



Grieg Seafood ASA – Quarterly report Q3 2018

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. Approximately 780 people are employed by the Group. 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.

Highlights

- Continued high prices on strong demand
- EBIT/kg NOK 9.43
- Strong biological performance in Finnmark
- Good production in Rogaland, planned low harvest volume in the quarter affecting EBIT/kg
- Higher cost in BC and Shetland due to biological challenges
- Two new locations granted in Finnmark in October
- Estimated harvest for 2018 maintained at 75 000 tonnes
- Expect harvest volume of 82 000 tonnes in 2019
- Dividend of NOK 2 per share

CEO comment

«During the third quarter, we had challenges with gill-related diseases in Shetland and algal blooms in BC, which resulted in reduced survival and higher cost in these regions. Our Norwegian operations performed better than anticipated, with good biological performance and decreasing cost. Our objective is to ensure sustainable growth by combining great people, nature and technology. Looking ahead, Grieg Seafood plans to grow harvest volumes and improve profitability, and our target of 100 000 tonnes harvested in 2020 with cost at or below industry average remains», says CEO Andreas Kvame.

Guiding

The current situation, with limited supply growth and strong underlying demand, is expected to continue. In addition, a rise in demand due to the Christmas season will most likely contribute to strong market prices for the last quarter of 2018.

Grieg Seafood expects to harvest approximately 24 100 tonnes in Q4 2018, totaling 75 000 tonnes for the full year 2018, corresponding to an increase of 20% from 2017. Expected harvest volume for 2019 is 82 000 tonnes.

Key figures Grieg Seafood Group

All figures in NOK 1 000	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Operating income	1 588 562	1 854 905	5 424 216	5 306 480
EBITDA (1)	218 952	280 131	921 861	899 959
EBIT (2)	159 748	229 327	748 131	753 072
Profit before tax incl. fair value adjustment	307 788	258 174	837 645	505 199
Harvest volume (tonnes GWT)	16 941	16 875	50 942	43 931
EBIT/kg (NOK)	9.43	13.59	14.69	17.14
Total assets	7 572 857	6 809 699	7 572 857	6 809 699
Net interest-bearing debt (3)	1 383 485	928 066	1 383 485	928 066
Equity	3 695 967	3 216 111	3 695 967	3 216 111
Equity % (4)	49%	47%	49%	47%
ROCE % (5)	13%	24%	20%	27%
Dividend per share (NOK)	0.00	0.00	2.00	3.00
Earnings per share (NOK)	2.00	1.65	5.49	3.23

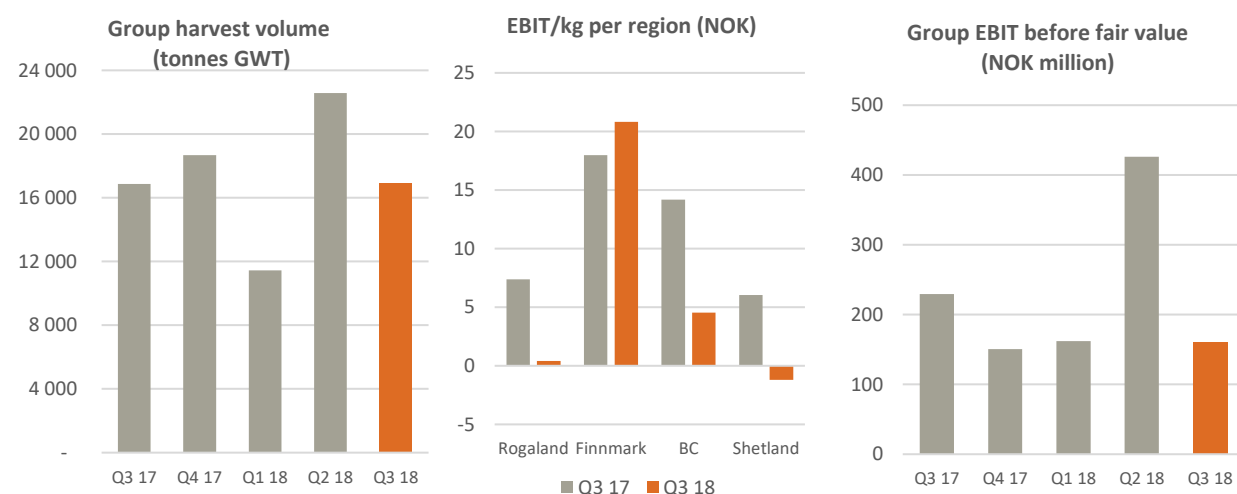
1) The calculation is based on EBITDA before fair value adjustment of biological assets. See note 10 for information.

2) EBIT is before fair value adjustment of biological assets. See note 10 for information.

3) NIBD excluded factoring. Total net interest-bearing debt is NOK 1 792 361 000, factoring included. Please refer to note 6 for more information.

4) Equity ratio according to covenants definition is 53%. See note 6 for information.

5) Return on average capital employed (ROCE): See note 10 for information.



Group financials

Profit and loss third quarter 2018

The Grieg Seafood Group harvested 16 941 tonnes of salmon in Q3 2018, compared to 16 875 tonnes in Q3 2017.

The average spot price (Nasdaq Salmon Index) for the period was NOK 54.07 per kg, down by NOK 1.74 per kg compared to the same period in 2017. The average realized price for Grieg Seafood was down by NOK 1.38 per kg comparing these quarters.

Grieg Seafood's total operating income in Q3 2018 amounted to NOK 1 589 million, a reduction of 14% compared to the same period last year.

The farming cost (total cost related to fish harvested this quarter) increased by NOK 1.11 per kg compared to the same quarter last year. This is mainly related to reduced survival towards the end of the quarter due to algae incidents in BC and gill-related diseases on Shetland.

The Group's EBIT before fair value adjustment of biological assets was NOK 160 million during the quarter, compared to NOK 229 million in the same quarter of 2017. EBIT per kg amounted to NOK 9.43 for the period, down from NOK 13.59 in Q3 2017.

EBIT per region for Q3 2018

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Rogaland	0.6	12.4	101.9	364.5
Finnmark	174.5	151.9	377.7	248.0
BC	12.0	33.3	271.0	101.2
Shetland	-5.5	26.5	28.9	39.0
ASA/ eliminations	-27.3	-5.4	-46.9	-25.6
GSF EBIT	154.4	218.8	732.7	727.0
NCI*	5.4	10.5	15.4	26.0
GSF Group	159.7	229.3	748.1	753.0

* Non-controlling interest

EBIT from the four regions includes value creation from the respective sales activities of the Group's jointly-owned sales company, Ocean Quality.

Q3 2018 profit was positively affected by total fair value adjustments of NOK 154 million due to higher volume of fish at sea and higher forward prices, yielding an EBIT after fair value adjustment of biological assets of NOK 314 million. In Q3 2017, fair value adjustments were NOK 53 million and EBIT after fair value adjustment of biological assets was NOK 282 million.

