QUARTERLY REPORT
First quarter 2018





SALMAR

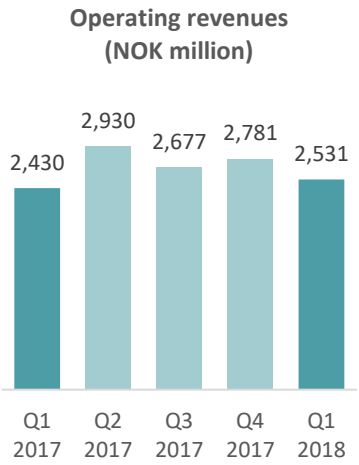
A SATISFACTORY QUARTER FOR THE SALMAR GROUP

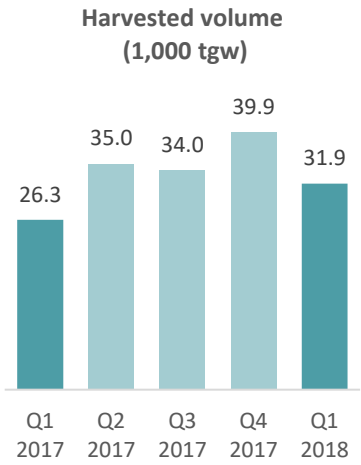
HIGHLIGHTS IN THE FIRST QUARTER 2018

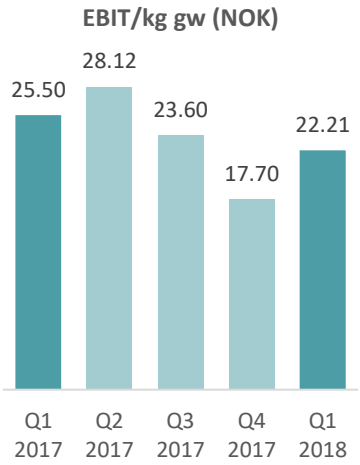
- Good prices achieved during the quarter
- Satisfactory biological development and stable costs in Fish Farming Central Norway
- Higher underlying costs for the fish harvested affect the results posted by Fish Farming Northern Norway
- Operational EBIT totalled NOK 708.1 million in the quarter, up from NOK 670.7 million in the same period last year

KEY FIGURES – GROUP

NOK million	Q1 2018	Q1 2017	2017
Operating revenue	2 531.0	2 430.1	10 817.2
Operational EBIT	708.1	670.7	3 162.2
Operational EBIT %	28.0%	27.6%	29.2%
Fair value adjustments	151.6	-182.1	-370.0
Profit/loss from associates	57.5	82.2	208.9
Profit/loss before tax	913.4	548.5	2 856.2
EPS – diluted (NOK)	6.33	3.86	20.18
NIBD	735.3	1 828.0	1 222.5
Equity ratio %	62.2%	55.0%	59.3%
Harvested volume (1,000 tgw)	31.9	26.3	135.2
EBIT/kg gw (NOK)	22.21	25.50	23.40







FINANCIAL PERFORMANCE

Revenues and results in the first quarter 2018

Operationally, SalMar performed well in the first quarter, with all its business segments posting satisfactory results.

The SalMar Group harvested a total of 31,900 tonnes of salmon in the first quarter 2018, compared with 39,900 tonnes in the previous quarter and 26,300 tonnes in the first quarter 2017.

In addition, Norskott Havbruk (Scottish Sea Farms) harvested a total of 6,500 tonnes in the quarter, down from 7,200 tonnes in the previous quarter, but up from 5,900 tonnes in the first quarter 2017. SalMar owns 50 per cent of Norskott Havbruk.

In the first quarter 2018, the price of salmon (NASDAQ Salmon Index) averaged NOK 60.37 per kg, up NOK 10.95 per kg on the previous quarter. Compared with the first quarter last year, however, the average price was NOK 5.52 per kg lower. For 2017 as a whole, the price of salmon averaged NOK 59.93 per kg. From NOK 55 per kg at the start of the first quarter 2018, the price rose to NOK 75 per kg at its close.

SalMar generated gross operating revenues of NOK 2,531.0 million in the first quarter 2018, compared with NOK 2,780.6 million in the fourth quarter 2017 and NOK 2,430.1 million in the first quarter last year.

Operational EBIT for the Group came to NOK 708.1 million in the period, practically unchanged from NOK 707.2 million in the previous quarter, but up from NOK 670.7 million in the same period last year.

For the Group as a whole, this gave an Operational EBIT per kg of NOK 22.21, compared with NOK 17.70 per kg in the fourth quarter 2017 and NOK 25.50 per kg in the first quarter last year.

Please see the segment results for further details.

SalMar's most important key figure for measuring its performance under IFRS is Operational EBIT. This shows the result of the Group's underlying operations during the period. Specific items not associated with underlying operations are presented on separate lines.

Fair value adjustments boosted the recognised operating profit by NOK 151.6 million in the period. The fair value of the biomass was adjusted upward by NOK 171.6 million in the quarter, while changes in unrealised losses on contracts, financial Fish Pool contracts and currency positions had a net negative impact on profit of NOK 19.9 million. See Note 4 for further details.

