SalMar ASA

Presentation Q1 2013

CEO Yngve Myhre, IRO Trond Tuvstein
Oslo, 29 May 2013



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Agenda

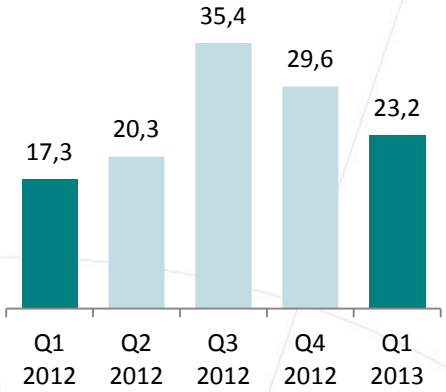
- Highlights
- Financial update
- Operational update
- Market and outlook



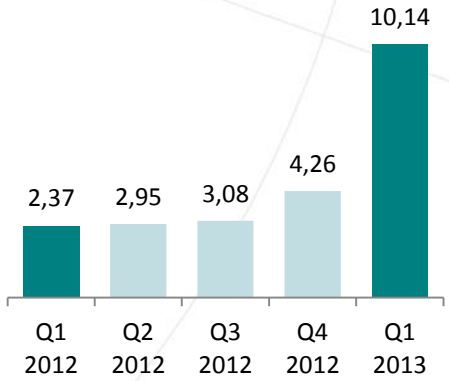
First quarter highlights

- Operating income of NOK 1 277 million (NOK 809)
- Harvest volumes up to 23 200 tons due to volume reallocations
- EBIT boost from significant price increase;
  Average NOS up approx. NOK 9/kg to NOK 35.36/kg
- All farming segments delivers satisfactory results

Harvest volume (1,000 tons)



EBIT/kg (NOK)



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Financial update



Group profit and loss

NOK million	1Q 13	1Q 12	FY 2012
Operating income	**1 276,7**	**809,3**	**4 204,8**
Cost of goods sold	630,3	445,5	2 324,8
Payroll expenses	130,7	104,4	483,2
Other operating expenses	233,6	179,1	886,0
EBITDA	282,1	80,3	510,8
Depreciations	47,2	39,3	170,2
Operational EBIT	**234,9**	**41,0**	**340,7**
Fair value adjustment	64,0	62,5	290,4
Particular biological events	-	-45,0	-54,6
Non-recurring gains on aquisition	-	77,4	62,4
Operational profit	**298,9**	**135,9**	**638,9**
Income from investments in associates	40,0	9,2	93,9
Other financial items	-30,5	-43,4	-124,3
Profit before tax	**308,4**	**101,7**	**608,5**
Tax	73,0	4,2	127,1
Net profit for the period	**235,4**	**97,5**	**481,4**

- Harvest volume up 5 900 tons YoY
- NOS spot of NOK 35.36, up from NOK 26.41 in Q4, and NOK 26.03 in Q1 12
- EBIT/kg gw for the group up 138% from previous quarter, mainly due to higher prices
- Other financial items positively affected by continued value increase in Bakkafrost



Group balance sheet

NOK Million	31.03.2013	31.03.2012	31.12.2012
ASSETS			
Intangible fixed assets	2 134,7	2 138,0	2 135,5
Tangible fixed assets	1 269,6	1 178,0	1 268,8
Financial fixed assets	1 014,6	905,3	970,9
Total fixed assets	**4 418,9**	**4 221,3**	**4 375,1**
Inventory	2 258,6	1 651,7	2 289,9
Accounts receivables	634,6	421,3	660,9
Other short-term receivables	199,0	195,6	245,5
Cash and cash equivalents	63,0	32,1	55,3
Total current assets	**3 155,2**	**2 300,7**	**3 251,7**
TOTAL ASSETS	**7 574,2**	**6 522,0**	**7 626,8**
EQUITY AND LIABILITIES			
Paid-in equity	493,8	491,0	493,2
Reserves	2 613,5	1 984,4	2 338,2
Minority interests	28,6	125,0	136,3
Total equity	**3 135,9**	**2 600,4**	**2 967,7**
Provisions for liabilities	945,5	769,1	872,9
Int. bearing long-term liabilities	2 163,4	2 147,8	2 223,4
Total long-term liabilities	**3 108,9**	**2 917,0**	**3 096,4**
Int. bearing short-term liabilities	530,7	286,4	596,3
Other short-term liabilities	798,7	718,2	966,5
Total short-term liabilities	**1 329,3**	**1 004,6**	**1 562,8**
TOTAL EQUITY AND LIABILITIES	**7 574,2**	**6 522,0**	**7 626,8**
Net interest bearing debt	**2 631,1**	**2 402,1**	**2 764,4**
Equity share	**41,4 %**	**39,9 %**	**38,9 %**