Net financial items were NOK -6 million for the quarter, resulting in a pre-tax profit of NOK 308 million. In Q3 2017, net financial items amounted to NOK -24 million and pre-tax profit ended at NOK 258 million.

Tax for the period was estimated to NOK -83 million, with profit after tax of NOK 225 million. In Q3 2017, the tax expense was NOK -68 million, and profit after tax amounted to NOK 190 million.

Cash flow and financial position

(Figures from the corresponding period of 2017 in brackets)

The Grieg Seafood Group had a net cash flow from operations of NOK 526 million in Q3 2018 (417). The increased cash flow is mainly a result of sound operational profitability. Change in working capital during the quarter was NOK 306 million (-192). The net cash flow from operations for year to date (30.09) of 2018 was NOK 878 million (748).

Net cash flow from investment activities was NOK -165 million for the quarter (-114), consisting of investments of NOK -155 million (-121). The investments comprise a combination of maintenance and growth, including increased sea and smolt capacity. Net cash flow from investment activities for the first nine months of the year includes acquisition of licenses of NOK 57 million and totaled NOK -608 million (-375).

Net cash flow from financing activities in the third quarter was NOK -356 million (-414). The Group's interest-bearing debt had a net reduction of NOK -344 million during the quarter. The net cash flow from financing activities for the first nine months of the year was NOK -336 million (-535).

The net change in cash and cash equivalents was positive NOK 6 million (-111) for the quarter and at the end of the period, the Group had cash holdings of NOK 204 million (342). Year to date (30.09) 2018 the net change in cash and cash equivalents was NOK -66 million (-162).

As at 30 September 2018, the book value of total assets was NOK 7 573 million, up from NOK 6 810 million at the same time in 2017. Total equity amounted to NOK 3 696 million (3 216), corresponding to an equity ratio of 49% (47%).

The Group had a good level of free liquidity and unutilized credit facilities at the end of the quarter, with available bank credit frame of NOK 983 million. Net interest-bearing debt excluding factoring debt was NOK 1 424 million, compared to NOK 975 million at the same time last year. Factoring amounted to NOK 409 million at period-end, compared to NOK 501 million at the same period last year.

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 the second quarter of 2018, a dividend of NOK 2.00 per share was paid out for 2017. This corresponds to 37% of 2017 profit after tax and fair value adjustment of biological assets. The Board is authorized by the

Annual General Meeting to approve distribution of dividends during the fiscal year. Based on the financial position and the market outlook, the Board has decided to pay a dividend of NOK 2.00 per share.

Grieg Seafood is planning to make investments totaling NOK 650 million in 2018. This is approximately NOK 400 million above the standard level of maintenance investments. 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.

Strategic priorities and focus areas

Grieg Seafood's objective is to ensure sustainable growth in the years ahead by combining great people, nature and technology. The goal is to increase 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/kg by 2020. We believe this is possible by improving utilization of current capacity, reduce production time in sea, optimal feeding, preventive sea lice measures and by using digital tools. To ensure progress towards our goals, we have initiated the GSF 2020 improvement program, with specific targets and initiatives for each region.

Sustainability

We believe in sustainable and long-term value creation and our overall target goes beyond short-term operational profitability. Balancing growth and innovation with environmental sustainability is a key priority, and the salmon farming industry needs to solve several biological challenges to remain sustainable. Several of the 17 of the United Nations sustainable development goals (UN SDGs goals) are relevant to our production, but we have adopted and will focus on the four goals where we believe we can achieve the greatest impact. Grieg Seafood is also an active member of the Global Salmon Initiative (GSI), demonstrating our commitment to transparency to reach a shared goal of producing a sustainable and healthy product. We work towards Aquaculture Stewardship Council (ASC) global standards for sustainable seafood production, and currently hold four ASC certifications. We believe in an information revolution that will transform our common understanding of the ocean and life below the surface. Through our digitalization strategy, GSF Precision Farming, we intend to take a leading role in utilizing new technology and data to make better and more sustainable decisions.

Digitalization

GSF Precision Farming will change the way we operate. By applying advanced sensor systems, big data, artificial intelligence and automation, we aim to generate actionable insights to increase yield and resource efficiency, thereby reducing cost. We have set up a pilot for an integrated operations center in Rogaland, where we are utilizing sensor data for real-time monitoring in the nets at sea. In BC, we are

correlating satellite pictures with digital processing of water samples and environmental parameters to optimize feeding. Grieg Seafood is also taking a leading role in the industry collaboration project AquaCloud, with NCE Seafood Innovation Cluster to predict sea lice outbreaks.

Post smolt strategy

Access to high quality smolt is critical to ensure future growth. Through investments in post smolt production, Grieg Seafood aims to improve biology, increase productivity and reduce cost. The main effect from larger smolt is increased robustness and shorter time to reach harvest size. The combination of stronger fish and reduced exposure to biological risk will improve biology and increase survival rates. The average weight of our smolt was 144 grams in 2017 and we target smolt stocking of an average weight of 230 grams in 2020. During the third quarter, 7 million smolt was transferred to sea, with a total estimate of 26 million for the year.

Biosecurity and welfare

Biosecurity and fish welfare is vital to securing sustainable growth and high harvest quality. We aim to achieve strong biological performance through implementation of a broad range of technological and operational initiatives, including post smolt strategy, GSF Precision Farming and preventive measures for sea lice and algae issues. Our main biological challenges are sea lice, harmful plankton, oxygen levels, gill disease, pancreas disease (PD) and low seawater temperatures. We use cleaner fish in all regions as preventive sea lice measures in addition to sea lice skirts. In BC and Shetland, we analyze daily water samples by using sensor technology and advanced image analysis, to enable early identification of species, prevalence and depth distribution of algae. We also use aeration systems that reduces risk of algal issues and increases survival during harmful algal bloom (HAB) events.

Expansion opportunities

Our goal of harvesting 100 000 tonnes in 2020 will be secured by improved utilization of existing capacity, driven by post smolt strategy, digital salmon farming and improved biosecurity and fish welfare. Flexibility is a requirement to achieve better utilization of our capacity, and we continuously aim to maintain and improve cooperation with local communities and authorities to ensure access to new, good locations. We have applied for four new locations in Finnmark and have received final approval of two of these locations. We are expanding our smolt facilities in Finnmark, Rogaland and BC. Our application for 10 development licenses related to the offshore fish farming concept "Blue Farm" was unfortunately turned down in October 2018. To secure sustainable growth longer term, additional opportunities will be pursued, including acquisitions, joint ventures and development of new concepts.

Operational review

Rogaland

Operational results

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Revenues	75.7	101.0	603.9	931.1
EBITDA	12.8	21.5	136.8	391.2
EBIT	0.6	12.4	101.9	364.5
Harvest volume (tonnes GWT)	1 403	1 687	10 107	13 834
EBIT/ kg (NOK)	0.42	7.37	10.08	26.35

Harvest volume in Rogaland was 1 403 tonnes in Q3 2018 and according to plan, compared to 1 687 tonnes in Q3 2017.

