- within target
● on track to meet target
● unsatisfactory result

	ASPECT	TARGET	Q2 2019	Q1 2019	FY 2018	STATUS	PAGE
PROFIT & INNOVATION	Return on capital employed	12% p.a.	21%	19%	22%	●	4
	Harvest volume (tonnes GWT)	100 000 tonnes in 2020	21 802	14 801	74 623	●	4
HEALTHY OCEAN	Survival rate (GSI standard)	93%					17
	Rogaland		94%	92%	92%	●	
	Finnmark		96%	96%	96%	●	
	Shetland		87%	85%	83%	●	
	British Columbia		86%	87%	88%	●	
	Antibiotics gr/tonne*	No use of antibiotics					17
	Rogaland		0.0	0.0	0.0	●	
	Finnmark		0.0	0.0	0.0	●	
	Shetland		43.8	119.7	13.9	●	
	British Columbia		41.5	63.6	150.3	●	
	Sea lice treatment gr/tonne*	Minimize use of medical treatments					19
	Rogaland		0.0	0.0	1.1	●	
	Finnmark		0.1	0.0	0.8	●	
	Shetland		2.1	3.6	3.2	●	
	British Columbia		0.5	0.0	0.3	●	
	Escape incidents	Zero escape incidents					19
	Rogaland		0	0	0	●	
	Finnmark		0	0	0	●	
	Shetland		1	0	2	●	
	British Columbia		0	0	0	●	
SUSTAINABLE FOOD	High quality product	93% superior share					20
	Rogaland		63%	73%	74%	●	
	Finnmark		84%	85%	86%	●	
	Shetland		96%	96%	94%	●	
	British Columbia		89%	78%	84%	●	
PEOPLE	Absence rate	Below 4.5%					21
	Rogaland		4.7%	4.3%	4.7%	●	
	Finnmark		4.5%	6.2%	5.4%	●	
	Shetland		2.2%	4.4%	2.3%	●	
	British Columbia		2.7%	2.7%	1.8%	●	
LOCAL COMMUNITIES	Supporting local communities	Collaborate and contribute to local communities	Yes	Yes	Yes	●	22

*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 the long-term perspective, clean seas, healthy fish and economic profit are no contradictions. It is Grieg Seafood's task to make these considerations go hand in hand. The overall target goes beyond short-term profitability. Through 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"> Seafood demand Economic productivity Profitable growth Precision Farming Research and innovation 	<ul style="list-style-type: none"> Fish health and welfare Sea lice control Escape control Limiting local emissions Interaction with wild life 	<ul style="list-style-type: none"> Safe and healthy food Sustainable feed Reducing carbon emissions Waste management 	<ul style="list-style-type: none"> Creating attractive jobs Keeping our employees safe Transparency, integrity and anti-corruption Data security and privacy 	<ul style="list-style-type: none"> Local value creation and ripple-effects Local procurement Sponsorships Transparency and dialogue

Sustainability is core to the industry and strongly impacts our financial performance.



For more information, please refer to the Grieg Seafood 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:



Post smolt improves biosecurity, survival rates and allows a more efficient farming cycle. During Q2 2019, 7.1 million smolt were transferred to sea, with an average weight of 201 grams. During the first half year of 2019, 10.8 million smolt have been stocked to sea. A total of 26-28 million smolt is planned stocked for the year with an average weight around 190 grams.

Digitalization in salmon farming includes applying advanced sensors, big data, artificial intelligence and automation, with the aim of generating better farming decisions. Our pilot Precision Farming operations center in Rogaland provides continuous data analysis, centralized feeding operations and an overview of technical infrastructure.

The key to fish welfare is development of preventive measures against dangers such as sea lice, harmful algae and diseases. Prevention will reduce handling and stress for the fish as well as reducing the environmental footprint.

Expansion opportunities such as new sites and locations, will allow improved flexibility, biosecurity and fish welfare. We take part in new growth initiatives such as development licenses and look for cooperation with other farmers.

For more information on our priorities, please refer to the Grieg Seafood 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, and continuous evaluation of expansion opportunities.

PROFIT (Figures for Q2 2018 in brackets)

The Grieg Seafood Group harvested 21 802 tonnes GWT (22 568) in Q2 2019.

The average realized price Grieg Seafood achieved was down in Q2 2019 compared to Q2 2018, mainly driven by lower average market price. The price reduction was offset by high price achievement on significantly larger size of the fish harvested in Rogaland compared to Q2 2018. Grieg Seafood's sales revenues in Q2 2019 amounted to NOK 2 225 million, a reduction of 3% compared to the same period last year.

Farming cost during the period (total cost related to fish harvested this quarter) increased compared to the same quarter last year. This is mainly driven by higher cost in Shetland and BC due to biological challenges related to sea lice and algae blooms.

The Group's EBIT before fair value adjustment of biological assets was NOK 309 million (426) during the quarter, corresponding to an EBIT per kg of NOK 14.17 (18.89). EBIT from the four regions includes value creation from the respective sales activities of the Group's jointly-owned sales company, Ocean Quality.

From 1 January 2019, the Group implemented IFRS 16 Leases. The adoption had a positive effect on EBIT of NOK 1.3 million (NOK 0.1 per kg). For further information about IFRS 16 effects, see Note 6.

NOK MILLION	Q2 2019**	Q2 2018	YTD 2019**	YTD 2018
Rogaland	232.1	73.9	377.1	101.3
Finnmark	110.7	142.7	253.7	203.2
BC	-3.5	173.9	19.2	259.0
Shetland	-19.8	41.5	-44.7	34.4
ASA/ eliminations	-20.0	-9.9	-43.5	-19.5
GSF EBIT	299.4	422.1	561.8	578.3
NCI*	9.4	4.2	14.5	10.1
GSF Group	308.9	426.3	576.3	588.4

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

** Q2 and YTD 2019 includes IFRS 16 effects

Q2 2019 results were negatively affected by total fair value adjustments of NOK -87 million (-190), which is mainly explained by lower forward spot salmon prices and less share of fish ready for harvest compared to Q1 2019, yielding an EBIT after fair value adjustment of biological assets of NOK 222 million (237).

Net financial items were NOK -34 million (-20) for the quarter, resulting in a pre-tax profit of NOK 188 million (216). Net financial items were negatively affected by NOK -3 million following the adoption of IFRS 16.

Tax for the period was estimated to NOK -41 million (-51), resulting in profit after tax of NOK 147 million (166).

CASH FLOW (Figures for Q2 2018 in brackets)

The Grieg Seafood Group had a net cash flow from operating activities of NOK 402 million (497) in Q2 2019. Change in working capital during the quarter was positive at NOK 78 million (38), due to reduction of standing biomass compared Q1 2019.

Net cash flow from investing activities was NOK -99 million (-230) for the quarter, consisting of investments of NOK -110 million (-287). Of total investments, NOK 26 million (67) 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 -438 million (-295), which includes payment of dividends to shareholders of NOK -241 million. The Group's interest-bearing debt had a net reduction of NOK 180 million during the quarter.

The net change in cash and cash equivalents was negative at NOK -135 million (-29) for the quarter and at the end of the period, the Group had cash holdings of NOK 179 million (199).

FINANCIAL POSITION AND LIQUIDITY (Figures for Q2 2018 in brackets)

At 30 June 2019, book value of total assets was NOK 8 763 million (7 534). Increase following the adoption of IFRS 16 amounted to NOK 402 million. Total equity amounted to NOK 4 053 million (3 453), corresponding to an equity ratio of 46% (46%).

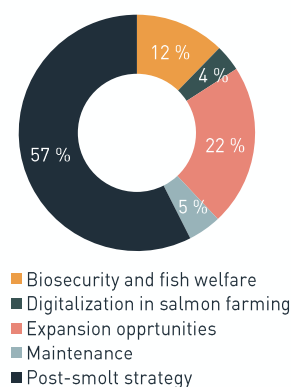
The level of free liquidity at the end of the quarter is regarded as good, with available cash and credit facilities totaling NOK 918 million. At period-end of Q2 2019, total net-interest bearing liabilities (NIBD) amounted to NOK 2 520 million, down from NOK 2 586 million in Q1 2019 and up from NOK 2 142 million at the same time last year. The amount in Q2 2019 includes operational lease liabilities recognized in the balance sheet after adopting IFRS 16, of NOK 405 million.

Factoring amounted to NOK 514 million (615) at period-end. See Note 7 for more information.