As a result, operating profit for the first quarter 2018 came to a total of NOK 859.8 million, compared with NOK 488.6 million in the corresponding period last year. Operating profit in the first quarter 2017 was negatively affected by fair value adjustments totalling NOK 182.1 million.

SalMar's share of the profit/loss from associates came to NOK 57.5 million in the period. The contribution derives almost entirely from the share of the profit/loss from Norskott Havbruk and Arnarlax. In the first quarter 2017, associates contributed NOK 82.2 million.

Net interest expenses totalled NOK 22.9 million in the quarter, while net other financial items were positive in the amount of NOK 19.1 million. Profit before tax for the period came to NOK 913.4 million. Profit before tax in the first quarter 2017 totalled NOK 548.5 million.

Tax in the period has been calculated at a total of NOK 191.8 million, such that the Group's net profit for the first quarter 2018 comes to NOK 721.6 million. The tax expense in the corresponding period in 2017 was NOK 105.3 million, while the net profit for the period totalled NOK 443.2 million.

Cash flow

The SalMar Group generated a positive cash flow from operating activities of NOK 632.2 million in the first quarter.

Net cash flow from investing activities totalled NOK -118.7 million in the period. Payments relating to investments in property, plant and equipment totalled NOK 90.9 million in the quarter. In addition, NOK 110.1 million was invested in growth, primarily the purchase of a 2 per cent increase in the maximum allowed biomass (MAB) under all licences where this is permitted. Furthermore, SalMar received dividends from associates totalling NOK 82.2 million during the quarter.

The Group's net cash flow from financing activities came to NOK -198.2 million in the period. This amount relates primarily to the repayment of debt, which was reduced by NOK 175.3 million in the period. Net interest of NOK 22.9 million was paid in the quarter.

This gave SalMar a net cash flow of NOK 315.3 million in the period. Adjusted for the negative effect of exchange rates, amounting to NOK 3.3 million, this led to an increase in the Group's overall holding of cash and cash equivalents of NOK 312.0 million in the period. As a result, cash and cash equivalents at the close of the quarter totalled NOK 489.1 million.

Financial position

At the close of the first quarter 2018, SalMar's balance sheet totalled NOK 13,462.5 million, compared with NOK 12,926.2 million three months before and NOK 12,958.2 million at the close of the first quarter 2017.

The book value of the Group's property, plant and equipment decreased by NOK 26.8 million through the quarter to NOK 3,578.0 million. Investments are being made in line with established plans. These relate largely to investments in the Group's experimental offshore fish farm project and the expansion of smolt production capacity, as well as lice treatment capabilities and general maintenance.

At the close of the period, the Group had current assets totalling NOK 5,816.1 million, up from NOK 5,315.6 three months before.

The book value of inventory rose by NOK 36.7 million in the quarter. The fair value of the biomass was adjusted upward

by NOK 171.6 million during the quarter, as a result of higher forward prices compared to the close of the previous quarter. A slight decrease in the volume of the standing biomass in the quarter explains the reduction in production costs during the period.

Trade receivables rose by NOK 144.2 million to NOK 645.3 million in the period, while other current receivables rose by NOK 7.5 million to NOK 250.3 million. At the close of the quarter, the SalMar Group had cash and cash equivalents totalling NOK 489.1 million

As at 31 March 2018, the Group's total equity came to NOK 8,376.5 million, which corresponds to an equity ratio of 62.2 per cent. See the separate statement of changes in equity for further details.

Total interest-bearing debt at the close of the period stood at NOK 1,224.4 million. Of this amount, debt to credit institutions accounted for NOK 759.9 million, ordinary leasing liabilities accounted for NOK 24.1 million, while leasing liabilities relating to InnovaMar accounted for NOK 315.8 million. Short-term interest-bearing debt in the amount of NOK 124.3 million comprises the first year's instalment on interest-bearing debt.

Other current liabilities were reduced by NOK 24.8 million to NOK 2,471.4 million during the quarter. Trade payables decreased by NOK 284.7 million, while tax and public charges payable increased by NOK 144.3 million and NOK 97.9 million respectively.

At the close of the first quarter 2018, the SalMar Group had a net interest-bearing debt of NOK 735.3 million, a reduction of NOK 487.2 million from three months before.

OPERATIONAL PERFORMANCE

Fish Farming Central Norway

NOK million	Q1 18	Q1 17	2017
Operating revenue	1 376	1 043	5 198
Operational EBIT	531	412	1 891
Operational EBIT%	39%	40%	36 %
Harvested volume (1,000 tgw)	22.3	16.2	87.5
EBIT/kg gw (NOK)	23.82	25.49	21.63

The Fish Farming Central Norway segment harvested a total of 22,300 tonnes of salmon in the first quarter 2018, compared with 16,200 tonnes in the corresponding period last year. The higher volume went some way to offsetting this quarter's slightly lower price than in the comparable period last year, such that operating revenues in the quarter came to NOK 1,376.2 million, up from NOK 1,042.7 million in the first quarter 2017.

Despite lower sea temperatures, the segment's fish stocks developed satisfactorily through the quarter. The fish harvested during the period were largely those transferred to the sea in the autumn of 2016. Out of consideration for fish welfare, stocks were harvested prematurely at some locations. This had a negative impact on the production cost per kg of the fish harvested. Overall, the segment's costs with respect to its harvested biomass remain largely the same as in the previous quarter.