Sales revenue for the period amounted to NOK 75.7 million, down from NOK 101.0 million in the same period in 2017. The majority of the volume harvested was PD-affected fish, with downgraded quality and low average weight, contributing to low price achievement.

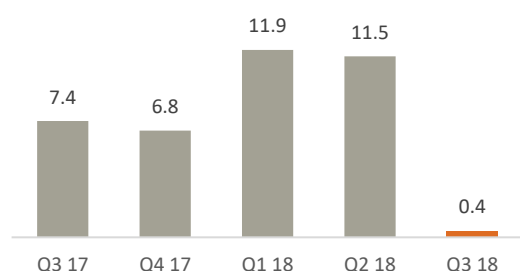
Low harvest volume and PD-affected fish with high feed conversion rate contributed to high cost per kg in the period. The biological performance of the fish of the new generation has been good, and cost declined compared to last quarter and the same period last year.

The generation with challenges due to PD was completely harvested during the quarter, and less downgrading is expected going forward. This will affect the feed conversion rate, reducing the cost and improving the quality.

The expected harvest volume for Rogaland remains unchanged at 16 000 tonnes for the year.

EBIT before fair value adjustment of biological assets amounted to NOK 0.42 per kg in the period, compared to NOK 7.37 kg in the same period of 2017.

EBIT/kg (NOK) region Rogaland



Operational priorities

Sea lice remains a challenge to the salmon farming industry, an issue Grieg Seafood actively works to mitigate. Over time, we have invested in increased capacity of non-chemical treatments and is well equipped and prepared for the handling of sea lice incidents. In Rogaland, the use of cleaner fish represents an important tool in the fight against sea lice. The sea lice pressure during this quarter was on a similar level as the same period last year, and additional lice treatments was carried out in the beginning of the quarter. In general, the use of wrasse has provided a good preventive measure. PD has also been a challenge in this region, and at the end of the third quarter, two sites were affected by PD compared to six sites at the same time last year.

Grieg Seafood Rogaland aims to reduce the production time in sea from 18 to 12 months, with an average smolt size increasing from 200 grams in 2018 to 500 grams in 2020. Larger smolt size will significantly reduce seawater production time, making the fish less exposed to challenges such as sea lice. The smolt facility at Trosnavåg, with an annual capacity of 1 300 tonnes, delivered 1.8 million smolt with an average size of 192 grams to sea during Q3 2018. Grieg Seafood Rogaland is also collaborating with Bremnes Fryseri and Vest Havbruk to produce large size smolt of 700 - 1 000 grams. Through Tytlandsvik Aqua, the partners plan for an annual production capacity of 3 000 tonnes, of which Grieg Seafood's share of the volume is 50%. The expansion, budgeted at NOK 300 million shared by the three companies, will be completed towards the end of the year. Grieg Seafood Rogaland expects to receive 1 000 tonnes of smolt from Tytlandsvik Aqua in 2019. Tytlandsvik Aqua has potential for further expansion of 6 000 tonnes.

An integrated operations center was recently launched in Rogaland, and four sites are currently being monitored and fed from this center. The data gathered at the operation center supports decision making at the sites. Centralizing tasks such as feeding and camera surveillance also frees up time for employees to focus on fish welfare. Full coverage of all sites in Rogaland is expected by end of 2019.

Precision farming will ensure better feeding, leading to increased growth. Combined with efforts to increase smolt size to reduce production time in sea, it is expected to increase harvest volumes and lower cost per kg. Grieg Seafood Rogaland targets a harvest volume of 25 000 tonnes with production cost of NOK 36/kg in 2020.

2.7 million smolt was transferred to sea during the third quarter with an average weight of 179 grams. Deliveries so far in 2018 was 3.3 million, and a total of 5.8 million smolt is expected to be transferred to sea by the end of the year.

Finnmark

Operational results

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Revenues	469.0	486.3	1 077.0	846.2
EBITDA	197.2	170.4	445.6	302.7
EBIT	174.5	151.9	377.7	248.0
Harvest volume (tonnes GWT)	8 384	8 448	18 950	14 205
EBIT/ kg (NOK)	20.82	17.98	19.93	17.46

In Finnmark, Grieg Seafood harvested 8 384 tonnes during the third quarter 2018, slightly less than the same quarter last year.

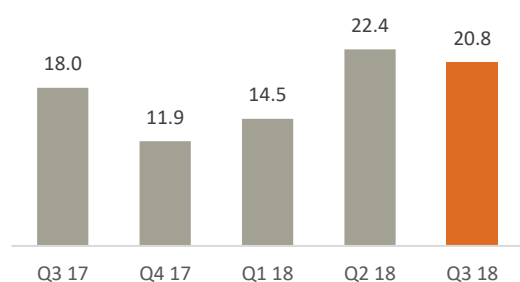
Sales revenues for the quarter amounted to NOK 469.0 million, compared to NOK 486.3 million in Q3 2017. The price achievement has been good, reflecting the overall high quality of the harvested fish.

The biological performance has been better than expected, and the cost per kg continued to decline during the quarter.

The guided harvest volume for the year remains unchanged at 29 500 tonnes at a stabilized cost level.

EBIT before fair value adjustment of biological assets was NOK 20.82 per kg in Q3 2018, compared to NOK 17.98 per kg in the corresponding quarter last year.

EBIT/kg (NOK) region Finnmark



Operational priorities

Grieg Seafood Finnmark farms its salmon in beneficial biological conditions – the seawater temperatures are an advantage and the interconnectivity between the sites is low. There is high focus on improving fish welfare and safeguarding survival rates, and camera surveillance and sensor technology is utilized to continuously monitor the environment. Sea lice is not considered a main biological challenge and during the third quarter the sea lice situation was stable. Sea lice skirts and cleaner fish are the main measures to prevent sea lice in Finnmark.

Two sites were certified by ASC (Aquaculture Stewardship Council) during the quarter, bringing total ASC certification to four sites and confirming the effects of efforts towards sustainable production.

Access to high quality smolt is key to ensuring production growth with sustainable biology. The capacity of the smolt facility at Adamselv in Finnmark will be increased from 800 to 1 600 tonnes and is expected to be completed by the end of 2018.

Efforts to improve smolt quality over the last few years are now paying off. The number of smolt going to sea is increasing and is expected to provide higher growth and lower costs going forward. 2.2 million smolt were transferred to sea during the third quarter. Total deliveries year to date is 4.3 million with an average weight of 139 grams, and the total expected smolt output is 8.8 million for the year.

Grieg Seafood Finnmark is continuously considering expansion opportunities, which is crucial for flexible biological planning. The local authorities recently granted two new locations in the area of Nordkapp, which will serve to improve capacity utilization in Finnmark.

Grieg Seafood Finnmark targets a harvest volume of 38 000 tonnes with production cost of NOK 36/kg in 2020.