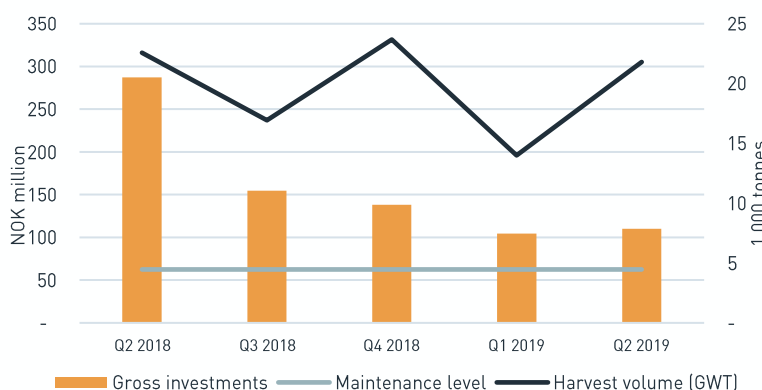
The Group aims to provide shareholders with a competitive return on invested capital through payment of dividends and share price increases. The Board of Directors maintains that, as an average over a period of several years, dividends should correspond to 25-35% of the Group's profit after tax, adjusted for the effect of fair value of biological assets. During Q2 2019, dividends for the fiscal year 2018 of NOK 2.00 per share have been paid out. The Board is authorized by the Annual General Meeting to pay out additional dividends during 2019 based on the 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 Q2 2019



INVESTMENT LEVEL



SUMMARY OF THE FIRST HALF YEAR OF 2019 (Figures for YTD 2018 in brackets)

Grieg Seafood's sales revenues for the first half of 2019 amounted to NOK 3 873 million (3 785). Average spot salmon price for the period was down by NOK -2.2 per kg compared to 2018, but higher volume contributed positively. Total harvest volume for the first half year was 36 603 tonnes GWT (34 001).

The farming cost (total cost related to fish harvested this period) increased compared to the same period last year, which is mainly related to increased cost in BC and Shetland driven by biological challenges and fish-health situation.

The Group's EBIT before fair value adjustment of biological assets was NOK 576 million (588) for the period, bringing EBIT to NOK 15.75 per kg (17.31).

The adoption of IFRS 16 from 1 January 2019 had a positive effect on EBIT at a total of NOK 3 million or NOK 0.1 per kg. For further information about IFRS 16 effects, see Note 6.

First half of 2019 results were negatively affected by total fair value adjustment of biological assets of NOK -35 million (-11), bringing EBIT after fair value adjustment of biological assets to NOK 541 million (577).

Net financial items came to NOK -22 million (-47) for the period, resulting in a pre-tax profit of NOK 519 million (530). Net financial items were negatively affected by NOK -6 million related to the adoption of IFRS 16 1 January 2019.

Tax for the period is estimated to NOK -117 million (-136) bringing the profit after tax to NOK 403 million (393).

The net cash flow from operating activities for the first half of 2019 was NOK 596 million (360). The increased cash flow is mainly a result of sound operational profitability. Working capital was negative at NOK -98 million (-254), which relates to increased biomass during the period.

For the first half of 2019, the net cash flow from investing activities totaled NOK -169 million (-348). The investments comprise a combination of maintenance and growth, including upgrade of equipment and increased sea and smolt capacity.

The net cash flow from financing activities for the first six months of the year was NOK -386 million (-81), including payments of dividends to shareholders of NOK 241 million.

The net change in cash and cash equivalents was positive at NOK 40 million (-69) for the period and at 30 June 2019, the Group had cash holdings of NOK 179 million (199).

Sales and market development

Grieg Seafood's farming operations sell their fish to Ocean Quality, which resells the salmon to third parties for further processing and to other customers for consumption as is. Ocean Quality aims to be a preferred and reliable global supplier.

OCEAN QUALITY GROUP

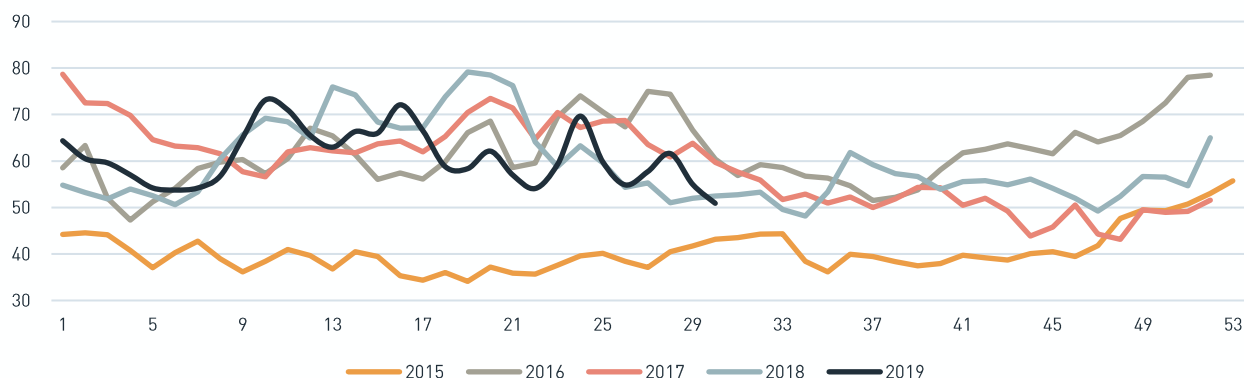
Ocean Quality is the sales organization of Grieg Seafood and Bremnes Fryseri, with an ownership of 60% and 40%, respectively. All fish produced by Grieg Seafood is sold by Ocean Quality with the purpose of generating a positive margin to the market price for salmon. Total volume sold during Q2 2019 was 32 107 tonnes, compared to 32 244 tonnes in Q2 2018.

MARKET DEVELOPMENT

Spot salmon prices (Nasdaq) remained high during the first part of the quarter but came somewhat down towards the end of the period. Average spot salmon price for Q2 2019 was up NOK 0.50 per kg compared to Q1 2019 and down by NOK -6.10 per kg compared to Q2 2018. Spot salmon price in the US market (Urner Barry) was down by approximately NOK -10 in Q2 2019 compared to Q2 2018 due to increased supply of fresh wild salmon during the quarter.

The overall supply of Atlantic Salmon for the quarter increased by approximately 8% from Q2 2018, which combined with the continued high prices confirms the strong underlying demand for farmed salmon.

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



MARKET EXPECTATIONS AND GUIDING

The biological challenges in Norway and Chile recent years has resulted in strict regulations, requiring healthy biological conditions to allow further growth. The global supply of Atlantic Salmon for 2019 is expected to increase by approximately 4-7% compared to 2018. With outlook for continued strong underlying demand, combined with limited growth potential in the short- to mid-term, prices are expected to remain high going forward.

The Group's total share of fixed price contracts in Norway in Q2 2019 was 20%. The share of fixed price contracts for the full year 2019 is estimated to 20% and 24% for Norway and the UK, respectively. This is in the lower range of the Group's target of 20-50% contract share.

Grieg Seafood expects to harvest approximately 82 000 tonnes in 2019, an increase of 10% from 2018. Expected harvest volume for Q3 2019 is 20 200 tonnes.

HARVEST 2019 (TONNES GWT)	ROGALAND	FINNMARK	SHETLAND	BRITISH COLUMBIA	GROUP TOTAL
Q1 2019	5 700	5 700	1 800	1 600	14 800
Q2 2019	8 500	5 400	3 300	4 600	21 800
Q3 2019	2 800	10 600	3 500	3 200	20 200
Q4 2019	4 900	12 300	3 400	4 700	25 200
Total	22 000	34 000	12 000	14 000	82 000

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. The inspection was initiated to explore potential anti-competitive behavior in the salmon industry.

In April 2019, a class-action lawsuit was filed in the USA mainly based on the investigation by the European Commission.

Grieg Seafood is not aware of any anti-competitive behavior within the Group, neither in Norway, the EU or the USA, and is fully cooperating with the investigators.

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

Approximately NOK 8 million was spent on lawyer fees related to the EU commission investigation during the quarter. The cost is included as ownership cost, see Note 3.

GRIEG SEAFOOD ROGALAND

8 526

TONNES GWT HARVESTED

27.22

EBIT/KG (NOK)

19 · 2

SEAWATER LICENSES •
FRESH WATER LICENSES

148

EMPLOYEES

RESULTS

Harvest volume in Rogaland was 8 526 in Q2 2019, ahead of the production plan, and an increase of 33% compared to Q2 2018, when harvested volumes were impacted by PD.

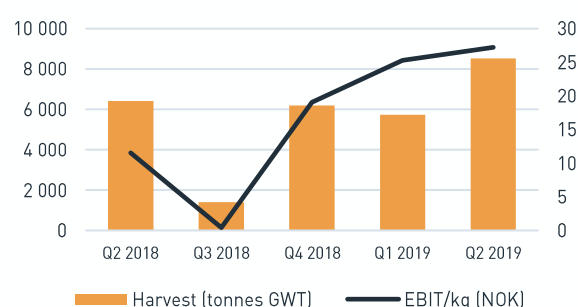
Revenues for the quarter amounted to NOK 562.6 million, an increase of 48% compared to Q2 2018. In addition to higher volumes, revenues were driven by improved price achievements as average weight on fish harvested for the period reached 6 kg.