- Total assets slightly down from year end 2012
  - Total fixed assets in "steady state"
  - Inventory decreased - reduction in biomass
  - Account receivables down
- Equity of NOK 3 135.9 million, ratio increased to 41.4%
- Net interest bearing debt down NOK 133 million to NOK 2 631.1 million during the quarter
- Gearing ratio 3.03
  - Headroom vs covenants

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Group cash flow

NOK million	1Q 13	1Q 12	FY 2012
Profit before tax	308,4	101,7	608,5
Tax paid in period	-2,3	-1,8	-80,7
Depreciation	47,2	39,3	170,2
Share of profit/loss from associates	-40,0	-9,2	-93,9
Non-recurring gains on acquisitions	-	-77,4	-62,4
Change in fair value adjustments	-64,0	-62,5	-290,4
Change in working capital	-59,8	78,4	-158,6
Other changes	38,3	-21,1	94,2
Net cash flow from operating activities	227,7	47,6	186,8
Net cash flow from investing activities	-49,4	-76,8	-399,7
Change in interest-bearing debt	-125,7	-269,5	95,5
Equity paid out	-	-	-2,9
Equity paid in	-	303,8	303,4
Interest paid	-44,8	-20,1	-174,4
Other changes	-	-	-0,3
Net cash flow from financing activities	-170,4	14,2	221,3
Net change in cash for the period	**7,9**	**-15,0**	**8,4**
Translation differences foreign subsidiaries	-0,2	-0,5	-0,8
Cash in the beginning of the period	55,3	47,6	47,6
Cash at the end of the period	**63,0**	**32,1**	**55,3**

- Cash flow from operations
  - Strong performance
  - Reduction in biomass offset by reduction in payables
- Investment activities
  - Mainly CAPEX
- Financing activities NOK -170m
  - NIBD reduced by NOK 126m
  - Paid interests of NOK 45 m



Operational update



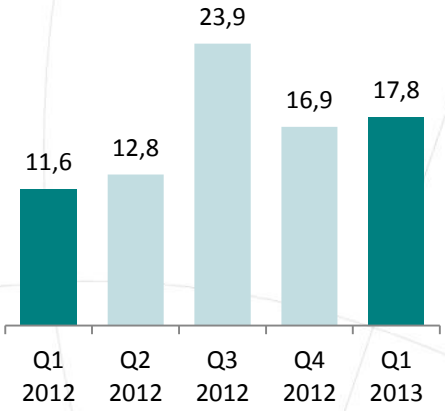
Farming site Singsholmen, Hitra Sør-Trøndelag

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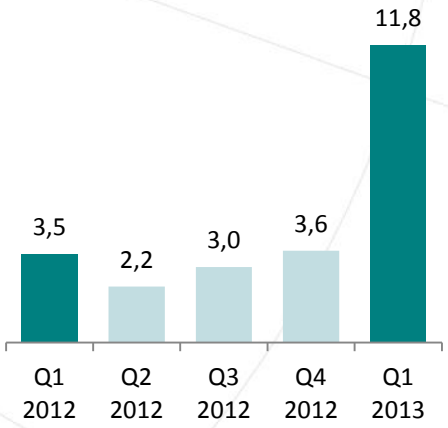
Farming Central Norway