Organic salmon accounted for around 13 per cent of the total volume harvested in the quarter.

No delousing treatments were performed in the period. Over time, SalMar has built up a robust treatment capacity and is well equipped to deal with any challenges that may arise going forward.

Fish Farming Central Norway made an EBIT per kg gutted weight of NOK 23.82 in the first quarter 2018. This is up from NOK 13.30 per kg in the previous quarter, but down from NOK 25.49 per kg in the first quarter 2017. The decrease in margin from the corresponding period in 2017 is attributable to lower salmon prices.

The segment's underlying cost situation is expected to improve in coming quarters.

Fish Farming Central Norway expects to harvest around 96,000 tonnes of salmon in 2018 as a whole. This is a 10 per cent increase on 2017.

Fish Farming Northern Norway

NOK million	Q1 18	Q1 17	2017
Operating revenue	561	681	2 865
Operational EBIT	231	362	1 376
Operational EBIT%	41%	53%	48 %
Harvested volume (1,000 tgw)	9.6	10.1	47.7
EBIT/kg gw (NOK)	24.02	35.74	28.84

Fish Farming Northern Norway harvested around 9,600 tonnes of salmon in the first quarter 2018. This is some 3,500 tonnes less than in the previous quarter and 500 tonnes less than in the corresponding period last year.

The segment generated gross operating revenues of NOK 561.1 million in the period, compared with NOK 681.0 million in the same period in 2017. The decrease in revenues derives from a combination of a lower volume harvested and lower prices.

EBIT per kg in the first quarter came to NOK 24.02, up from NOK 17.50 per kg in the previous quarter but down from NOK 35.74 per kg in the first quarter 2017.

As expected and previously communicated, costs associated with the harvested biomass were higher in the first quarter 2018 than in previous quarters. This applies particularly to fish transferred to the sea in the autumn of 2016, whose production costs were negatively affected by last year's increased delousing activities. Furthermore, the harvesting profile was unfavourable in terms of price developments, with the result that the average price achieved in the quarter as a whole was slightly below the NASDAQ average.

SalMar has made significant investments to increase the segment's delousing capacity and preparedness.

SalMar expects the biomass harvested in coming quarters to have a slightly higher production cost.

Fish Farming Northern Norway expects to harvest around 47,000 tonnes of salmon in 2018 as a whole.

Sales and Processing

NOK million	Q1 18	Q1 17	2017
Operating revenue	2 524	2 398	10 925
Operational EBIT	-15	-61	48
Operational EBIT%	-0,6%	-2,6%	0,4 %

The Sales and Processing segment achieved good prices in the first quarter 2018, generating gross operating revenues of NOK 2,524.5 million. This was NOK 126.2 million more than in the corresponding period last year.

The segment sells the entire Group's harvested volume.

Sales and Processing's Operational EBIT in the quarter came to NOK -15.3 million. While this is NOK 46.1 million better than in the same period last year, it is NOK 190.8 million weaker than in the preceding quarter.

The weaker result compared with the previous quarter is largely attributable to a seasonally low level of activity, with consequently higher fixed costs per fish produced, as well as the negative impact of fixed-price contracts. Fixed-price contracts accounted for 39 per cent of overall volume in the period.

Some 25,125 tonnes were harvested in the quarter, compared with 32,700 tonnes in the previous quarter and 29,140 tonnes in the first quarter last year.

As at mid-May, contract sales in the second quarter 2018 account for around 50 per cent of the volume. For the remainder of 2018, the contract rate stands at 36 per cent.

Eliminations

With effect from the fourth quarter 2013 research and development (R&D) costs have been included as eliminations in the segments' reported results. Of a total harvested volume of 31,900 tonnes in the first quarter 2018, R&D costs accounted for NOK 0.85 per kg.

Associates

Norskott Havbruk

Norskott Havbruk is recognised as an associate, with SalMar's share (50 per cent) of the company's profit/loss after tax (and fair value adjustment of the biomass) being recognised as financial income. The figures in the table below reflect the company's overall performance.

NOK million	Q1 18	Q1 17	2017
Operating revenue	519	372	2 088
Operational EBIT	173	143	669
Operational EBIT%	33%	38%	32 %
Fair value adj. biomass	7	94	9
Profit before tax	178	235	670
SalMar's share after tax	76	95	273
Harvested volume (1,000 tgw)	6.5	5.9	31.0
EBIT/kg gw (NOK)	26.67	24.22	21.59

Norskott Havbruk generated gross operating revenues of NOK 518.7 million in the first quarter 2018, up from NOK 485.0 million in the fourth quarter of last year and from NOK 372.4 million in the first quarter 2017.

Norskott Havbruk harvested around 6,500 tonnes of fish in the quarter, 700 tonnes less than in the previous quarter but 600 tonnes more than in the same period last year. SalMar's share of the harvested volume came to 3,250 tonnes.

The company posted a good result in the first quarter 2018 on the back of sound underlying operations.

Fish affected by poor gill health were harvested out in the fourth quarter 2017. As a result, the company now has a good biological status in all its operational areas.

Contract sales accounted for 32 per cent of the volume harvested.