British Columbia (BC)

Operational results

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Revenues	162.1	137.5	887.9	425.0
EBITDA	23.9	43.3	303.2	125.7
EBIT	12.0	33.3	271.0	101.2
Harvest volume (tonnes GWT)	2 642	2 350	13 691	6 978
EBIT/ kg (NOK)	4.55	14.18	19.80	14.50

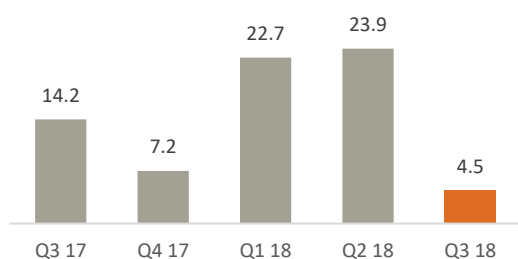
In BC (Canada), the harvested volume in Q3 was 2 642 tonnes, compared to 2 350 tonnes in Q3 2017.

Sales revenue for the quarter was NOK 162.1 million, up from NOK 137.5 million in the same quarter of 2017. Although the overall price achievement was good, the quality of the fish harvested towards the end of the quarter was low due to quality issues related to early maturity and challenges related to algae.

During the quarter, Grieg Seafood BC experienced recurring incidents of harmful algal bloom (HAB) in one operating area, resulting in reduced survival and higher cost. A write-down of NOK 30 million was recognized in Q3, affecting the EBIT by NOK 11.36/kg.

EBIT before fair value adjustment of biological assets was NOK 4.55 per kg for Q3 2018, compared to NOK 14.18 per kg for the corresponding period in 2017.

EBIT/kg (NOK) region British Columbia (BC)



Operational priorities

Access to high quality smolt is key to ensuring production growth with sustainable biology. Smolt production is progressing according to plan, and 2.8 million smolt have been released to sea so far in 2018, with an average size of 115 grams. During the third quarter 630 000 smolt were transferred to sea, and the expected smolt output for the year is 6.5 million. The capacity of the Golden River smolt facility is 4 million smolt with average weight of 120 grams. As part of the region's smolt strategy, a decision was made in Q3 to expand the Golden River facility and increase production by 400 tonnes. The investment is estimated to be NOK 50 million, and the expansion is expected to take full effect in 2020, at which time the region will be self-sufficient in terms of smolt deliveries.

Harmful algae presence is a risk in BC. Over the last year, several measures have been implemented to ensure continued improvements to sea production. Grieg Seafood BC uses technology to monitor and analyze algae movements and oxygen levels. Aeration systems have been implemented to allow for feeding in marginal situations and have led to improved survival rates during HAB events. Combined with feeding hubs and advanced feeding systems, this provides an improved basis for decision making and optimized feeding.

As a result of the region's strong algae preparedness, the current algae situation has been stabilized. The algae blooms have not had a material effect on the harvest plan and total harvest is still expected at 17 500 tonnes for 2018. However, lower quality and downgrading will affect the results also in the fourth quarter. The HAB incidents during the year has not impacted the region's 2020 ambitions. Grieg Seafood BC will continue to grow harvest volumes and reduce costs, targeting a harvest volume of 20 000 tonnes with production cost of NOK 39/kg in 2020.

Shetland

Operational results

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Revenues	274.9	265.9	554.8	560.3
EBITDA	5.5	38.4	63.5	75.8
EBIT	-5.5	26.5	28.9	39.0
Harvest volume (tonnes GWT)	4 511	4 391	8 194	8 915
EBIT/ kg (NOK)	-1.21	6.03	3.53	4.37

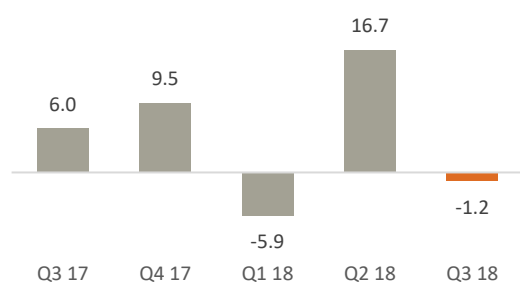
The harvested volume in Q3 was 4 511 tonnes, compared to 4 391 tonnes in the corresponding quarter last year.

Total sales revenue in the quarter amounted to NOK 274.9 million compared to NOK 265.9 million in Q3 2017. Towards the end of the quarter, the region experienced complex gill-related diseases, resulting in early harvest, size variations and lower quality. This led to lower price achievement on parts of the volume in the quarter.

The gill-related diseases in combination with sea lice treatments reduced the survival rate and increased the cost during the quarter. As a result, Grieg Seafood Shetland took a write-down of NOK 19 million towards the end of Q3, affecting the EBIT by NOK 4.21/kg.

EBIT before fair value adjustment of biological assets was negative with NOK -1.21 per kg for the quarter, compared to NOK 6.03 per kg in Q3 2017.

EBIT/kg (NOK) region Shetland



Operational priorities

The aquaculture industry in Shetland has over time endured biological challenges. The industry is collaborating to mitigate these challenges and Grieg Seafood Shetland continues to cooperate closely with the other sea farmers in the region to establish a long-term, stable and sustainable marine biology. Production is focused on the best sites with the strongest possible biological control. Routines and systems, similar to those applied at Grieg Seafood BC, have been implemented for the monitoring of algae- and oxygen levels. Other prioritized measures to ensure strong biosecurity, improved fish welfare and control of the sea lice situation include the use of aeration systems, fresh water treatments, sea lice skirts and cleaner fish.

The root cause of the gill-related diseases is being investigated and the fish at sea is continuously being monitored to enable the rapid implementation of counter-measures. The underlying production in Shetland is as expected, but the production cost will remain high. The estimated harvest volume for the full year 2018 remains unchanged at 12 000 tonnes.

The current challenges related to gill diseases and reduced survival are not expected to affect the region's 2020 ambitions. Grieg Seafood Shetland targets a harvest volume of 17 000 tonnes with a production cost of NOK 43/kg in 2020.

1.5 million smolt was transferred to sea during the third quarter with an average weight of 148 grams. Total deliveries year to date is 3.3 million, with an average weight of 133 grams. By the end of the year, a total of 5 million smolt is estimated to have been transferred to sea.

Ocean Quality Group

Ocean Quality is the sales organization of Grieg Seafood and Bremnes Fryseri, with an ownership of 60% and 40%, respectively. All fish produced by Grieg Seafood is sold by Ocean Quality with the purpose of generating a positive margin against the market price for salmon. Total volume sold during Q3 2018 was 25 472 tonnes, which is a reduction of 15% compared to the same period last year.

Related parties' transactions

There have been no transactions with related parties which affect the financial results for the third quarter. Please see note 8 for further information.

Subsequent events

Grieg Seafood Finnmark was granted two new locations in October. No other significant events have been recorded after the balance sheet date.

Share information

At the end of Q3 2018, Grieg Seafood had a total of 110 412 000 outstanding shares, divided between 4 740 shareholders. The Grieg Group controls 52.80% of the Grieg Seafood Group. The 20 largest shareholders account for 75.64% of Grieg Seafood.

Please refer to note 9 for further information about the shareholders.