Farming Central Norway	1Q 13	1Q 12	FY 2012
Operating income (NOK mill)	643.4	311.6	1,727.7
Operational EBIT (mill.)	209.9	40.7	202.6
Operational EBIT %	32.6 %	13.1 %	11.7 %
Harvest volume (1,000 tgw)	17.8	11.6	65.3
EBIT/ kg gw (NOK)	11.81	3.50	3.10

Harvest volume (1,000 tons)



EBIT/kg (NOK)



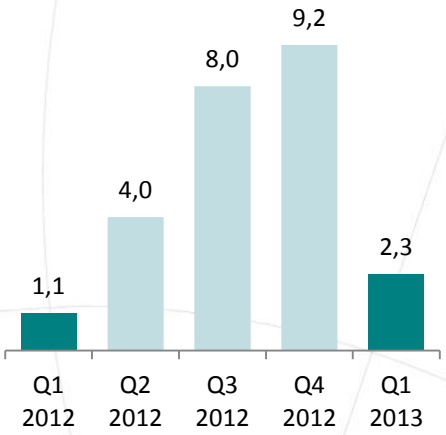
- Improved earnings
  - EBIT/kg NOK 11.81, versus NOK 3.64 in Q4 and NOK 3.50 in Q1 2012
  - EBIT-improvements due to higher prices and better performance on the 11G compared to the 10G
  - Winter wounds affecting prices achieved
  - Good biological status
  - R&D costs related to "large smolt" project. Approx. NOK 0.3 per kg
- Harvest volume up to 17 800 tons
  - Transferred harvest volumes from Q4 2012
  - Expected volume for 2013; ~71 000 tons, up 9% from 2012

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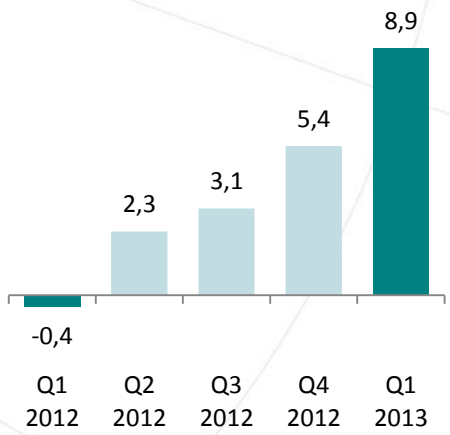
Farming Northern Norway

Farming Northern Norway	1Q 13	1Q 12	FY 2012
Operating income (NOK mill)	77.5	28.0	692.0
Operational EBIT (mill.)	20.5	-0.5	83.3
Operational EBIT %	26.4 %	-1.7 %	12.0 %
Harvest volume (1,000 tgw)	2.3	1.1	22.4
EBIT/ kg gw (NOK)	8.91	-0.41	3.73

Harvest volume (1,000 tons)



EBIT/kg (NOK)



- Continued operational improvement
  - EBIT/kg at NOK 8.91 in Q1 versus NOK 5.36 in Q4 and NOK -0.41 in Q1 12
  - EBIT-improvements due to higher prices
  - 70% of volumes from acquired licenses with higher cost
  - All volumes harvested in January and February
  - Good biological status
- Harvest volume
  - Harvest volume up 1 200 tons from Q1 12, mainly from acquisitions
  - Expected volume for 2013: ~28 000 tons up 25% from 2012

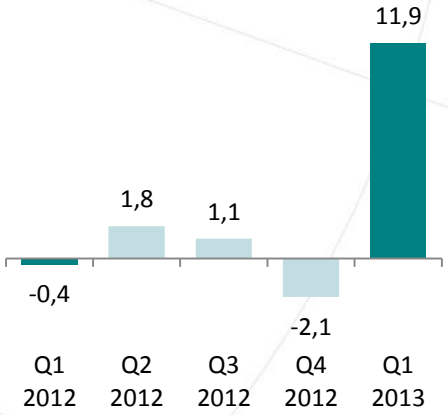
Farming Rauma

Farming Rauma	1Q 13	1Q 12	FY 2012
Operating income (NOK mill)	110.8	126.6	419.4
Operational EBIT (mill.)	36.8	-1.6	0.8
Operational EBIT %	33.3 %	-1.3 %	0.2 %
Harvest volume (1,000 tgw)	3.1	4.6	14.9
EBIT/ kg gw (NOK)	11.92	-0.35	0.06