Production during the quarter was high, driven by good biological performance and total production volume in sea more than doubled compared to Q2 2018. Average survival rate the last 12 months is 94%. Cost per kg was stable from Q1 and declined compared to the same period last year, driven by increased volume, significantly higher average harvest weights and improved fish health. In Q3, cost per kg is expected to increase due to lower harvest volume.

EBIT per kg before fair value adjustment of biological assets was NOK 27.22 in the period, compared to NOK 11.53 kg in Q2 2018 and NOK 25.31 in Q1 2019.

NOK MILLION	Q2 2019*	Q2 2018	YTD 2019*	YTD 2018
Revenues	562.6	380.7	933.9	528.2
EBITDA	255.9	85.4	418.5	124.0
EBIT	232.1	73.9	377.1	101.3
Harvest volume (tonnes GWT)	8 526	6 409	14 257	8 704
EBIT/kg (NOK)	27.22	11.53	26.45	11.64

*Q2 and YTD 2019 include IFRS 16 effects. Refer to Note 6 for more information.



PRIORITIES

Grieg Seafood Rogaland aims to reduce production time in sea from 18 to 12 months, primarily by increasing smolt size to 500 grams by 2020. Smolt transferred to sea during Q2 had an average weight of 273 grams. We have good results with large size smolt spending less than 12 months in the sea.

Sea lice and Pancreas Disease (PD) have been a challenge in Rogaland recent years, impacting feeding and growth rates negatively, and increasing cost. As of Q2 2019, none of our sites are affected by PD.

As part of the Precision Farming strategy, all eight sites currently in production are now being monitored, and feeding being handled from, the integrated operations center pilot. Precision Farming will ensure more efficient feeding, leading to reduced costs and increased growth going forward.

By focusing on our operational priorities, we have managed to improve performance. Grieg Seafood Rogaland maintains the target of harvesting 25 000 tonnes with a production cost of NOK 36.00 per kg in 2020.

GRIEG SEAFOOD FINNMARK

5 391

TONNES GWT HARVESTED

20.53

EBIT/KG (NOK)

27 (4) · 1 · 8

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

277

EMPLOYEES

RESULTS

Grieg Seafood Finnmark harvested 5 391 tonnes in Q2 2019, a decrease of 16% compared to Q2 2018. The decrease is mainly due to fluctuations in the harvest plan, with both production in sea and level of standing biomass higher than in Q2 2018.

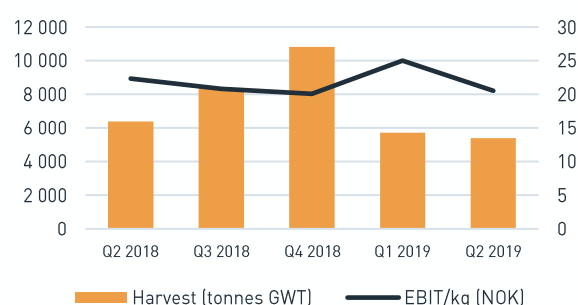
Revenues amounted to NOK 319.6 million, compared to NOK 378.7 million in Q2 2018. The 16% decrease is due to lower harvest volume and slightly lower price achievements.

The biological performance remained strong in the quarter, with a stable survival rate of 96% for the last 12 months. Cost per kg was stable from the same period last year. Compared to Q1 2019, costs were higher, mainly driven by early harvest on one site related to winter-ulcer. Somewhat higher cost per kg is expected in Q3, due to harvesting of sites affected by winter-ulcer and for reaching limits for maximum allowed biomass.

EBIT per kg before fair value adjustment of biological assets was NOK 20.53 for the quarter, down from NOK 22.35 in Q2 2018 and NOK 25.01 in Q1 2019.

NOK MILLION	Q2 2019*	Q2 2018	YTD 2019*	YTD 2018
Revenues	319.6	378.7	666.1	608.0
EBITDA	141.9	164.4	315.4	248.4
EBIT	110.7	142.7	253.7	203.2
Harvest volume (tonnes GWT)	5 391	6 387	11 111	10 565
EBIT/kg (NOK)	20.53	22.35	22.84	19.23

*Q2 and YTD 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, but due to somewhat increasing sea lice levels, medical treatments were performed. Grieg Seafood Finnmark works towards sustainable production, and during the quarter, three new sites achieved ASC certification, bringing the total number of certified sites to eight.

Grieg Seafood Finnmark acquired 50% of Nordnorsk Smolt AS at the end of the quarter, with Norway Royal Salmon holding the other 50%. The facility will produce 800 tonnes of smolt per year, with expansion possibilities. Together with the newly expanded smolt capacity at Adamselv, this is an important step to increase our access to larger and high quality smolt going forward. Production at Adamselv develops according to plan.

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

3 297

TONNES GWT HARVESTED

-6.00

EBIT/KG (NOK)

17 · 1

SEAWATER LICENSES •
FRESH WATER LICENSE

184

EMPLOYEES

RESULTS

Harvest volume in Q2 2019 was 3 297 tonnes, an increase of 33% compared to Q2 2018.

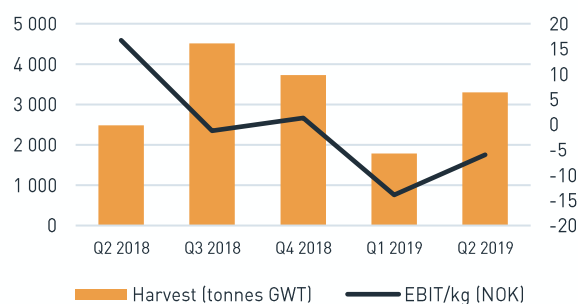
Revenues amounted to NOK 225.4 million, an increase of 17% compared to Q2 2018. Despite challenges related to gill diseases in 2018, the quality of the fish harvested has been high, with a superior share of 96%, and with a good average weight. The achieved price per kg harvested fish however, was lower in Q2 2019 compared to the same quarter last year due to reduction in spot salmon prices.

The biological conditions in Shetland have been challenging the last year mainly due to gill-related diseases. In addition, some areas had challenges with algae blooms during the quarter. Despite this, the 12-month survival rate as of Q2 2019 increased to 87% from 83% as of year-end 2018 mainly due to use of healthier and more robust smolt. Compared to both Q2 2018 and Q1 2019, the cost this quarter increased due to the fish-health situation. However, with gradual improvements in fish health and survival, production is expected to increase going forward, with a corresponding decrease in cost per kg.

EBIT per kg before fair value adjustment of biological assets was NOK -6.00, compared to NOK 16.72 in Q2 2018 and NOK -13.93 in Q1 2019.

NOK MILLION	Q2 2019*	Q2 2018	YTD 2019*	YTD 2018
Revenues	225.4	193.1	347.7	279.9
EBITDA	5.2	52.7	4.5	58.0
EBIT	-19.8	41.5	-44.7	34.4
Harvest volume (tonnes GWT)	3 297	2 482	5 086	3 683
EBIT/kg (NOK)	-6.00	16.72	-8.79	9.34

*Q2 and YTD 2019 include IFRS 16 effects. Refer to Note 6 for more information.



PRIORITIES

Grieg Seafood Shetland cooperates with other sea farmers in the region to secure sustainable marine biology. Production is concentrated to the best sites with the strongest biological control, and routines and systems for monitoring and mitigation of algae-related issues have been implemented. Other measures to ensure strong biosecurity, improved fish welfare and control of the sea lice situation include use of aeration systems, cleaner fish, sea lice skirts and fresh water treatments. The sea lice level remained high during the quarter, and although we expanded our non-medical sea lice treatment capacity, medical sea lice treatments were carried out.

To ensure a more robust and healthy fish, Grieg Seafood Shetland focuses on improving smolt quality, which is essential for good growth and reduced cost. We have managed to improve smolt quality, and survival rate on smolt transferred to sea during spring increased. By focusing on initiatives to improve biosecurity and fish welfare, Grieg Seafood Shetland has ambitions to harvest 17 000 tonnes in 2020, with a production cost of NOK 43.00 per kg.

GRIEG SEAFOOD BRITISH COLUMBIA

4 587

TONNES GWT HARVESTED

-0.77

EBIT/KG (NOK)

20 · 1

SEAWATER LICENSES • FRESH WATER LICENSE

148

EMPLOYEES

RESULTS

Harvest volume for the second quarter of 2019 ended at 4 587 tonnes, down 37% from Q2 2018 due to the cyclical nature of utilizing the farms.