Market development

Salmon prices were volatile in the third quarter of 2018. The average price level was down by NOK 14.0 compared to Q2 2018 and down by NOK 1.74 compared by Q3 2017. The salmon supply in the quarter has been higher compared to Q3 2017, which in relation to the high average prices confirms the strong underlying demand for farmed salmon.

Outlook

The Group's total share of fixed price contracts in Norway in Q3 2018 was 31%. For Q4 the share of fixed price contracts is estimated to be 24%, with an estimate of 31% for the full year.

The current situation, with limited supply growth and strong underlying demand, is expected to continue into 2019. In addition, a rise in demand due to the Christmas season will most likely contribute to strong market prices for the last quarter of 2018.

Grieg Seafood expects to harvest approximately 24 100 tonnes in Q4 2018, resulting in a total of 75 000 tonnes for the full year 2018. This is an increase of 20% from 2017. Expected harvest volume for 2019 is 82 000 tonnes.

In Q3 2018, 7 million smolt were transferred to sea and an additional 12 million is expected to be transferred in Q4. For 2018, total smolt output will be 26 million and the same level is expected in 2019. The stocking of larger smolt will also be an important measure to ensure increased production over the coming years, supporting Grieg Seafood's 2020 ambitions to harvest 100 000 tonnes with cost at or below industry average.

For further information please refer to www.griegseafood.com.


The Board of Directors and CEO
Bergen, 7 November 2018


Asbjørn Reinkind
Vice chair


Per Grieg jr.
Chair


Wenche Kjøllås
Board member


Karin Bing Orgland
Board member


Solveig Nygaard
Board member


Tore Holand
Board member


Andreas Kvame
CEO

Financial statements

Profit and loss

All figures in NOK 1 000	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Sales revenues	1 584 480	1 854 499	5 369 359	5 301 254
Other operating income	4 082	406	54 857	5 226
Operating income	1 588 562	1 854 905	5 424 216	5 306 480
Share of profit from ass. companies	-858	-325	-1 528	-325
Change in inventories	322 726	106 856	305 969	183 426
Raw materials and consumables used	-1 071 156	-1 084 166	-3 020 739	-3 025 857
Salaries and personnel expenses	-137 259	-121 371	-390 499	-344 660
Other operating expenses	-483 062	-475 768	-1 395 557	-1 219 104
EBITDA before fair value adjustment of biological assets	218 952	280 131	921 861	899 959
Depreciation and amortization of tangible assets	-57 854	-49 597	-169 707	-143 388
Amortization of intangible assets	-1 350	-1 207	-4 024	-3 499
EBIT before fair value adjustment of biological assets	159 748	229 327	748 131	753 072
Fair value adjustment of biological assets	154 236	53 132	142 963	-220 008
EBIT after fair value adjustment of biological assets	313 984	282 459	891 093	533 065
Net financial items	-6 196	-24 285	-53 449	-27 866
Profit before tax	307 788	258 174	837 645	505 199
Estimated taxation	-83 242	-67 690	-219 646	-128 167
Profit after tax	224 546	190 483	617 999	377 031
Attributable to:				
Profit attributable to non-controlling interest	4 139	7 987	11 880	20 520
Profit attributable to owners of Grieg Seafood ASA	220 407	182 497	606 119	356 512
Dividend declared and paid per share (NOK)	0.00	0.00	2.00	3.00
Earnings per share (NOK)	2.00	1.65	5.49	3.23

Statement of Comprehensive Income

All figures in NOK 1 000	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Profit for the period	224 546	190 483	617 999	377 031
Other comprehensive income:				
<i>Items to be reclassified to profit or loss in subsequent periods</i>				
Currency translation differences, subsidiaries	15 820	-5 145	-20 917	1 177
Currency effect of net investments	1 513	-9 951	-24 040	2 446
Tax effect of net investments	-348	2 388	5 529	-587
Changes in fair value of cash flow hedges (currency contracts)	3 623	15 447	20 296	-9 248
Income tax effect fair value of cash flow hedges	-833	-3 707	-4 668	2 219
Adjustment financial assets	28	0	28	10
<i>Items not to be reclassified to profit or loss in subsequent periods</i>				
Other gain or losses	0	0	0	0
Total recognized income for the period	19 803	-968	-23 772	-3 983
Total comprehensive income for the period	244 349	189 515	594 227	373 048
<i>Attributable to:</i>				
Profit attributable to non-controlling interests	6 204	14 306	20 533	16 646
Profit attributable to owners of Grieg Seafood ASA	238 145	175 210	573 694	356 403

Financial position

All figures in NOK 1 000	30.09.2018	30.09.2017	31.12.2017
ASSETS			
Goodwill	108 605	108 647	109 038
Licenses	1 113 934	1 060 557	1 068 552
Other intangible assets	20 252	17 518	18 384
Deferred taxes	3 623	1 557	3 574
Property, plant and equipment	2 204 260	1 722 233	1 871 804
Investments in associated companies	27 922	9 675	9 450
Other current receivables	1 345	14 239	1 317
Total non-current assets	3 479 941	2 934 427	3 082 121
Inventories	88 901	78 528	92 262
Biological assets	2 121 878	1 897 291	2 016 263
Fair value biological assets	863 428	604 704	682 089
Accounts receivable	614 137	740 020	761 407
Other current receivables	197 475	213 118	198 527
Derivates and other financial instruments	2 911	0	48 232
Cash and cash equivalents	204 185	341 612	271 715
Total current assets	4 092 916	3 875 273	4 070 494
Total assets	7 572 857	6 809 699	7 152 615
EQUITY AND LIABILITIES			
Share capital	446 648	446 648	446 648
Treasury shares	-5 000	-5 000	-5 000
Retained earnings and other equity	3 215 066	2 734 200	2 862 716
Total shareholders of GSF	3 656 714	3 175 847	3 304 364
Non-controlling interests	39 253	40 264	43 541
Total equity	3 695 967	3 216 111	3 347 905
Deferred tax liabilities	939 786	802 150	721 689
Other obligations	8 275	15 378	8 848
Subordinated loans	13 798	15 100	15 353
Borrowings and leasing	1 370 714	1 120 182	1 393 587
Total non-current liabilities	2 332 573	1 952 810	2 139 476
Current portion of long term borrowings and leasing	222 856	158 333	157 225
Factoring debt	408 876	500 714	500 976
Accounts payable	591 413	615 852	585 378
Tax payable	126 279	151 832	157 244
Derivates and other financial instruments	4 129	19 326	28 462
Other current liabilities	190 765	194 720	235 949
Total current liabilities	1 544 318	1 640 778	1 665 233
Total liabilities	3 876 891	3 593 588	3 804 710
Total equity and liabilities	7 572 857	6 809 699	7 152 615