Harvest volume (1,000 tons)



EBIT/kg (NOK)

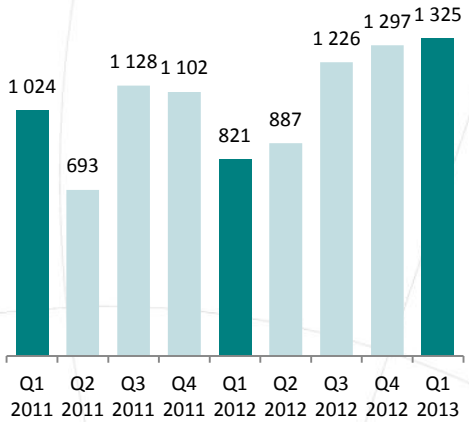


- Significant performance improvement
  - PD harvesting ended in Q4
  - Harvest from well performing sites
- Harvest volume
  - Harvest volumes down to 3 100 tons due to advanced PD-related harvesting in 2012
  - Expected volume for 2013; ~17 000 tons
- Acquired remaining 24% of the shares in SalMar Rauma for NOK 69.7 million

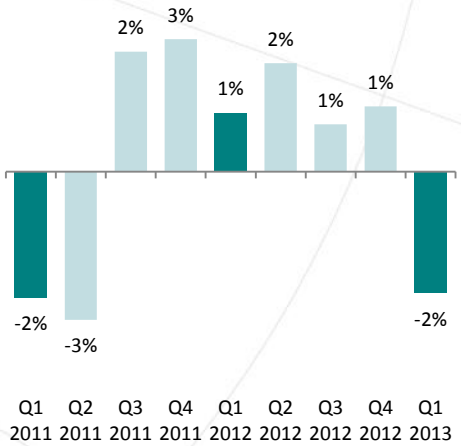
Sales & Processing

Sales and Processing	1Q 13	1Q 12	FY 2012
Operating income (NOK mill)	1,325.0	821.2	4,231.3
Operational EBIT (mill.)	-30.9	9.3	55.0
Operational EBIT %	-2.3 %	1.1 %	1.3 %

Sales revenues (NOK million)



EBIT-margin (%)



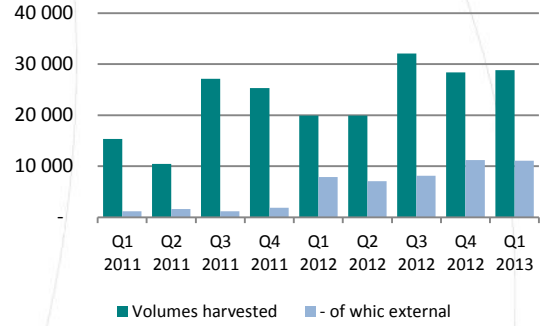
- Operating income of NOK 1 325 million, up 2.2% from Q4 2012
  - Includes sales of all group volumes
- Considerable increase in salmon prices
  - Low growth in harvest volumes world wide (+ 6%) in Q1 13 vs. Q1 12.
  - Strong demand from key markets
- Results affected by about 30% fixed-price contracts

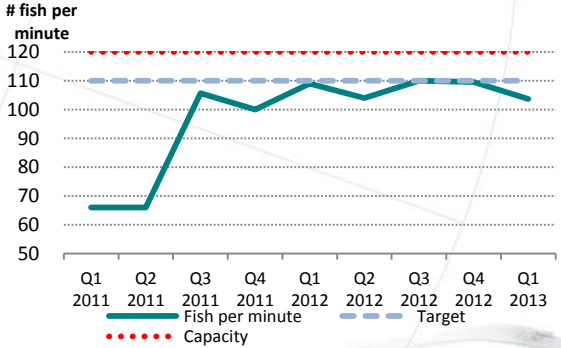
Sales & Processing - InnovaMar

- Harvest volumes stabilized at high levels, 28 841 tons in Q1, of which 11 072 tons external volumes