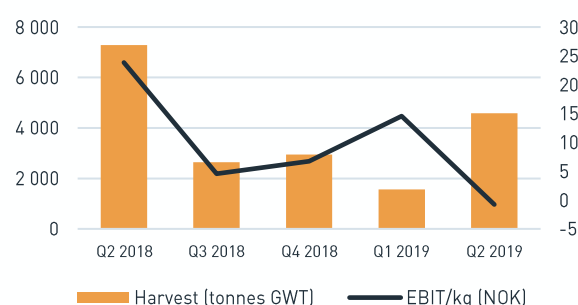
Revenues for the quarter was NOK 280.2 million, a decrease of 43% compared to Q2 2018, driven by a reduction in both harvest volume and achieved market price. The spot salmon price in the US market was down by 11% (approximately NOK -10) compared to the same period last year.

The biological conditions in the quarter have been challenging with algae blooms and plankton causing acute low oxygen levels. Combined with high sea lice pressure, this impacted production negatively, and survival rate for the last 12 months is 86%. With harvesting from sites with biological challenges, cost per kg was up both compared to Q2 2018 and to Q1 2019. As part of the accounting principle of recognizing extraordinary mortality as cost in the income statement, a write-down of NOK -32.5 million was recognized in the quarter mainly due to low oxygen levels, increasing cost per kg by NOK 7.09. In the third quarter, cost per kg is expected to decrease.

EBIT per kg before fair value adjustment of biological assets was NOK -0.77, compared to NOK 23.85 in Q2 2018 and NOK 14.54 in Q1 2019.

NOK MILLION	Q2 2019*	Q2 2018	YTD 2019*	YTD 2018
Revenues	280.2	492.7	379.7	725.8
EBITDA	13.7	184.4	53.2	279.2
EBIT	-3.5	173.9	19.2	259.0
Harvest volume (tonnes GWT)	4 587	7 290	6 149	11 049
EBIT/kg (NOK)	-0.77	23.85	3.12	23.44

*Q2 and YTD 2019 include IFRS 16 effects. Refer to Note 6 for more information.



PRIORITIES

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

Harmful Algae Blooms (HAB) represents a high biological risk in BC. Algae movements and oxygen levels are continuously monitored and analyzed, and aeration systems have been installed to enable feeding also in difficult situations. The improvements to sea production are expected to increase survival from HAB incidents. The sea lice pressure increased during the quarter and treatments have been carried out.

Grieg Seafood BC will continue the efforts within algae mitigation and digital monitoring in order to increase harvest volume and reduce costs, targeting harvest of 20 000 tonnes with production cost of NOK 39.00 per kg in 2020.

ROOTED IN

HEALTHY OCEAN

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

General focus areas to keep 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 the Grieg Seafood Annual Report 2018.

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	Q2 2019	Q2 2018	FY 2018
Rogaland	94%	86%	92%
Finnmark	96%	95%	96%
Shetland	87%	86%	83%
British Columbia	86%	89%	88%

USE OF ANTIBIOTICS*	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Rogaland	0.00	0.00	0.00	0.00
Finnmark	0.00	0.00	0.00	0.00
Shetland	43.83	1.60	76.97	7.55
British Columbia	41.48	32.61	52.44	33.79

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

SURVIVAL RATE

Grieg Seafood 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). Both Rogaland and Finnmark reached this target, with survival rates of 94% and 96%, respectively, at the end of Q2. In earlier periods, survival rate in Rogaland has been impacted by issues arising from Pancreas Disease (PD). At the end of Q2 2019, none of the nine active sites were diagnosed with PD, compared to two in 12 sites at the same time last year.

Shetland has endured heart-and gill diseases, Furunculosis and winter ulcers in addition to mechanical treatments against sea lice during the last 12 months, affecting the survival rate. We have been working to improve smolt health and robustness in Shetland and observe improvements in smolt quality and survival in sea.

In BC, the survival rate is impacted by the harmful algae bloom (HAB) incident last year in addition to low oxygen levels during algae and plankton blooms this quarter. Our algae mitigation system is steadily improving and we are seeing progress from last year.

USE OF ANTIBIOTICS

Grieg Seafood aim to completely avoid use of antibiotics, and we favor use of vaccines and a healthy diet to manage diseases but sometimes, antibiotics is the last entrenchment to fight illness. However, use of antibiotics is subject to strict internal regulations, and all use require top management approval and prescriptions are signed by certified fish health personnel. Grieg Seafood also comply with limits and medicine withdrawal periods set by local authorities.

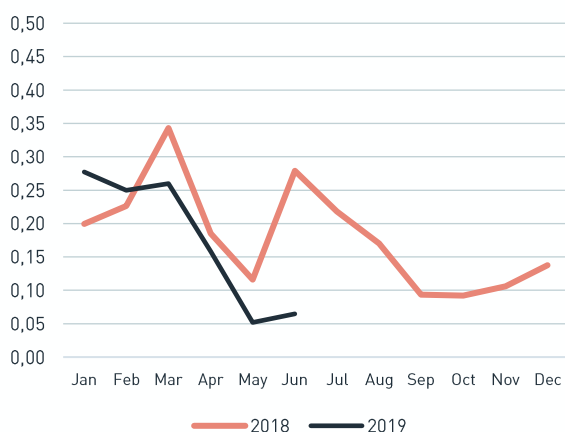
So far in 2019, there has been no use of antibiotics in our Norwegian operations. Nor in 2018. This is due to good results from vaccines and efforts to ensure fish health. In Shetland, use of antibiotics during the second quarter was related to Furunculosis and winter-ulcer. By the end of the quarter, most of the fish affected by Furunculosis was harvested. In BC, antibiotics have been used to treat Yellow mouth disease.

Through our post-smolt strategy we have better control of the environment of the fish for a longer time. It will further make the fish more robust before being transferred to the sea, and reduced time in sea will shorten exposure time to biological risks, which in turn will reduce disease outbreaks and the need for antibiotics.

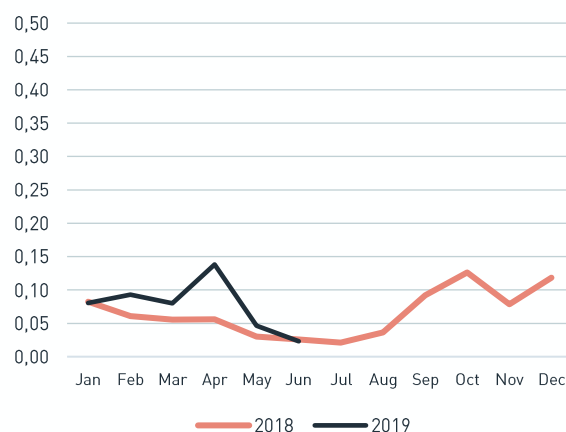
Sea lice control

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. Grieg Seafood's approach to sea lice control is the implementation of preventive measures, such as cleaner fish, sea lice skirts, post-smolt development and use of digital predictions 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 the green licenses in Finnmark, the sea lice limit is 0.25 adult female per fish, while during April and June, when wild salmon smolt migrate from the rivers and pass the salmon farms, the sea lice limit is 0.2 adult female per fish.

ROGALAND



FINNMARK

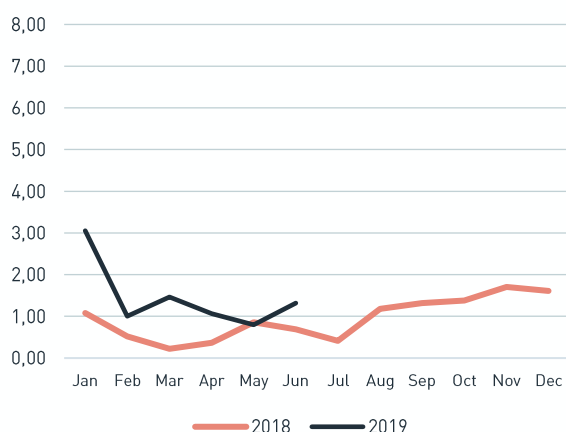


The sea lice counts are calculated as the average number of adult female lice per month.

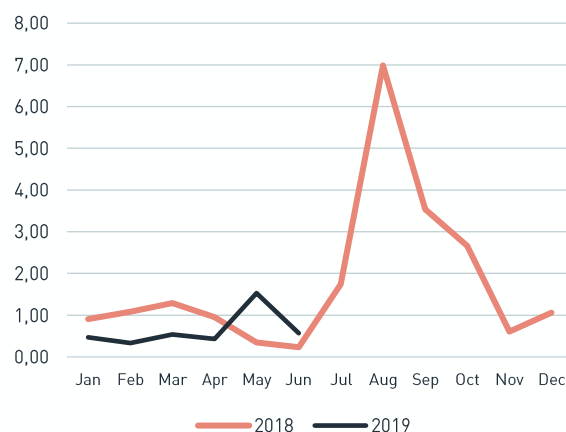
The sites in Rogaland are located in areas defined as “yellow - moderate sea lice density” under the Norwegian “traffic light” system. Grieg Seafood Rogaland has success using preventive methods, and by planning and using wrasse effectively, we manage to reduce the number of treatments to a minimum.