EBIT per kg gutted weight came to NOK 26.67 in the period, compared with NOK 16.00 per kg in the previous quarter and NOK 24.22 per kg in the first quarter 2017.

The company expects to harvest around 26,000 tonnes in 2018.

Arnarlax HF

Arnarlax HF is recognised as an associate, with SalMar's share of the company's profit/loss after tax and fair value adjustment of the biomass being recognised as financial income. The figures in the table below reflect the company's overall performance.

NOK million	Q1 18	Q1 17	2017
Operating revenue	140	146	625
Operational EBIT	-40	35	60
Operational EBIT%	-29%	24%	10 %
Fair value adj. biomass	-3	-73	-186
Profit before tax	-63	-40	-165
SalMar's share after tax	-19	-13	-56
Harvested volume (1,000 tgw)	2.6	2.0	9.7
EBIT/kg gw (NOK)	-15.65	16.95	6.23

Arnarlax harvested around 2,600 tonnes in the first quarter 2018, compared with 2,000 tonnes in the same period last year. Gross operating revenues in the quarter came to NOK 139.8 million, compared with NOK 146.2 million in the corresponding period in 2017.

The company experienced an unusually high mortality rate caused by the handling of fish when sea temperatures in Iceland were extremely low. Further handling mortality occurred in connection with the relocation of fish after one of the company's net pens was damaged in a storm. This extra-ordinary mortality has been recognised as an expense in the quarter.

Operational EBIT for the period came to NOK -40.2 million, which corresponds to an EBIT per kg of NOK -15.65. In the previous quarter, Arnarlax achieved an Operational EBIT of NOK 4.3 million, corresponding to an EBIT per kg of NOK 1.35.

As a result of the incident in the first quarter, the company has reduced its harvested volume forecast for 2018 as a whole to around 8,000 tonnes.

MARKETS

Supply and demand

The global supply of Atlantic salmon in the first quarter 2018 is estimated to be approx. 570,200 tonnes, an increase of around 9 per cent on the same period last year.

The increase derives principally from higher production in Norway and Chile.

Fish farmers in Chile harvested a total of 164,000 tonnes of Atlantic salmon during the quarter, up 32,800 tonnes or 25 per cent on the same period the year before. Around 292,500 tonnes were harvested in Norway, which is 6 per cent more than in the same period in 2017.

Changes in the other major fish farming regions were more moderate.

British salmon farmers produced a total of 34,600 tonnes in the quarter, down 5,200 tonnes or 13 per cent from the year before.

In North America, the harvested volume rose by 2 per cent to 34,200 tonnes in the period, while the volume harvested in the Faeroes rose by 6 per cent to 18,300 tonnes.

The volume harvested in other producing countries grew in line with previous quarters, with output rising by 16 per cent in the period. Overall, these countries harvested around 26,600 tonnes in the period.

In the first quarter 2018, there was a shift in the development of Norwegian salmon exports. After falling for several quarters, exports to the largest markets picked up again.

Overall exports of Atlantic salmon from Norway came to approx. 282,000 tonnes round weight in the quarter, an increase of around 17,000 tonnes or 6 per cent compared with the first quarter 2017. However, lower salmon prices led to a slight dip in the value of exports measured in NOK, such that the total value of Norwegian salmon exports came to approx. NOK 15.8 billion in the period, compared with NOK 16.0 billion in the same period last year. This corresponds to a decrease of 1 per cent.

Norway exported 205,000 tonnes of salmon to the EU during the first quarter 2018. This is 10 per cent more than in the corresponding period in 2017. The value of Norway's salmon exports to the EU rose to NOK 11.2 billion, a year-on-year rise of 3 per cent.

Exports to the French market totalled 30,300 tonnes in the quarter, a rise of 14 per cent compared with the same period last year. Measured in NOK, their value rose by 11 per cent. Exports to Poland rose by 11 per cent to 37,100 tonnes, while exports of Norwegian salmon to the UK rose by 22 per cent to 18,400 tonnes. The rise in exports to Spain that started in the second half of last year continued. Compared with the same quarter last year, exports rose by 8 per cent to 16,600 tonnes.

On the other hand, exports to the USA and Denmark decreased. After steady growth throughout the whole of 2017, the volume exported to the USA fell by 11 per cent to 17,000 tonnes. Exports to Denmark fell by 1 per cent to 19,600 tonnes.

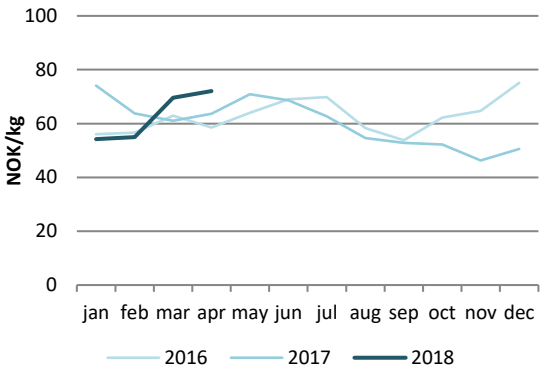
In the Asian markets, the positive trend seen in previous quarters continued, with overall exports of Norwegian-produced salmon rising by 15 per cent to 13,300 tonnes.