- Harvest facility
  - 104 fish/ minute, below target of >110 fish per minute
  - Reduced due to higher share of large fish
  - Expected improvements
    - Flexibility in use of raw materials and selection of sizes
    - Target 70 000 tons per shift, leads to reduced use of man-hour
    - Est. cost saving of 10-20% vs industry average in Norway

- VAP facility
  - Total capacity of 50-60 fish/ minute
  - Target capacity +100 tons/ shift
  - Volume Q1 2013: 4 626 tons of raw material

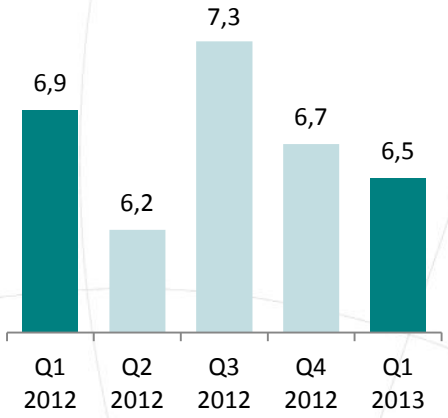




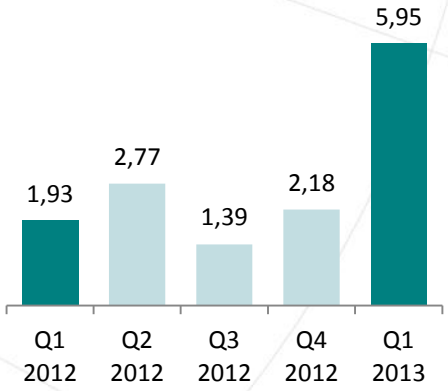
Norskott Havbruk (Scottish Seafarms)

NOK million	1Q 13	1Q 12	FY 2012
Operating income	289,1	228,8	936,6
EBIT before biomass adj.	38,8	13,3	55,3
EBIT before biomass adj. %	13,4 %	5,8 %	5,9 %
Value adjustment biomass	22,7	0,5	-0,0
Profit before tax	59,6	12,7	47,7
SalMars share after tax	21,8	4,4	17,6
Harvest volume (1,000 tgw)	6,5	6,9	27,1
EBIT/ kg gw (NOK)	5,95	1,93	2,04

Harvest volume (1,000 tons)



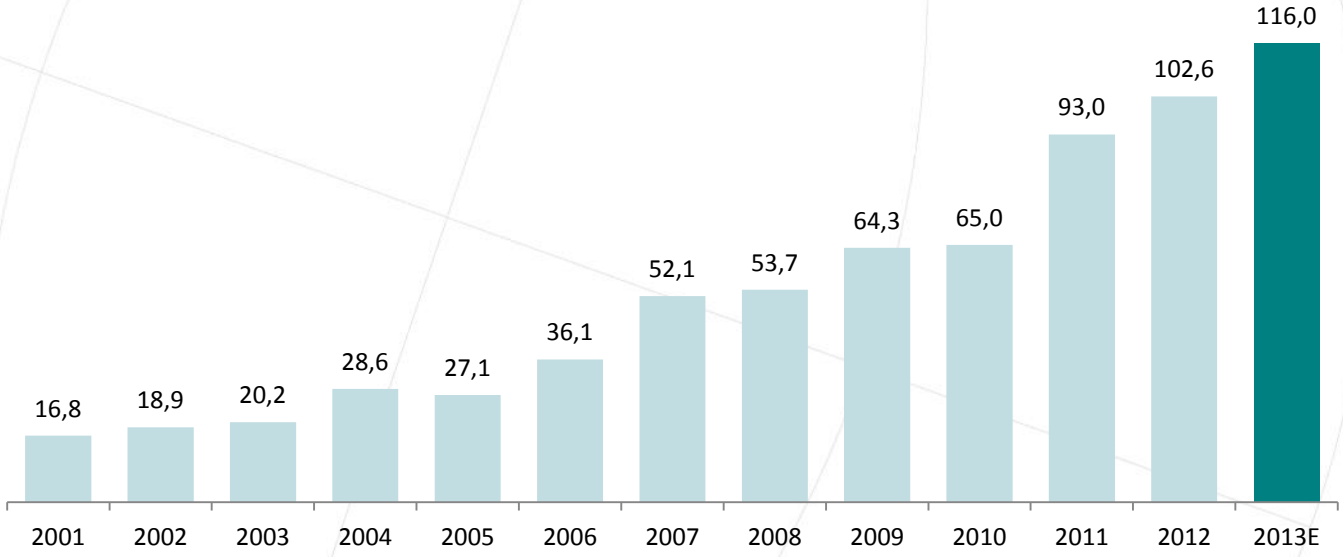
EBIT/kg (NOK)