Changes in equity

All figures in NOK 1 000	Q3 2018 CI*	Q3 2018 NCI**	YTD 2018 CI*	YTD 2018 NCI**
Equity at period start	3 420 376	33 049	3 304 364	43 541
Profit for the period	220 407	4 139	606 119	11 880
Comprehensive income for the period	17 738	2 065	-32 425	8 653
Total recognized income for the period	238 145	6 204	573 694	20 533
Paid dividend	0	0	-220 824	0
Dividend to non-controlling interest	0	0	0	-24 821
Currency effect on share capital increase	-1 807	0	-520	0
Total equity to shareholders in the period	-1 807	0	-221 344	-24 821
Total change of equity in the period	236 338	6 204	352 350	-4 288
Equity at period end	3 656 714	39 253	3 656 714	39 253

*) Controlling interest: Shareholders of GSF ASA

**) Non-controlling interest

Cash Flow Statement

All figures in NOK 1 000	Q3 2018	Q3 2017	YTD 2018	YTD 2017
EBIT after fair value adjustment of biological assets	313 984	282 459	891 093	533 065
Taxes paid	-392	-88	-29 191	-16 971
Adjustment for fair value	-154 236	-53 132	-142 963	220 008
Adjustment for depreciation and impairment	59 204	50 804	173 731	146 887
Adjustment for income/loss from associated companies	858	325	1 528	325
Change in inventory, trade payables and trade receivables	306 016	191 711	52 101	-118 498
Gain/-loss on sale of property, plant and equipment	0	515	-209	661
Other adjustments	1 006	-55 167	-68 550	-17 809
Cash flow from operations	526 441	417 427	877 542	747 668
Capital expenditure of fixed assets	-154 781	-121 493	-587 871	-358 642
Proceeds from sale of fixed assets	0	3 145	328	2 142
Investment in shares in subsidiaries and ass. Companies	-10 000	0	-20 000	-10 000
Change in other non-current receivables	-28	3 882	-28	-8 627
Cash flow from investments	-164 809	-114 466	-607 572	-375 127
Net changes in interest-bearing debt incl. factoring	-343 594	-392 630	-37 714	-122 250
Paid dividends	0	0	-220 824	-331 236
Paid dividends to non-controlling interests	0	0	-24 821	-32 561
Net interest and financial items	-12 199	-21 818	-52 542	-48 711
Cash flow from financing	-355 794	-414 448	-335 902	-534 758
Changes in cash and cash equivalents in the period	5 838	-111 487	-65 932	-162 217
Cash and cash equivalents - opening balance	198 536	454 705	271 715	503 613
Currency effect on cash	-189	-1 606	-1 599	216
Cash and cash equivalents - closing balance	204 185	341 612	204 185	341 612

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 third quarter of 2018 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 most recent annual report (2017). The quarterly report is unaudited.

IFRS 9 and IFRS 15 took effect as of 1 January 2018. The Group has implemented the new standards effective as of 1 January 2018, without any significant impact on the result for the third quarter of 2018. There are no other significant changes to the reporting principles or the calculation methods applied in the most recent annual account (2017), which were also applied in the preparation of this report.

The Group is in the process of preparing the implementation of IFRS 16, which takes effect as of 1 January 2019. The preparations include gathering and systematizing all rental agreements in the Group for

assessment of the new standard. The new standard will have material impact on the Group's Financial Statements. Preliminary calculations based on the available information regarding operating leases as at 30 September 2018 indicates that the Group will recognize assets and related leasing obligations of at least NOK 400 million as of 1 January 2019. This is subject to change due to consideration of renewal options, discount rates, currency effects, new agreements and other factors. Grieg Seafood does not intend to adopt the standard before its effective date.

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 at the end of second quarter. 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 has been transferred to the sales company. The production companies sell in local currencies to the sales company, which hedges its transactions against currency fluctuations related to CAD/USD, EUR/NOK and USD/NOK and, if required, other currencies.

The greatest operational risk is related to biological developments with regards to both the smolt and the 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 pharmaceutical to mechanical treatment. In combating 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. Shetland had one escape incident during the first quarter of 2018, with 21 700 escaped fish. There have been no other escape incidents so far this year, nor any during the year 2017.

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 of diseases, and other indirect and direct factors, which affect production and hence also supply.

Note 3 – Segment information

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

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

Segment results are based on EBIT before fair value adjustments. The effect of one-off costs, such as restructuring costs and write-down of goodwill, is

excluded from the segments. Effects of share options, as well as unrealized gains and losses on financial instruments, are also excluded.

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.

The main items in the elimination column comprise:

All figures in NOK 1 000	Q3 2018	YTD 2018
Ownership cost	-27 313	-46 850
Share of EBIT to minority interest	5 376	15 428
EBIT elim. /other items	-21 938	-31 422

Q3	Rogaland		Finnmark		BC-Canada		Shetland-UK		Elim. /Others (2)		The Group	
All figures in NOK 1 000	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017
Revenues	75 709	101 002	468 959	486 253	162 140	137 480	274 851	265 900	602 821	863 864	1 584 480	1 854 499
Other income	158	9 355	152	1 958	-1 395	10	518	500	4 649	-11 417	4 082	406
EBITDA	12 813	21 496	197 207	170 413	23 920	43 262	5 528	38 360	-20 516	6 600	218 952	280 131
EBIT (1)	589	12 434	174 532	151 929	12 015	33 313	-5 450	26 495	-21 938	5 157	159 748	229 327
EBITDA %	16.9%	19.5%	42.0%	34.9%	14.9%	31.5%	2.0%	14.4%			13.8%	15.1%
EBIT %	0.8%	11.3%	37.2%	31.1%	7.5%	24.2%	-2.0%	9.9%			10.1%	12.4%
Harvest volume tonnes GWT	1 403	1 687	8 384	8 448	2 642	2 350	4 511	4 391			16 941	16 875
EBIT/kg	0.4	7.4	20.8	18.0	4.5	14.2	-1.2	6.0			9.4	13.6

- 1) EBIT before fair value adjustment of biological assets.
- 2) Elim. /other includes bonus and share of profit from Ocean Quality to producers.

YTD	Rogaland		Finnmark		BC-Canada		Shetland-UK		Elim. /Others (2)		The Group	
All figures in NOK 1 000	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017
Revenues	603 928	931 055	1 076 982	846 152	887 939	425 009	554 753	560 278	2 245 755	2 538 760	5 369 359	5 301 254
Other income	24 075	9 857	-718	2 011	15 932	-31	5 099	4 472	10 470	-11 083	54 857	5 226
EBITDA	136 776	391 227	445 589	302 693	303 155	125 738	63 529	75 774	-27 187	4 526	921 861	899 959
EBIT (1)	101 883	364 509	377 693	247 968	271 036	101 186	28 941	38 951	-31 422	459	748 131	753 072
EBITDA %	21.8%	41.6%	41.4%	35.7%	33.5%	29.6%	11.3%	13.4%			17.0%	17.0%
EBIT %	16.2%	38.7%	35.1%	29.2%	30.0%	23.8%	5.2%	6.9%			13.8%	14.2%
Harvest volume tonnes GWT	10 107	13 834	18 950	14 205	13 691	6 978	8 194	8 915			50 942	43 931
EBIT/kg	10.1	26.3	19.9	17.5	19.8	14.5	3.5	4.4			14.7	17.1

- 1) EBIT before fair value adjustment of biological assets.
- 2) Elim. /other includes bonus and share of profit from Ocean Quality to producers.
- 3) EBITDA and EBIT includes cost accrual of NOK 10 million related to elevation of a sunken barge.