Prices and exchange rates

Despite a 9 per cent increase in the global supply of Atlantic salmon in the first quarter 2018, there was a sharp rise in prices through the period. From NOK 55 per kg at the start of the quarter, the price stood at NOK 75 per kg at its close.

The average price of salmon (NASDAQ Salmon Index) for the period as a whole came to NOK 60.37 per kg, a rise of NOK 10.95 per kg from the previous quarter. However, compared with the first quarter last year, the price of salmon was NOK 5.52 per kg lower.

Salmon prices – NASDAQ Salmon Index NOK/kg



During the quarter, the NOK strengthened against the most important trading currencies.

From the close of 2017 until the close of the first quarter 2018, the NOK strengthened against the EUR, GBP and USD by 2.0 per cent, 0.8 per cent and 5.2 per cent respectively.

From the close of the first quarter 2017 until the close of the first quarter 2018, however, the NOK weakened against the EUR and GBP by 5.2 per cent and 2.7 per cent respectively. Against the USD, the NOK strengthened by 9.3 per cent during the same period.

Any weakening of the NOK against the respective trading currencies may lead to an increase in the price of salmon measured in NOK and vice versa.

Biomass

The latest biomass estimates (Kontali) indicate that at the close of the first quarter 2018, Norway had a standing biomass of 689,800 tonnes round weight, an increase of 6.3 per cent compared with the same point last year, when the standing biomass totalled 649,000 tonnes. At the close of 2017, Norway's standing biomass totalled 769,700 tonnes round weight.

At the close of the quarter, Chile's standing biomass totalled 292,100 tonnes round weight, 4 per cent higher than the level one year before. The Chilean biomass at the close of 2017 is estimated to have been around 295,400 tonnes round weight.

In the UK, the total biomass as at 31 March 2018, came to 81,300 tonnes round weight, 13 per cent below the figure a year before. As at 31 December 2017, UK salmon farmers had a combined standing biomass of 89,900 tonnes round weight.

At the close of the period, the Faeroes is estimated to have had a standing biomass of 36,500 tonnes round weight, 27 per cent less than one year before.

EVENTS AFTER THE BALANCE SHEET DATE

On 9 April 2018, SalMar announced that Olav-Andreas Ervik was taking over as CEO with immediate effect. Mr. Ervik was previously Director of the Group's fish farming operations, a position he has held since 2014. Before that, Mr. Ervik was general manager of SalMar Farming AS. He has also held a number of executive positions at Lerøy Midnor, Scottish Seafarms (in which SalMar has a 50 per cent shareholding) and Lerøy Hydrotech.

Olav-Andreas Ervik takes over after Trond Williksen's voluntarily resignation.

SHARES AND SHAREHOLDERS

At the close of the first quarter 2018, SalMar had a total of 113,299,999 shares outstanding, divided between 4,458 shareholders.

The company's principal shareholder, Kverva AS, owns 53.4 per cent of the shares. The company's 20 largest shareholders own a total of 76.06 per cent of the shares. As at 31 March 2018, SalMar ASA owned a total of 754,922 treasury shares, corresponding to 0.67 per cent, making it the 12th largest shareholder.

During the period, SalMar's share price fluctuated between NOK 205.00 and NOK 321.60. The final price at the close of the quarter was NOK 321.20, compared with NOK 246.80 at the close of the previous quarter. The share price therefore rose by 30 per cent during the period.

A total of 22.4 million shares were traded during the quarter, just under 20 per cent of the total number of shares outstanding. The average daily volume traded was just under 356,000 shares. In the fourth quarter 2017, around 288,000 shares were traded on average every day.

TRANSACTIONS WITH RELATED PARTIES

During the period, there occurred no changes or particular transactions with related parties, over and above ordinary operations, that have had a material impact on the Group's financial position or results.

OUTLOOK

Markets

The global supply of Atlantic salmon was 9 per cent higher in the first quarter 2018 than in the corresponding period last year. However, the growth rate is expected to tail off as the year progresses. In the second and third quarters, output is expected to be 3 per cent higher than in the same periods last year, while growth in the fourth quarter 2018 is expected to be up 1 per cent on the same quarter in 2017.

Output in Norway rose by 6 per cent in the first quarter. This growth rate is expected to hold steady in coming quarters, such that for 2018 as a whole the volume harvested in Norway is expected to increase by 6 per cent to 1.28 million tonnes.

A sharp downturn in the growth rate in Chile is expected through 2018. After increasing by 25 per cent in the first quarter, growth of 5 per cent and 1 per cent respectively are expected in the second and third quarters. Year-on-year, output is expected to fall by 7 per cent in the fourth quarter. For 2018 as a whole, the volume harvested in Chile is expected to increase by 5 per cent to 607,400 tonnes.

After several quarters of growth, the situation in the UK is expected to reverse in 2018. In the first quarter, the harvested volume fell by 13 per cent compared with the first quarter 2017. In the second and third quarters, output is expected to decrease by 15 per cent and 11 per cent respectively. The total output of Atlantic salmon by UK fish farmers in 2018 as a whole is estimated at 155,500 tonnes, down 11 per cent on 2017.

Developments in North America are expected to remain stable throughout 2018, with quarterly growth of 2–6 per cent. For the year as a whole, the harvested volume is expected to rise by 3 per cent to 166,800 tonnes.