- Stronger results
  - High contract share
  - Production costs decreasing
  - Biological situation is well managed and under control
- Harvest volume
  - Expected volume for 2013; ~ 25 000 tons
  - Harvest volume 1Q13 ~6 500 tons
  - SalMar share 3 250 tons
- New farming site
  - Expected to be put into production in 2014
  - Estimated production is expected to be 2 500 tons over a production cycle of two years

SalMar – Strong historical growth

Harvest volume Norway (1,000 tons)



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Market and outlook



Market development

- Global supply of approx. 474 700 tons in Q1 2013, 6 % increase y/y
  - Chile +64 %,
  - Norway -4 %
  - Faroe Islands -2%
  - North America -3%
  - UK -21%

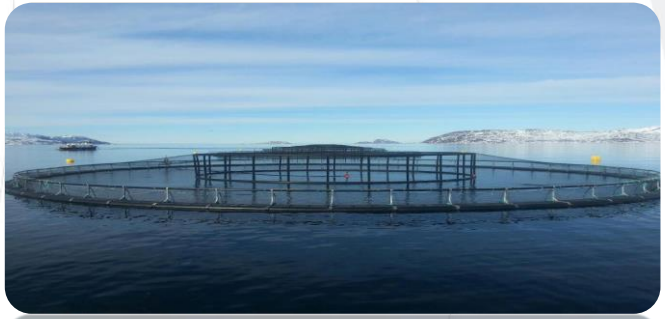
- 4 % decrease in export volumes from Norway
  - 3 % increase in exports from Norway to the EU
  - France unchanged, confirming position as leading market, importing 35 000 tons of Norwegian salmon in Q1 2013
  - Russia -20%, volatile market due to high price sensitivity
  - Poland +14%, persistent positive development, increasingly important market

- Average NOS spot price up 36% from Q1 2012
  - Continued increase throughout Q1, ending at NOK 35.36
  - NOK strengthened versus core currencies
    - +2.1% versus EUR
    - +2.8% versus USD
    - +4.0% versus GBP

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Market development contd.

- Norwegian biomass at 584 400 tons by end of Q1 2013
  - 4 % lower than end of Q1 2012
  - Chilean biomass approx. 18% higher than Q1 2012
- Growth rates expected to decline
  - Global supply down 4% in Q2 2013
    - Norway -10%
    - Chile +27%
  - 2% growth in 2013
  - Margin improvement expected to persist
  - Reduced supply growth indicate promising price-development for 2013
- Recent demand-development in key markets indicate significant growth potential going forward