Finnmark has low sea lice levels year-round. Generally lower seawater temperatures in the region 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 pressure was increasing at the beginning of the quarter, and we had to apply medical sea lice treatment at two sites.

SHETLAND



BRITISH COLUMBIA



Sea lice levels in Shetland are in general high. Medical treatments were necessary to reduce the high sea lice pressure during the quarter. We have increased our non-medical treatment capacity during the period and aim to reduce the amount of pharmaceutical ingredients going forward.

Each autumn, BC is heavily influenced by sea lice pressure from wild salmon. We test preventive methods to keep the sea lice level stable, however sea lice pressure increased during the quarter and medical in-feed treatment was carried out.

Grieg Seafood's policy is to apply additional measures when sea lice concentration 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 welfare of the fish, potential impact on the local environment and the need to avoid parasite resistance to existing treatments.

SEA LICE TREATMENTS*	Q2 2019		Q2 2018		YTD 2019		YTD 2018	
	IN BATH	IN FEED	IN BATH	IN FEED	IN BATH	IN FEED	IN BATH	IN FEED
Rogaland	0.00	0.00	0.00	0.24	0.00	0.01	0.00	0.19
Finnmark	0.06	0.00	0.03	0.00	0.03	0.00	0.10	0.00
Shetland	1.85	0.21	2.70	0.00	2.53	0.20	1.97	0.03
British Columbia	0.00	0.50	0.00	0.00	0.00	0.26	0.00	0.27

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

Escape control

Grieg Seafood has zero tolerance for escapes. Escaped farmed salmon may mix genetically with wild salmon stocks.

In Q2 2019, 500 smolt escaped in Grieg Seafood Shetland. The incident was a result of equipment failure during transferal from the delivery boat to the seawater fish farm. Procedures to avoid similar incidents in the future has been implemented. The escaped salmon were unable to be recovered.

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 the 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 the Grieg Seafood Annual Report 2018.

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*	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Rogaland	63%	69%	67%	68%
Finnmark	84%	81%	84%	80%
Shetland	96%	96%	96%	95%
British Columbia	89%	88%	86%	88%

NUMBER OF CLAIMS	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Rogaland	65	87	164	128
Finnmark	53	51	106	80
Shetland	101	73	145	138
British Columbia	200	237	471	331

*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. As from Q2 2019, the calculation excludes discards and previous periods have been amended to reflect the change (maximum effect of 1%).

The share of superior quality fish in Rogaland has been impacted by PD both in 2018 and so far in 2019. At the end of Q2 2019, all fish with PD have been harvested and we expect to have less downgrading going forward. Claims during the quarter were mainly related to melanin. In Finnmark, the superior share in both Q2 2018 and Q2 2019 was affected by the occurrence of winter-ulcers due to cold seawater temperatures. Winter-ulcers and melanin were the main causes of claims during the quarter. In Shetland, although we have had challenges with gill-related diseases, the share of superior quality fish is stable due to strict focus on fish welfare and successful treatments. The claims were mainly related to melanin. The HAB that occurred in BC in 2018 has affected our superior share and number of claims, and as the fish are harvested, the quality has increased. The claims in Q2 2019 were related to texture or soft flesh caused by the microscopic parasite Kudoa, which affected salmon harvested from one specific site during the quarter. 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 the Grieg Seafood Annual Report 2018.

Keeping employees safe

Accidents can be prevented by working on procedures and culture, or by improving equipment quality. Grieg Seafood does not compromise on health and safety and has a zero-tolerance philosophy for accidents. We target an absence rate below 4.5%.

LTIR* & ABSENCE RATE	Q2 2019		YTD 2019		FY 2018	
	LTIR	ABSENCE	LTIR	ABSENCE	LTIR	ABSENCE
Rogaland	0	4.68%	21	4.49%	24	4.65%
Finnmark	22	4.51%	11	5.32%	18	5.40%
Shetland	12	2.24%	12	3.29%	24	2.25%
British Columbia	30	2.75%	34	2.71%	38	1.81%

The main types of injuries are accidents related to being struck by an object, incidents when handling work equipment, slips, trips and falls. We had no major accidents in Q2 2019. In Rogaland and Finnmark, the long-term absence rate is slightly above our target. The overall absence rate is stable compared to 2018.

*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.

Transparency and integrity

Strong business integrity and ethical conduct is essential to become a world leader and preferred provider of sustainably produced salmon. Grieg Seafood has zero tolerance for bullying, unwanted sexual attention and harassment.

No harassment cases were reported during the quarter.

Creating attractive jobs

During the quarter, the Great Place to Work survey was conducted for the second time in Norway, and for the first time globally. The survey assesses and evaluates the organization and practices that underpin the workplace culture, based on the experience of the employees. The increase in response rate to 83%, from 73% last year, is regarded as satisfactory. The results of the survey will be finalized during Q3 2019.

The Company continues to share profits with the employees through the employee share program. For the third year, we also participate in the SHE Index, scoring companies based on the gender balance in management teams.

ROOTED IN

LOCAL COMMUNITIES

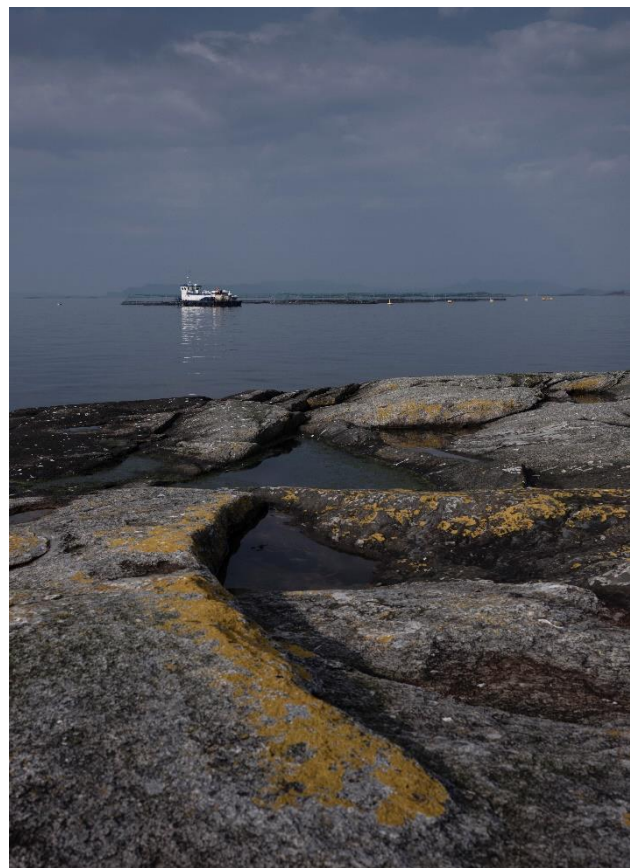
We are grateful to our local communities for giving us permission to farm salmon in their fjords. We need their license to operate to achieve sustainable growth.

Grieg Seafood's license to operate is two-fold. First, it is based on the public's trust that the Company, operating on the Commons, always work to reduce the environmental footprint and improve fish welfare. This is reported on according to the pillars, Healthy Ocean and Sustainable Food. Secondly, it is based on our ability to give sufficiently back to local communities. This is primarily done 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 possible, by hiring local apprentices and by supporting local sports- and cultural activities.

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

In British Columbia and Finnmark, Grieg Seafood is 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.

During the second quarter of 2019, we have focused on the upcoming local election in Norway. In both Rogaland and Finnmark, local politicians of different parties have visited our farms to ask questions and see and learn how we operate. This focus has been particularly high towards politicians from Stavanger, which will be the municipality with the highest salmon production volume after a merger of several municipalities in 2020.