In the Faeroes, the total output in 2018 as a whole is forecast to be 74,000 tonnes, a decrease of 8 per cent on 2017.

Output in the other regions is expected to total 107,800 tonnes in 2018 as a whole, up 6,200 tonnes or 6 per cent on the year before.

SalMar

SalMar's overall objective of growth and reduced costs remains firmly in place.

SalMar will continue its ongoing investment programme in facility maintenance and upgrades, and expects to invest around NOK 276 million, largely associated with marine-phase activities. The expansion of the company's main smolt production facility in Trøndelag, at Follafoss, will continue with Phase 2, which has a total estimated cost of NOK 150 million. In 2018, around NOK 80 million of this will accrue. Overall, the company expects to make infrastructure investments totalling NOK 356 million in 2018.

So far, SalMar has invested around NOK 700 million in its offshore fish farm concept, Ocean Farm. The project has now embarked on a 12-month pilot period to test the concept under normal operating conditions. The company continues to experience good biological results from the Ocean Farm 1 pilot facility, with strong fish growth and low mortality rates. The first fish raised at the farm are expected to be harvested in the second half of 2018.

To develop further opportunities for offshore fish farming on the salmon's terms, SalMar has acquired 51 per cent of the shares in MariCulture AS and entered into an alliance with the current co-owner to develop offshore aquaculture facilities capable of operating in the open ocean. The company has applied for 16 development licences for the development of the "Smart Fish Farm" concept. This concept is completely different to anything else that has so far been designed or developed for the aquaculture industry, and will be capable of withstanding wave heights of up to 15 metres. If the development phase is successful, the new deepwater facility will, for the first time, make it possible to establish fish farming operations in the open sea, and with hardly any restrictions on the choice of location.

Efforts are constantly underway to research and develop new concepts that can help to secure sustainable growth in the future.

The lice situation in Central Norway is improving. Over time, SalMar has invested heavily to increase its competence and capacity to deal with biological challenges in the best possible way. This has been done through investments in important aspects, such as the capacity to produce larger smolt in order to reduce the growing time in the sea, the use of cleaner fish for delousing, wellboats and machines to ensure adequate delousing capacity. Sanitary harvesting is also performed if necessary.

As at mid-May, the contract rate for the second quarter 2018 comes to around 50 per cent. For the remaining volume in 2018 as a whole, the contract rate comes to 36 per cent. The average price and volume of the contract portfolio is relatively stable through all of 2018. For the year as a whole, the average price of the contract portfolio is slightly below the Fish Pool forward price.

SalMar expects to harvest 143,000 tonnes in 2018, with just over 40 per cent coming in the first half. Costs in the second quarter 2018 are expected to be slightly higher than in the year's first quarter.

INCOME STATEMENT

NOK million	1Q 2018	Q1 2017	FY 2017
Operating income	**2 531,0**	**2 430,1**	**10 817,2**
Cost of goods sold	1 053,2	1 080,3	4 722,5
Payroll expenses	239,8	230,1	929,1
Other operating expenses	408,6	354,9	1 584,8
EBITDA	829,4	764,8	3 580,8
Depreciations and write-downs	121,3	94,1	418,6
Operational EBIT	**708,1**	**670,7**	**3 162,2**
Fair value adjustment	151,6	-182,1	-370,0
Operational profit	**859,8**	**488,6**	**2 792,2**
Income from investments in associates	57,5	82,2	208,9
Net interest costs	-22,9	-24,5	-95,9
Other financial items	19,1	2,2	-49,1
Profit before tax	**913,4**	**548,5**	**2 856,2**
Tax	191,8	105,3	558,4
Net profit for the period	**721,6**	**443,2**	**2 297,8**
Items to be reclassified to profit and loss in subsequent periods:			
Change in translation diff. associates	-19,4	1,4	41,7
Change in translation diff. subsidaries	0,2	1,1	-0,3
Cash flow hedge, net tax	-	-2,5	-11,5
Change in fair value of currency instruments	-3,6	-	3,9
Total comprehensive income	**698,8**	**443,2**	**2 331,6**
Allocation of the periods net profit:			
Non-controlling interests	8,3	9,1	23,8
Shareholders in SalMar ASA	713,3	434,0	2 274,0
Earnings per share (NOK)	6,34	3,86	20,24
Earnings per share - diluted	6,33	3,86	20,18

BALANCE SHEET – GROUP

NOK million	31.03.2018	31.03.2017	31.12.2017
ASSETS			
Intangible fixed assets	3 011,5	2 928,2	2 925,0
Tangible fixed assets	3 578,0	3 239,4	3 604,8
Financial fixed assets	1 056,9	990,9	1 080,9
Total fixed assets	**7 646,4**	**7 158,5**	**7 610,6**
Inventory	4 431,3	4 750,4	4 394,6
Accounts receivables	645,3	553,0	501,1
Other short-term receivables	250,3	277,9	242,9
Cash and cash equivalents	489,1	218,4	177,1
Total current assets	**5 816,1**	**5 799,7**	**5 315,6**
TOTAL ASSETS	**13 462,5**	**12 958,2**	**12 926,2**
EQUITY AND LIABILITIES			
Paid-in equity	567,1	541,1	557,6
Reserves	7 713,0	6 499,4	7 022,4
Minority interests	96,3	91,6	88,1
Total equity	**8 376,5**	**7 132,1**	**7 668,1**
Provisions for liabilities	1 390,1	1 406,7	1 362,2
Int. bearing long-term liabilities	1 100,1	1 883,9	1 156,0
Total long-term liabilities	**2 490,3**	**3 290,6**	**2 518,2**
Int. bearing short-term liabilities	124,3	162,6	243,6
Other short-term liabilities	2 471,4	2 372,9	2 496,3
Total short-term liabilities	**2 595,7**	**2 535,5**	**2 739,9**
TOTAL EQUITY AND LIABILITIES	**13 462,5**	**12 958,2**	**12 926,2**
Net interest bearing debt	**735,3**	**1 828,0**	**1 222,5**
Equity share	**62,2 %**	**55,0 %**	**59,3 %**