From EBIT to net profit for reportable segments

All figures in NOK 1 000	Q3 2018	Q3 2017	YTD 2018	YTD 2017
EBIT before fair value adjustment of biological assets	159 748	229 327	748 131	753 072
Fair value adjustment of biological assets	154 236	53 132	142 963	-220 008
EBIT after fair value adjustment of biological assets	313 984	282 459	891 093	533 065
Changes in fair value from hedging instruments	1 952	-3 523	1 378	4 004
Net financial interest	-10 287	-9 988	-42 494	-30 810
Net currency gain (losses)	2 658	-8 744	-10 764	1 379
Dividend	0	0	10	0
Net other financial expenses /-income	-519	-2 030	-1 578	-2 439
Net financial items	-6 196	-24 286	-53 449	-27 866
Profit before tax	307 788	258 173	837 645	505 199
Estimated taxation	-83 242	-67 690	-219 646	-128 167
Net profit for the period	224 546	190 483	617 999	377 031

Note 4 – Biological assets

For companies that apply IFRS, treatment of live fish in the accounts is regulated by IAS 41, Agriculture. For fish in sea weighing up to 4.76 kg round weight, a proportionate share of expected profit is recognized. The fair value of fish weighing more than 4.76 kg (ready for harvesting) is set as net sales price, calculated on the assumption that the fish is harvested/sold on the balance sheet date. If the expected net sales price is less than the expected cost, it will result in a negative fair value adjustment on

biological assets, which will be calculated as 100%. The fair value of fish in sea is carried out for each location.

Sales prices are based on forward prices and/or the most relevant price information available for the period during which the fish is expected to be harvested. Sales prices are adjusted for quality differences, weight categories and logistics costs. Since the sales price is set at gutted weight, the volume is adjusted for gutting waste.

	Tonnes		Tonnes		NOK 1 000		NOK 1 000	
	Q3 2018	YTD 2018	Q3 2017	YTD 2017	Q3 2018	YTD 2018	Q3 2017	YTD 2017
Biological assets - beginning of period	47 889	54 677	45 941	45 627	2 650 915	2 698 352	2 341 108	2 459 625
Currency translation	0	0	0	0	7 697	-38 196	-14 439	776
Increases due to production	27 045	60 852	28 740	61 607	865 324	2 164 841	770 729	2 043 011
Decreases due to sales / harvesting/mortality	-20 176	-60 770	-22 345	-54 894	-698 084	-2 021 030	-645 261	-1 781 631
Fair value adjustment beginning of period	N/A	N/A	N/A	N/A	-703 975	-682 088	-554 845	-824 487
Fair value adjustment period end	N/A	N/A	N/A	N/A	863 428	863 428	604 704	604 704
Biological assets - period end	54 759	54 759	52 335	52 335	2 985 306	2 985 306	2 501 995	2 501 995

Biological assets - status 30.09.2018	Number of fish (1 000)	Biomass (tonnes)	Cost of production	Fair value adjustment	Carrying amount
Biomass onshore	19 324	851	146 820	0	146 820
Biological assets with round weight < 4.76 kg	28 295	49 884	1 833 619	846 879	2 680 498
Biological assets with round weight > 4.76 kg	740	4 024	141 438	16 549	157 988
Total	48 359	54 759	2 121 876	863 428	2 985 306

Biological assets - status 30.09.2017	Number of fish (1 000)	Biomass (tonnes)	Cost of production	Fair value adjustment	Carrying amount
Biomass onshore	17 198	603	134 741	0	134 741
Biological assets with round weight < 4.76 kg	27 921	41 790	1 480 440	475 841	1 956 281
Biological assets with round weight > 4.76 kg	1 765	9 942	282 110	128 863	410 973
Total	46 885	52 335	1 897 291	604 704	2 501 995

Note 5 – Fair value adjustments

All figures in NOK 1 000	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Recognized fair value adjustment				
Change in fair value adjustment of biological assets	156 424	53 353	191 611	-219 971
Change in physical supply contracts related to fair value adjustments of biological assets	2 518	8 730	-80	53 799
Change in fair value of financial derivatives from salmon (Fish Pool contracts)	-4 707	-8 952	-48 568	-53 835
Total recognized fair value adjustment on biological assets	154 236	53 132	142 963	-220 008

Provisions allocated to physical future contracts that require actual value adjustment, is recorded as other current liabilities in the balance sheet. The contracts are calculated on basis of the same forward prices that apply to fair value calculation of biological assets. Provisions allocated to physical contracts covering fish under 4.76 kg (immature), are recognized as a

proportionate share corresponding to the principle of fair value calculation on biological assets. Value adjustment of financial derivatives from salmon is recorded in the balance sheet as derivatives and other financial instruments. Financial derivatives are valued at market value.

Note 6 - Total net interest-bearing debt and equity according with covenants

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

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

bearing debt. Factoring is recognized as financing in the balance sheet.

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

As at 30 September 2018, the Group had a good level of free liquidity and unutilized credit facilities, with available bank credit frame of NOK 977 million.

All figures in NOK 1 000	30.09.2018	30.09.2017	31.12.2017
Total non-current interest-bearing liabilities	1 381 414	1 123 962	1 396 899
Total current interest-bearing liabilities	631 732	659 047	658 202
Gross interest-bearing debt	2 013 146	1 783 010	2 055 100
Cash and cash equivalents	204 185	341 612	271 715
Loans to associated companies	16 600	12 618	19 600
Net interest-bearing debt	1 792 361	1 428 780	1 763 786
Quote of factoring debt	408 876	500 714	500 976
Quote of Bremnes' share of bank OQ AS (40 %)	-40 958	-46 962	-20 797
Net interest-bearing debt, according to covenants	1 424 443	975 028	1 283 606
NIBD/EBITDA *)	1.3	0.7	1.2

*) 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. As at 30 September 2018, the equity share exclusive of Ocean Quality was 53%. In 2017, the corresponding equity share was 53%.

To cater for major investment requirements relating to the growth strategy for 2020, the Group has renegotiated the syndicated bank loan prior to its original maturity in 2019. The Group has several growth targets, including increased smolt capacity and

new locations, which have resulted in a need for increased working capital. The new agreement includes (among other things) two term loans of NOK 600 million and EUR 60 million, a revolving credit facility of NOK 1 000 million, alongside granted overdraft facilities of NOK 100 million. Repayments of NOK 50 million and EUR 5 million will be made for term loans of respectively NOK 600 million and EUR 60 million, split into half-yearly instalments. The drawdown rate of the EUR loan is 9.6691.

Note 7 - 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 NOK 30 million in Tytlandsvik Aqua AS, corresponding to 30% of the shares in the company. The remaining shareholdings are held by Bremnes Fryseri AS (30%) and Vest Havbruk AS (40%). Tytlandsvik Aqua AS has a mandate to secure increased and improved access to post smolt for the Group.