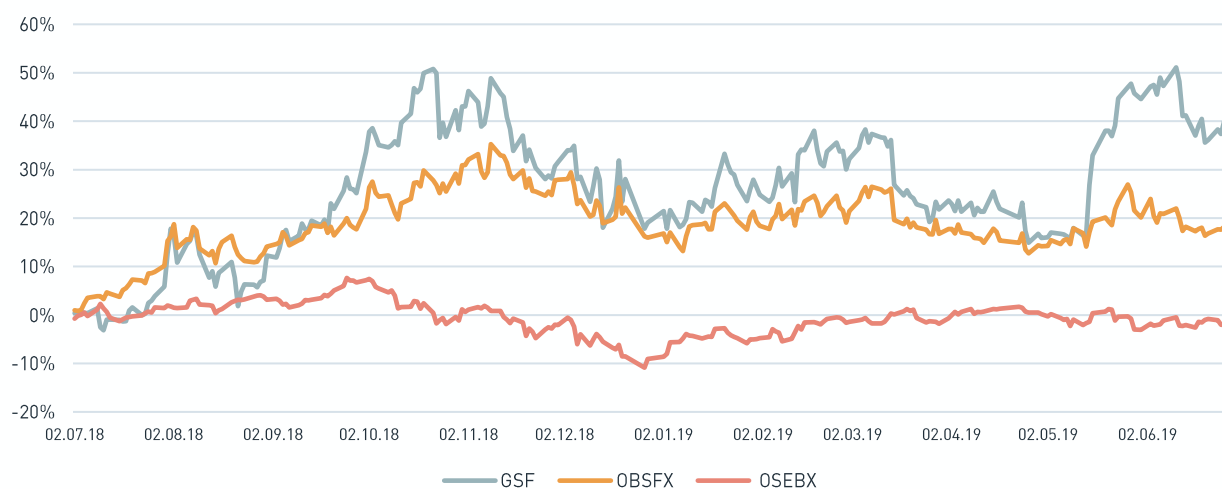
The Grieg Seafood share

Grieg Seafood's ambition is to create shareholder value and deliver competitive returns relative to comparable investment alternatives.

At the end of Q2 2019, Grieg Seafood had a total of 111 662 000 shares, including treasury shares, divided between 5 168 shareholders. The Grieg family in total holds 52.80% of the Grieg Seafood shares. The 20 largest shareholders account for 77.58% of the shares. Please refer to Note 10 for more information about the shareholders.

KEY FIGURES	Q2 2019	Q2 2018	FY 2018
Number of shares at period-end (incl treasury shares)	111 662 000	111 662 000	111 662 000
Number of shareholders	5 168	4 650	5 124
Number of shares traded	20 335 661	33 321 702	116 144 510
Total value of shares traded per day (NOK million)	38.1	48.5	42.1
Share price at period-end	118.3	85.9	102.3
Average share price (NOK)	112.4	87.4	92.2
Lowest closing price (NOK)	96.8	70.7	66.2
Highest closing price (NOK)	130.5	102.5	129.5

GSF share performance vs OSEBX and OBSFX



Related parties' transactions

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

Events after the balance sheet date

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

Statement from the Board of Directors

We hereby confirm that the financial statements for the period from 1 January to 30 June 2019, to the best of our knowledge, have been prepared in accordance with IAS 34 – Interim Financial Reporting – and that the information in the accounts gives a true and fair view of the Group and of the Group's assets, liabilities, financial position and overall results.

We also confirm that, to the best of our knowledge, the half-year report gives a true and fair view of the main events during the accounting period and their effect on the accounts for the first half year, as well as the principal risks as described in Note 2 and uncertainties facing the Company and the Group in the next accounting period.

THE BOARD OF DIRECTORS AND CEO

BERGEN, 21 AUGUST 2019



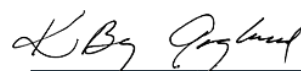
ASBJØRN REINKIND

Vice Chair



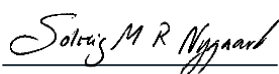
PER GRIEG JR.

Chair



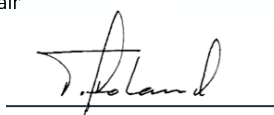
KARIN BING ORLAND

Board Member



SOLVEIG M.R. NYGAARD

Board Member



TORE HOLAND

Board Member



SIRINE FODSTAD

Board Member



ANDREAS KVAME

CEO

Financial statements

INCOME STATEMENT

NOK 1 000	Q2 2019*	Q2 2018	YTD 2019*	YTD 2018
Sales revenues	2 225 030	2 291 867	3 872 622	3 784 878
Other income	13 821	26 792	16 702	50 776
Share of profit from associates	-2 307	-420	-1 885	-670
Change in inventories	-33 957	-273 164	212 931	-16 757
Raw materials and consumables used	-1 162 698	-964 313	-2 147 629	-1 949 583
Salaries and personnel expenses	-134 154	-117 640	-280 968	-253 240
Other operating expenses	-497 276	-480 513	-904 538	-912 495
EBITDA before fair value adjustment of biological assets	408 459	482 610	767 236	702 909
Depreciation property, plant and equipment	-98 196	-54 936	-188 105	-111 853
Amortization licenses and other intangible assets	-1 403	-1 361	-2 791	-2 674
EBIT before fair value adjustment of biological assets	308 860	426 313	576 340	588 383
Fair value adjustment of biological assets	-86 510	-189 621	-35 151	-11 273
EBIT after fair value adjustment of biological assets	222 350	236 692	541 189	577 109
Net financial items	-34 309	-20 424	-21 810	-47 253
Profit before tax	188 042	216 269	519 379	529 856
Estimated taxation	-40 770	-50 548	-116 534	-136 403
Net profit for the period	147 272	165 721	402 845	393 453
Allocated to				
Controlling interests	139 980	163 723	391 585	385 712
Non-controlling interests	7 292	1 998	11 260	7 741
Dividend declared and paid per share (NOK)	2.00	2.00	2.00	2.00
Earnings per share (NOK)	1.27	1.48	3.55	3.49

* Q2 and YTD 2019 include IFRS 16 effects. Please refer to Note 6 for further information.

COMPREHENSIVE INCOME STATEMENT

NOK 1 000	Q2 2019*	Q2 2018	YTD 2019*	YTD 2018
Profit for the period	147 272	165 721	402 845	393 453
<i>Net other comprehensive income to be reclassified to profit/loss in subsequent periods</i>				
Currency effect on investment in subsidiaries	2 497	5 184	12 717	-36 737
Currency effect on loans to subsidiaries	-14 339	-6 314	-7 342	-25 553
Tax effect loans to subsidiaries	3 155	1 452	1 615	5 877
Cash flow hedges	-551	10 548	1 531	16 673
Tax effect cash flow hedges	121	-2 426	-337	-3 835
<i>Other comprehensive income for the period, net of tax</i>	-9 117	8 444	8 185	-43 575
Total comprehensive income for the period	138 155	174 165	411 030	349 878
<i>Allocated to</i>				
Controlling interests	130 645	165 662	398 901	335 549
Non-controlling interests	7 510	8 503	12 129	14 329

* Q2 and YTD 2019 include IFRS 16 effects. Please refer to Note 6 for further information.

STATEMENT OF FINANCIAL POSITION

NOK 1 000	30.06.2019*	30.06.2018	31.12.2018
ASSETS			
Goodwill	108 793	108 622	109 013
Licenses	1 118 869	1 113 030	1 121 662
Other intangible assets	20 380	17 164	25 175
Deferred tax assets	1 718	3 623	1 718
Property, plant and equipment	2 373 417	2 108 866	2 292 912
Right-of-use assets	401 927	-	-
Investments in associates	36 487	18 780	37 122
Other current receivables	45 408	1 317	1 327
Total non-current assets	4 107 000	3 371 402	3 588 929
Inventories	150 337	93 282	126 092
Biological assets	2 311 451	1 946 937	2 223 833
Fair value of biological assets	912 407	703 977	971 309
Trade receivables	889 346	990 599	925 232
Other current receivables	183 953	223 518	166 432
Derivatives and other financial instruments	29 812	5 262	2 743
Cash and cash equivalents	178 709	198 536	137 920
Total current assets	4 656 014	4 162 112	4 553 561
Total assets	8 763 015	7 533 514	8 142 490
EQUITY AND LIABILITIES			
Share capital	446 648	446 648	446 648
Treasury shares	-4 914	-5 000	-4 914
Retained earnings and other equity	3 570 353	2 978 728	3 392 319
Total controlling interests	4 012 087	3 420 376	3 834 053
Non-controlling interests	41 323	33 049	49 458
Total equity	4 053 410	3 453 424	3 883 511
Deferred tax liabilities	993 249	853 737	877 639
Cash-settled share options	12 768	4 613	8 493
Subordinated loans	13 002	14 209	14 047
Borrowings and leasing	1 644 333	1 544 541	1 591 072
Non-current lease liabilities (IFRS 16)	287 024	-	-
Total non-current liabilities	2 950 376	2 417 101	2 491 251
Current portion of long-term borrowings and leasing	170 104	186 657	221 788
Current portion lease liabilities (IFRS 16)	117 738	-	-
Factoring liabilities	513 722	614 638	573 377
Trade payables	645 297	517 341	649 352
Tax payable	107 552	127 410	130 287
Derivatives and other financial instruments	2 279	5 268	5 905
Other current liabilities	202 537	211 676	187 019
Total current liabilities	1 759 229	1 662 989	1 767 729
Total liabilities	4 709 604	4 080 090	4 258 979
Total equity and liabilities	8 763 015	7 533 514	8 142 490

* 30.06.2019 includes IFRS 16 effects. Please refer to Note 6 for further information.