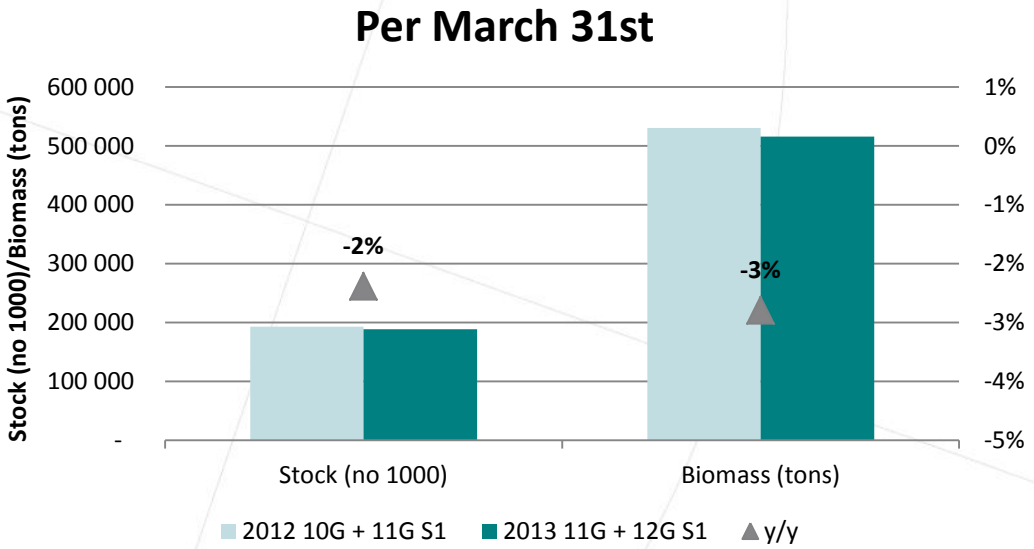


Farming site Trettevika, Malangen

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Estimated biomass Norway

(2012; 10G+11G S1 VS. 2013;11G+12G S1)



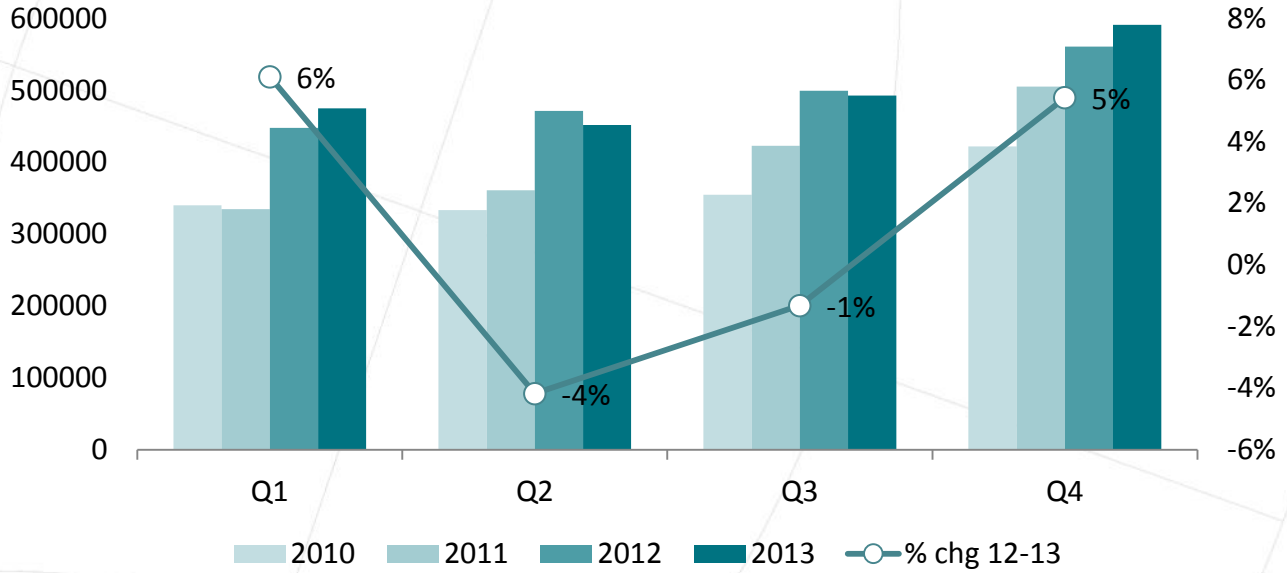
Source: Kontali,

- Stock 12G S0 average weight -12% compared to 11G S0, while # of individuals is 6% higher

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Global supply Atlantic salmon 2013