CASH FLOW

NOK million	Q1 2018	Q1 2017	FY 2017
Profit before tax	913,4	548,5	2 856,2
Tax paid in period	-11,3	-14,1	-423,2
Depreciation	121,3	94,1	418,6
Share of profit/loss from associates	-57,5	-82,2	-208,9
Gains exit subsidiaries	-	-	-10,2
Change in fair value adjustments	-151,6	182,1	370,0
Change in working capital	-227,0	-35,8	196,6
Other changes	45,0	40,6	175,4
Net cash flow from operating activities	632,2	733,3	3 374,4
Net cash flow from investing activities	-118,7	-168,1	-758,0
Change in interest-bearing debt	-175,3	-593,1	-1 250,9
Dividend paid out	-	-	-1 366,0
Interest paid	-22,9	-24,5	-95,9
Other changes	-	-4,0	-3,8
Net cash flow from financing activities	-198,2	-621,6	-2 716,6
Net change in cash for the period	**315,3**	**-56,3**	**-100,2**
Foreign exchange effects	-3,3	1,1	3,5
Cash in the beginning of the period	177,1	273,7	273,7
Cash at the end of the period	489,1	218,5	177,1

CHANGES IN EQUITY

2018	Share capital	Treasury shares	Share premium	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.18	**28,3**	**-0,2**	**415,3**	**114,2**	**10,6**	**7 011,8**	**88,1**	**7 668,1**
Net profit for the year						713,3	8,3	721,6
Comprehensive income					-3,3	-19,4		-22,7
Total comprehensive income for the year	0,0	0,0	0,0	0,0	-3,3	693,9	8,3	698,8
Transactions with shareholders								
Options granted				9,5				9,5
Sum transactions with shareholders	0,0	0,0	0,0	9,5	0,0	0,0	0,0	9,5
Equity as at 31.03.2018	**28,3**	**-0,2**	**415,3**	**123,7**	**7,3**	**7 705,7**	**96,3**	**8 376,5**

2017	Share capital	Treasury shares	Share premium	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.17	**28,3**	**-0,2**	**415,3**	**85,7**	**7,1**	**6 062,2**	**82,4**	**6 680,8**
Net profit for the year						2 274,0	23,8	2 297,8
Comprehensive income					3,5	30,2		33,8
Total comprehensive income for the year	0,0	0,0	0,0	0,0	3,5	2 304,2	23,8	2 331,6
Transactions with shareholders								
Dividend paid						-1 347,8	-18,2	-1 366,0
Exit non-controlling interests						-4,0		-4,0
Options granted				28,5				28,5
Deferred tax options						-3,0		-3,0
Redeemed options treasury shares		0,1				-0,1		0,0
Other changes						0,2		0,2
Sum transactions with shareholders	0,0	0,1	0,0	28,5	0,0	-1 354,7	-18,2	-1 344,3
Equity as at 31.12.17	**28,3**	**-0,2**	**415,3**	**114,2**	**10,6**	**7 011,8**	**88,1**	**7 668,1**

SEGMENT INFORMATION

	Farming Central-Norway	Farming Northern-Norway	Sales and Processing	Elim.	Group
1Q 2018					
Operating income (NOK mill.)	1 376,2	561,1	2 524,5	-1 930,8	2 531,0
Operational EBIT (NOK mill.)	530,6	230,8	-15,3	-38,0	708,1
Operational EBIT %	38,6 %	41,1 %	-0,6 %		28,0 %
Harvested volume (1,000 tgw)	22,3	9,6			31,9
EBIT/ kg gw (NOK)	23,82	24,02			22,21
Q1 2017					
Operating income (NOK mill.)	1 042,7	681,0	2 398,3	-1 691,9	2 430,1
Operational EBIT (NOK mill.)	412,0	362,3	-61,3	-42,3	670,7
Operational EBIT %	39,5 %	53,2 %	-2,6 %		27,6 %
Harvested volume (1,000 tgw)	16,2	10,1			26,3
EBIT/ kg gw (NOK)	25,49	35,74			25,50
FY 2017					
Operating income (NOK mill.)	5 198,5	2 864,8	10 924,8	-8 170,8	10 817,2
Operational EBIT (NOK mill.)	1 891,5	1 376,1	47,8	-153,2	3 162,2
Operational EBIT %	36,4 %	48,0 %	0,4 %		29,2 %
Harvested volume (1,000 tgw)	87,5	47,7			135,2
EBIT/ kg gw (NOK)	21,63	28,84			23,40
FY 2016					
Operating income (mill.)	4 343,5	2 799,2	9 035,8	-7 148,7	9 029,8
Operational EBIT (mill.)	1 770,2	1 480,3	-685,8	-133,1	2 431,6
Operational EBIT %	40,8 %	52,9 %	-7,6 %		26,9 %
Harvested volume (1,000 tgw)	70,5	45,2			115,6
EBIT/ kg gw (NOK)	25,13	32,78			21,03