CHANGES IN EQUITY

NOK 1 000	Q2 2019 CI*	Q2 2019 NCI**	YTD 2019 CI*	YTD 2019 NCI**
Equity at period start	4 102 310	54 076	3 834 053	49 458
Profit for the period	139 980	7 292	391 585	11 260
Comprehensive income for the period	-9 335	219	7 316	869
Total recognized income for the period	130 645	7 510	398 901	12 129
Dividend paid	-220 867	-	-220 867	-
Dividend paid to minority shareholders	-	-20 263	-	-20 263
Total equity attributable to shareholders	-220 867	-20 263	-220 867	-20 263
Total change in equity in the period	-90 222	-12 753	178 034	-8 135
Equity at period end	4 012 087	41 323	4 012 087	41 323

* Controlling interest: Shareholders of GSF ASA

** Non-controlling interest

CASH FLOW STATEMENT

NOK 1 000	Q2 2019	Q2 2018	YTD 2019	YTD 2018
EBIT after fair value adjustment of biological assets	222 350	236 692	541 189	577 109
Depreciation and amortization	68 885	56 297	135 866	114 526
(Gain)/loss on sale of property, plant and equipment	387	-	615	-208
Share of profit from companies applying equity method of accounting	2 307	420	1 885	670
Fair value adjustment of biological assets	86 510	189 621	35 151	11 273
Change in inventory excl. fair value, trade payables and trade receivables	78 255	37 621	-97 818	-253 915
Other adjustments	-56 064	-5 688	3 164	-60 930
Taxes paid	-486	-18 285	-24 308	-28 770
Net cash flow from operating activities	402 145	496 678	595 744	359 757
Proceeds from sale of fixed assets	433	-	595	329
Capital expenditure (fixed assets)	-109 770	-287 066	-214 485	-437 683
Property, plant and equipment financed by leasing	26 268	66 812	60 330	99 259
Investment in associate companies	-15 597	-10 000	-15 597	-10 000
Net cash flow from investing activities	-98 666	-230 254	-169 157	-348 096
Net changes in interest-bearing liabilities incl. factoring	-180 079	-34 312	-116 861	205 840
Paid dividends	-220 867	-220 824	-220 867	-220 824
Paid dividends minority shareholders	-20 263	-24 821	-20 263	-24 821
Net interest and other financial items	-16 870	-15 577	-28 458	-41 177
Net cash flow from financing activities	-438 078	-295 535	-386 449	-80 982
Net change in cash and cash equivalents	-134 600	-29 110	40 138	-69 321
Cash and cash equivalents - opening balance	312 553	225 169	137 920	271 715
Currency translation of cash and cash equivalents	755	2 477	650	-3 858
Cash and cash equivalents - closing balance	178 709	198 536	178 709	198 536

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 second quarter and the first half 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 Q2 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 companies, 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. Unfortunately, we had one escape incident in Shetland during the quarter, where 500 smolt escaped. See page 19 for more information.

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.

Brexit is a potential risk as Grieg Seafood is producing salmon both in Norway and Scotland. An agreement has been made between the UK, Norway and Iceland, which covers trade in goods between Norway and the UK in the event of a no-deal Brexit. Our export of salmon from Norway to the UK would be covered by this agreement. Regarding our export of salmon from Scotland to the EU, we are looking into various options and scenarios.

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. Ocean Quality comprises the companies in Norway, UK, North America (NA) and USA. Ocean Quality UK Ltd, Ocean Quality USA Inc. and Ocean Quality North America Inc are wholly owned by Ocean Quality AS, while Ocean Quality Premium Brands Inc. is wholly owned by Ocean Quality North America Inc. 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 adjustment of biological assets. 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 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)	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Ownership cost	-20 036	-9 891	-43 516	-19 537
Share of EBIT to minority interest	9 437	4 227	14 535	10 053
EBIT elim. /other items	-10 599	-5 664	-28 981	-9 485

Geographical segments	Rogaland		Finnmark		BC-Canada		Shetland-UK		Elim. /Others (2)		Group	
(NOK 1 000)	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018
Sales revenues	562 578	380 692	319 643	378 677	280 229	492 705	225 381	193 112	837 199	846 681	2 225 030	2 291 867
Other income	4 019	6 492	4	-1 333	3 107	17 327	2 440	2 263	4 250	2 043	13 821	26 792
EBITDA (1)	255 859	85 421	141 889	164 399	13 747	184 355	5 217	52 675	-8 254	-4 240	408 459	482 610
EBIT (1)	232 077	73 898	110 693	142 712	-3 534	173 882	-19 776	41 485	-10 599	-5 664	308 860	426 313
EBITDA %	45%	22%	44%	44%	5%	36%	2%	27%			18%	21%
EBIT %	41%	19%	35%	38%	-1%	34%	-9%	21%			14%	18%
Harvest volume tonnes GWT	8 526	6 409	5 391	6 387	4 587	7 290	3 297	2 482			21 802	22 568
EBIT/kg	27.22	11.53	20.53	22.35	-0.77	23.85	-6.00	16.72			14.17	18.89

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) Q2 2019 figures include IFRS 16 effects. Refer to Note 6 for further information.

Geographical segments	Rogaland		Finnmark		BC-Canada		Shetland-UK		Elim. /Others (2)		Group	
(NOK 1 000)	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018
Sales revenues	933 874	528 219	666 062	608 023	379 672	725 799	347 700	279 902	1 545 314	1 642 935	3 872 622	3 784 878
Other income	4 051	23 917	28	-870	3 107	17 327	2 953	4 581	6 563	5 821	16 702	50 776
EBITDA (1)	418 492	123 963	315 355	248 382	53 228	279 234	4 507	58 001	-24 346	-6 671	767 236	702 909
EBIT (1)	377 094	101 295	253 731	203 160	19 184	259 021	-44 688	34 391	-28 981	-9 485	576 340	588 383
EBITDA %	45%	22%	47%	41%	14%	38%	1%	20%			20%	18%
EBIT %	40%	18%	38%	33%	5%	35%	-13%	12%			15%	15%
Harvest volume tonnes GWT	14 257	8 704	11 111	10 565	6 149	11 049	5 086	3 683			36 603	34 001
EBIT/kg	26.45	11.64	22.84	19.23	3.12	23.44	-8.79	9.34			15.75	17.31

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

Net financial items (NOK 1 000)	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Changes in fair value from hedging instruments	638	-2 465	1 777	-575
Net financial interest*	-15 817	-15 544	-28 771	-32 207
Net currency gain (losses)	-18 165	-1 813	7 296	-13 422
Dividend	-	10	-	10
Net other financial income (expenses)	-965	-611	-2 112	-1 059
Net financial items	-34 309	-20 424	-21 810	-47 253

*Q2 and YTD 2019 include effect of IFRS, amounting to NOK -3 million and NOK -6 million, respectively. 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 Q2 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 a cash-flow based present value model. Changes to the model involve calculation techniques and do not represent a change in the accounting policy. For Q2 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. These fish are kept onshore. When the fish are 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, 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 not achieved this weight are classified as not harvestable (immature fish).

At the balance sheet date, uncertainty regarding the value of the mature fish mainly relates to realized prices and volume. For immature fish, the 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 in which the fish is expected to be harvested. The price/net sales value is adjusted for quality differences (superior, ordinary and production), logistics expenses and sales commissions. Estimated harvesting expenses are deducted.

	Tonnes				NOK 1 000			
	Q2 2019	YTD 2019	Q2 2018	YTD 2018	Q2 2019	YTD 2019	Q2 2018	YTD 2018
Biological assets beginning of period	59 930	56 399	58 421	54 677	3 446 345	3 195 142	3 084 902	2 698 352
Currency translation	-	-	-	-	-12 314	-1 455	2 644	-45 896
Increases due to production	19 855	42 736	16 448	33 807	828 105	1 573 224	635 598	1 299 517
Decreases due to sales/harvesting/mortality	-24 227	-43 576	-26 982	-40 594	-934 555	-1 484 152	-898 805	-1 322 946
Fair value adjustment beginning of period	n/a	n/a	n/a	n/a	-1 016 130	-971 309	-877 403	-682 088
Fair value adjustment period end	n/a	n/a	n/a	n/a	912 407	912 407	703 977	703 977
Biological assets period end	55 559	55 559	47 888	47 888	3 223 858	3 223 858	2 650 915	2 650 915

Biological assets 30.06.2019	Number of fish (1 000)	Biomass (tonnes)	Cost of production	Fair value adjustment	Carrying amount
Biomass onshore	25 603	531	151 593	-	151 593
Biological assets with round weight < 4.76 kg	32 254	46 064	1 882 199	805 923	2 688 123
Biological assets with round weight > 4.76 kg	1 777	8 964	277 658	106 484	384 142
Total	59 634	55 559	2 311 450	912 407	3 223 858
Biological assets 30.06.2018	Number of fish (1 000)	Biomass (tonnes)	Cost of production	Fair value adjustment	Carrying amount
Biomass onshore	26 332	604	130 267	-	130 267
Biological assets with round weight < 4.76 kg	26 265	41 602	1 672 553	590 268	2 262 821
Biological assets with round weight > 4.76 kg	1 051	5 682	144 119	113 709	257 828
Total	53 647	47 888	1 946 939	703 977	2 650 915