Based on a 2% FY 2013 growth scenario



Source: Kontali, as per May 2013

Outlook

- Expect continued strong demand in core markets going forward
  - Strong demand and reduced supply growth indicates strong prices throughout 2013
  - As of May 2013, forward prices indicate average price of NOK 35/kg for 2013
- Currently fixed-price contracts of 20% of Q2 volumes, 15% for the full year 2013
- Key priority - improve biological performance
  - Low mortality on 2011 & 2012G compared to previous generations.
  - Operational improvement programs on-going
  - Reduced production costs 2013 vs. 2012
- Guiding on 116 000 tons in 2013 maintained
  - Considerably lower temperatures in the sea in the first months of the year affecting growth in biomass
  - Change of feed to maintain budgeted growth
  - Guiding maintained
- CAPEX: NOK 250m in 2013, mainly related to biological production

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Post-Balance Sheets Events

- Acquired additional 41.3% of Villa Organic
  - Total investment NOK 147.8 million
  - Total holdings 49.72% in addition to an option for further 0.7%

- Disposed 7.325 million shares in Bakkafrost at NOK 70 per share
  - Total holding reduced to 14.9%, including 2.3 million shares through an TRS-agreement
  - Lock-up on remaining shares until 1 January 2014
  - A gain of NOK 225 million

- Started process in regards of selling shares in Norskag Næringspark AS
  - On 22 May, SalMar ASA and the other shareholders signed an agreement to sell its shares in Nordskag Næringspark AS
  - Completion of the agreement is contingent on the acquisitionists financing

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Thank you for your attention

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Appendix



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SalMar's current license situation

Segment	Wholly owned	R&D/partners	**Total**
Central Norway Trøndelag & Nordmøre	44 (MAB 780 tonns) - Trøndelag: 29 - Nordmøre: 15	9 - Sintef /Veso: 5 - STFK / Frøya VGS: 1 - Other : 3	53
Northern Norway Troms & Finnmark	23 (MAB 945 tonns) -SalMar Nord		23
Rauma Møre & Romsdal	14 (MAB 780 tonns) - SalMar Rauma	2 - Villa Miljølaks: 1 - Villa Miljølaks / Ålesund University College: 1	16
Total	81	11	92

P/F Bakkafrost

FINANCIAL HIGHLIGHTS

BAKKAFROST

Satisfying results at the given price level

- Strong salmon prices generated higher revenues and EBIT
- Volume reduced 27%
- Operational EBIT increased by 75%

Increased margins in Farming and Fishmeal, Oil and Feed, but loss in VAP, due to increased spot prices

- Increased EBIT/Kg (Farming/VAP) from NOK 5.42 to NOK 12.16 due to 3-5% decline in the supply of salmon YoY
- Higher EBITDA margin in Fishmeal, oil and feed compared to Q1 2012, due to:
  - Increased raw material intake and thus better capacity utilisation
  - Raw material prices in Q4 2012 reflected in feed prices in Q1 2013

(DKK million)	Q1 2013	Q1 2012	2012	2011
Operating revenues	473.3	400.1	1,855.5	1,321.1
Operational EBITDA	125.9	79.7	403.3	402.5
Operational EBIT	**105.0**	**60.0**	**323.0**	**335.1**
Profit for the period	**67.5**	**16.4**	**281.3**	**323.4**
Operational EBITDA margin	26.6%	19.9%	21.7%	30.5%
Operational EBIT margin	22.2%	15.0%	17.4%	25.4%
Operational EBIT/Kg (Farming and VAP) (NOK)	12.16	5.42	7.04	9.59
EBITDA margin (Fishmeal, oil and feed)	15.75%	7.38%	9.50%	13.5%

Source: Bakkafrost Q1 presentation 2013

Villa Organic AS

- Acquired additional 41.3% of Villa Organic.
  - Total investment NOK 147.8 million
  - Total holdings 49.72% in addition to an option for further 0.7%

- Villa Organic AS is a fully integrated aquaculture company
  - Operations along the entire value chain
  - Activities are located in Finnmark.
  - Total of 16 licenses , expects to harvest 13,000 tonnes in 2013.

- SalMar wishes to strengthen its operations in Northern Norway