A total of approx. NOK 300 million will be invested in the construction of a large smolt facility in Rogaland. The construction is progressing according to plan and will be completed towards the end of the year. During 2018, Grieg Seafood and Bremnes Fryseri AS plan to increase their shareholdings through a share issue to procure similar shareholdings for the three owners of Tytlandsvik Aqua AS. Recognized share of profit YTD was NOK -1 528 thousand and the book value was NOK 28 million as at 30 September 2018.

Note 8 - Related parties

The Group has transactions with companies controlled by Grieg Seafood ASA's majority owner, Grieg Holdings AS. 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 Holdings AS owns share holdings in Ryfylke Rensefisk AS, from which Grieg Seafood acquires lumpfish. Grieg Seafood ASA buys roe from SalmoBreed AS, feed from the Biomar

Group and veterinary services from Fomas AS and SLab AS which are related parties to board members. All service purchases and the rental relationship are made on an arm's length basis. 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 sales of goods and services are made on an arm's length basis.

Shares controlled by board members and management as at 30.09.2018	No. of shares	Shareholding
Board of directors		
Per Grieg jr. *)	58 961 996	52.80%
Asbjørn Reinkind (Reinkind AS)	120 000	0.11%
Wenche Kjøllås (Jawendel AS)	7 000	0.01%
Karin Bing Orgland	0	0.00%
Solveig Nygaard	0	0.00%
Tore Holand	0	0.00%
Management		
Andreas Kvame (CEO)	39 000	0.03%
Atle-Harald Sandtorv (CFO)	24 043	0.02%
Knut Uttheim (COO)	23 342	0.02%
Kathleen Mathisen (CHRO)	0	0.00%
Grant Cumming (Regional Director)	0	0.00%
Roy-Tore Rikardsen (Regional Director)	19 400	0.02%
Alexander Knudsen (Regional Director)	22 000	0.02%
Rocky Boschmann (Regional Director)	0	0.00%
Total shares controlled by board members and management	59 216 781	53.03%

*) 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 Holding AS	55 801 409	49.97%
Nye Ystholmen AS	2 928 197	2.62%
Grieg Ltd. AS	217 390	0.19%
Per Grieg jr. private	15 000	0.01%
Total shares owned by Per Grieg jr. and closely related	58 961 996	52.80%

Note 9 – Share capital and shareholders as at 30 September 2018

Share capital

As at 30 September 2018 the Company has 111 662 000 shares at a nominal value of NOK 4 per share, including own shares. The Company purchased in June 2011 1 250 000 own shares at rate NOK 14.40 per share.

Date	Type of change	Change in share capital (NOK 1 000)	Nominal value per share (NOK)	Total share capital (NOK 1 000)	No of ordinary shares
30.09.2018			4.00	446 648	111 662 000
	Holdings of own shares		4.00	-5 000	-1 250 000
Total ordinary shares				441 648	110 412 000

The 20 largest shareholders in Grieg Seafood ASA as at 30.09.2018			No. of shares	Shareholding
Grieg Holdings AS *)			55 801 409	49.97%
OM Holding AS			5 908 896	5.29%
Folketrygdfondet			3 760 350	3.37%
Nye Ystholmen AS			2 928 197	2.62%
Verdipapirfondet Pareto Investment			1 915 000	1.71%
Verdipapirfondet Alfred Berg Gamba			1 700 796	1.52%
State Street Bank and Trust Comp			1 669 903	1.50%
Grieg Seafood ASA			1 250 000	1.12%
Euroclear Bank S.A./N.V.			1 039 859	0.93%
Société Générale			1 035 543	0.93%
JPMorgan Chase Bank, N.A., London			900 000	0.81%
Clearstream Banking S.A.			816 681	0.73%
State Street Bank and Trust Comp			791 434	0.71%
JPMorgan Chase Bank, N.A., London			790 721	0.71%
The Bank of New York Mellon SA/NV			788 905	0.71%
VPF Nordea Kapital			739 086	0.66%
VPF Nordea Avkastning			706 063	0.63%
The Northern Trust Comp, London Br			662 173	0.59%
Verdipapirfondet Pareto Nordic			635 000	0.57%
Citigroup Global Markets Ltd			621 681	0.56%
Total 20 largest shareholders			84 461 697	75.64%
Total others			27 200 303	24.36%
Total number of shareholders			111 662 000	100.00%

*) Grieg Holdings AS has decided to transfer all its shares in Grieg Seafood ASA to Grieg Aqua AS through a demerger. Grieg Aqua AS will be established when the demerger is completed. Grieg Maturitas II AS, the parent company of Grieg Holdings AS, will be the sole shareholder of Grieg Aqua AS. The process has yet to be formalized as at 30 September 2018. Please refer to notification at www.oslobors.no for more information.

Note 10- Alternative performance measures (APM)

APM	Definition and calculation	Reason for applying APM
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:</p> <p>EBIT-margin (%) EBIT/ kg GWT ROCE</p>	<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.</p> <p>EBIT before fair value adjustment is generally considered the industry measure for profitability.</p>
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:</p> <p>EBITDA-margin (%) 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.
Equity ratio excluding Ocean Quality	The equity ratio is calculated both with and without Ocean Quality. The bank syndicate equity covenant definition is exclusive Ocean Quality, solely considering Grieg Seafood companies, both with regards to equity and total liabilities.	Applied to measure the company's 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.</p> <p>NIBD is calculated in two ways: 1) For external reporting purpose: Including all long-term and current debt to credit institutions excluding factoring debt. 2) For covenant calculation as required by the bank syndicate: As in method 1 but excluding the factoring debt. Furthermore, cash and cash equivalents are reduced with an amount corresponding to Bremnes Fryseri AS' 40% share of Ocean Quality AS' bank deposits.</p> <p>NIBD calculated according to method 2 above is used for calculation of:</p> <p>NIBD/EBITDA</p>	NIBD/EBITDA is a measure of solidity and one of the covenants in the 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 is calculated using values before fair value adjustment of biological assets. The ROCE 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.</p> <p>NIBD is excluding Ocean Quality (refer to method 2 under NIBD above)</p>	Fair value adjustment of biological assets is extracted as this reflects future gains or losses on fish not yet sold.

Information about Grieg Seafood ASA

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Organization number	NO 946 598 038 MVA

Board of Directors of Grieg Seafood ASA

Per Grieg jr.	Chair
Asbjørn Reinkind	Vice chair
Wenche Kjøllås	Board member
Karin Bing Orgland	Board member
Solveig Nygaard	Board member
Tore Holand	Board member

Group management

Andreas Kvame	CEO
Atle Harald Sandtorv	CFO
Knut Utheim	COO
Kathleen O. Mathisen	CHRO

Financial calendar

Q4 2018	13 February 2019
Annual report 2018	12 April 2019
Q1 2019	15 May 2019
Annual General Meeting 2018	13 June 2019
Q2 2019	21 August 2019
Q3 2019	7 November 2019
Q4 2019	13 February 2020

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