NOTE 5 FAIR VALUE ADJUSTMENTS

Fair value adjustment (NOK 1 000)	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Change in fair value adjustment of biological assets	-101 605	-177 505	-58 894	35 187
Change in physical delivery contracts related to fair value adjustments of biological assets	254	-750	458	-2 599
Change in fair value of financial derivatives from salmon (Fish Pool contracts)	14 841	-11 366	23 285	-43 862
Total recognized fair value adjustment of biological assets	-86 510	-189 621	-35 151	-11 273

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 319 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 YTD 2019
Non-current assets	3 588 929	319 054	3 907 983	82 873
Current assets	4 553 561	-	4 553 561	-
Total assets	8 142 490	319 054	8 461 544	82 873
Equity	3 883 511	-	3 883 511	-2 835
Non-current liabilities	2 491 251	236 580	2 727 831	50 445
Current liabilities	1 767 729	82 474	1 850 203	35 263
Total liabilities	4 258 979	319 054	4 578 033	85 708
Total equity and liabilities	8 142 490	319 054	8 461 544	82 873

Income statement (NOK 1 000)	Q2 2019 before IFRS 16 effect *	IFRS 16 effects Q2 2019	Q2 2019	YTD 2019 before IFRS 16 effect *	IFRS 16 effects YTD 2019	YTD 2019
Total revenues	2 238 850	-	2 238 850	3 889 324	-	3 889 324
Share of profit from associates	-2 307	-	-2 307	-1 885	-	-1 885
Raw materials and consumables used incl. change in inventories	-1 196 654	-	-1 196 654	-1 934 698	-	-1 934 698
Salaries and personnel expenses	-134 154	-	-134 154	-280 968	-	-280 968
Other operating expenses	-529 322	32 046	-497 276	-962 384	57 846	-904 538
EBITDA before fair value adjustment of biological assets	376 413	32 046	408 459	709 390	57 846	767 236
Depreciation and amortization	-68 885	-30 714	-99 599	-135 866	-55 030	-190 896
EBIT before fair value adjustment of biological assets	307 528	1 333	308 860	573 524	2 816	576 340
Fair value adjustment of biological assets	-86 510	-	-86 510	-35 151	-	-35 151
EBIT after fair value adjustment of biological assets	221 018	1 333	222 350	538 373	2 816	541 189
Net financial items	-31 230	-3 079	-34 309	-16 119	-5 691	-21 810
Profit before tax	189 788	-1 746	188 042	522 254	-2 875	519 379

* Figures are presented as if IAS 17 still applies

IFRS 16 provided a positive effect of NOK 32 million on EBITDA in Q2 2019, as operational lease expenses are replaced by depreciation of the right-of-use assets and interest on the lease liabilities. Depreciation increased by NOK 31 million, bringing the net positive effect on EBIT to NOK 1.3 million in Q2 2019. Financial expenses increased by NOK 3 million. The net negative effect on profit before tax amounted to NOK -1.7 million in Q2 2019. The adoption of IFRS 16 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 NET INTEREST-BEARING LIABILITIES 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 have 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.

At 30 June 2019, the Group had a good level of free liquidity and unutilized credit facilities, with available cash and credit facilities of NOK 918 million.

Net interest-bearing liabilities (NOK 1 000)	30.06.2019	30.06.2018	31.12.2018
Total non-current interest-bearing liabilities	1 940 919	1 555 658	1 601 174
Total current interest-bearing liabilities	801 564	801 295	795 166
Gross interest-bearing liabilities	2 742 483	2 356 953	2 396 340
Cash and cash equivalents	178 709	198 536	137 920
Loans to other companies	44 053	16 600	22 100
Net interest-bearing liabilities	2 519 722	2 141 817	2 236 320
Quote of factoring liabilities	513 722	614 638	573 377
Quote of Bremnes' share of cash OQ AS (40%)	-11 721	-34 543	-26 595
Quote of IFRS 16 lease liabilities	404 762	-	-
Net interest-bearing liabilities according to covenants	1 612 959	1 561 722	1 689 537
NIBD/EBITDA *	1.2	1.4	1.3

* 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.

At 30 June 2019, the equity share exclusive of Ocean Quality and IFRS 16 effects was 54% (2018: 51%).

The effect on net interest-bearing liabilities of adopting IFRS 16 amounted to NOK 405 million in Q2 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. Recognized share of profit in Q2 2019 was NOK -2 million and the book value was NOK 35 million at 30 June 2019.

At the end of Q2 2019, Grieg Seafood acquired 50% ownership stake of Nordnorsk Smolt AS, with Norway Royal Salmon AS (NRS) acquiring the remaining 50%. Total acquisition cost for the shares is NOK 2.5 million. The expansion of the smolt facility of Nordnorsk Smolt AS has been financed by loan from the shareholders during the development- and expansion period. The loan is expected to be converted to equity during the second half of 2019, to strengthen the balance sheet. Our first batch of high-quality post smolt from this facility is promising.

Planned production is approximately 800 tonnes of smolt per year. The acquisition of Nordnorsk Smolt AS is in line with Grieg Seafood's post-smolt production strategy and will secure access to post smolt and contribute to an improved optimization of the production.

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 30.06.2019	No. of shares	Shareholding
Board of directors		
Per Grieg jr.	58 961 996	52.80%
Asbjørn Reinkind (Reinkind AS)	120 000	0.11%
Wenche Kjølås (Jawendel AS) (Board member to 13 June 2019)	7 000	0.01%
Karin Bing Orgland	-	-
Solveig Nygaard	-	-
Tore Holand	-	-
Sirine Fodstad (Board member from 13 June 2019)	-	-
Group management		
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)	7 283	0.01%
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)	6 324	0.01%
Total shares controlled by board members and management	59 238 749	53.05%

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%
Total shares owned by Per Grieg jr. and closely related	58 961 996	52.80%

NOTE 10 SHARE CAPITAL AND SHAREHOLDERS

At 30 June 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
Total	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
Total excl. treasury shares		441 734	110 433 576

The 20 largest shareholders in Grieg Seafood ASA at 30.06.2019	No. of shares	Shareholding
Grieg Aqua AS	56 018 799	50.17%
OM Holding AS	5 869 379	5.26%
Folketrygdfondet	3 827 350	3.43%
Ystholmen Felles AS	2 928 197	2.62%
State Street Bank and Trust Comp	1 872 511	1.68%
Verdipapirfondet Pareto Investment	1 843 000	1.65%
J.P. Morgan Bank Luxembourg S.A.	1 807 971	1.62%
Verdipapirfondet Alfred Berg Gamba	1 800 796	1.61%
Pictet & Cie (Europe) S.A.	1 366 774	1.22%
Clearstream Banking S.A.	1 284 885	1.15%
Grieg Seafood ASA	1 228 424	1.10%
Handelsbank Nordiska Smabolagsfond	1 007 190	0.90%
JPMorgan Chase Bank, N.A., London	900 220	0.81%
Société Générale	845 530	0.76%
State Street Bank and Trust Comp	774 411	0.69%
State Street Bank and Trust Comp	701 943	0.63%
BNP Paribas Securities Services	700 000	0.63%
UBS Switzerland AG	630 689	0.56%
State Street Bank and Trust Comp	623 472	0.56%
JPMorgan Chase Bank, N.A., London	595 071	0.53%
Total 20 largest shareholders	86 626 612	77.58%
Total others	25 035 388	22.42%
Total number of shares	111 662 000	100.00%

NOTE 11 ALTERNATIVE PERFORMANCE MEASURES (APM)

APM	Definition and calculation	Reason for applying APM
EBIT 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.
EBITDA 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.
EQUITY RATIO 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.
NIBD	<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.
ROCE	<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.
EPS 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. 849 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.

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038 MVA

BOARD OF DIRECTORS GRIEG SEAFOOD ASA

Per Grieg jr.

Chair

Asbjørn Reinkind

Vice chair

Karin Bing Orgland

Board member

Solveig Nygaard

Board member

Tore Holand

Board member

Sirine Fodstad (from 13 June 2019)

Board member

GROUP MANAGEMENT

Andreas Kvame

CEO

Atle Harald Sandtorv

CFO

Knut Utheim

COO

Kathleen O. Mathisen

CHRO

FINANCIAL CALENDAR

Q3 2019

7 November 2019

Q4 2019

13 February 2020

The Company reserves the right to make amendments to the calendar.