KEY FIGURES – GROUP

	1Q 2018	Q1 2017	FY 2017
Number of shares (diluted) - end of period (mill.)	112,8	112,6	112,7
Earnings per share (NOK)	6,34	3,86	20,24
Earnings per share - diluted (NOK)	6,33	3,86	20,18
EBITDA %	32,8 %	31,5 %	33,1 %
Operational EBIT %	28,0 %	27,6 %	29,2 %
EBIT %	34,0 %	20,1 %	25,8 %
Profit before tax %	36,1 %	22,6 %	26,4 %
Cash flow per share - diluted (NOK)	5,6	6,5	29,9
Net interest bearing debt (mill.)	735,3	1 828,0	1 222,5
Equity ratio %	62,2 %	55,0 %	59,3 %

Earnings per share = Earnings after tax/ average numbers of shares

Earnings per share - diluted = Earnings after tax/ average number of shares - diluted

Earnings before tax % = Earnings before tax/ operating income

Cash flow per share - diluted = Cash flow from operating activities/ average number of shares - diluted

Equity ratio = Equity/ total assets

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Accounting principles

This report has been prepared in accordance with International Financial Reporting Standards (IFRS), including the standard for interim reporting (IAS 34). The same accounting principles and calculation methods used in the last year-end financial statements have been used here. Please refer to the Group's latest IFRS year-end financial statements, which are published on the Group's website under Investor Relations (www.salmar.no), for a complete description of the accounting principles.

This interim report has not been subject to external audit.

In this interim report the Group has used the same accounting principles as in the year-end financial statements for 2017. IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers came into force on 1 January 2018. Neither of these standards has had any material impact on the Group. Apart from these, there have been no other changes to accounting standards or interpretations during the period.

Note 2 - The company's 20 largest shareholders

Shareholder	Shares	%
KVERVA AS	60 500 000	53,40 %
FOLKETRYGDFONDET	6 886 316	6,08 %
STATE STREET BANK AND TRUST COMP	2 827 820	2,50 %
STATE STREET BANK AND TRUST COMP	2 560 340	2,26 %
LIN AS	1 754 498	1,55 %
CLEARSTREAM BANKING S.A.	1 284 818	1,13 %
STATE STREET BANK AND TRUST COMP	1 064 066	0,94 %
EUROCLEAR BANK S.A./N.V.	965 062	0,85 %
AB SIC I LOW VOL EQU PORTF	823 701	0,73 %
STATE STREET BANK AND TRUST COMP	800 757	0,71 %
J.P. MORGAN BANK LUXEMBOURG S.A.	786 348	0,69 %
SALMAR ASA	754 922	0,67 %
JPMORGAN CHASE BANK, N.A., LONDON	702 473	0,62 %
MORGAN STANLEY AND CO INTL PLC	682 509	0,60 %
STATE STREET BANK AND TRUST COMP	672 683	0,59 %
STATE STREET BANK AND TRUST COMP	649 550	0,57 %
JPMORGAN CHASE BANK, N.A., LONDON	644 644	0,57 %
PARETO AKSJE NORGE	642 635	0,57 %
STATE STREET BANK AND TRUST COMP	600 633	0,53 %
THE NORTHERN TRUST COMP, LONDON BR	572 340	0,51 %
Top 20	**86 176 115**	**76,06 %**
Others	27 123 884	23,94 %
Total	**113 299 999**	**100,00 %**

Note 3 - Inventory and Biological Assets (biomass)

Book value of inventory	31.03.2018	31.03.2017	31.12.2017
Raw materials	92,5	96,3	121,0
Biological assets	4 163,2	4 506,4	4 135,5
Finished goods	175,5	147,8	138,1
Total	4 431,3	4 750,4	4 394,6

Fair value adjustment of biological assets	31.03.2018	31.03.2017	31.12.2017
Historic cost	2 890,8	3 021,3	3 034,6
Fair value adjustment of the biomass	1 272,5	1 485,1	1 100,9
Book value	4 163,2	4 506,4	4 135,5

Raw materials largely comprise feed for smolt and marine-phase fish production. Raw materials used in secondary processing, as well as packaging materials, are also included. Stocks of biological assets are associated with SalMar's fish farming operations on land and at sea.

Finished goods comprise whole salmon, fresh and frozen, as well as processed salmon products.

Biological assets in further detail

The treatment for accounting purposes of live fish is regulated by IAS 41 Agriculture. IAS 41 contains a methodological hierarchy for the measurement of biological assets for accounting purposes. The main rule is that such assets must be measured at fair value.

The best estimate for the fair value of fish with a live weight of less than 1 kg is accumulated cost, while the fair value of harvestable fish with a harvested weight of more than 4 kg is adjusted to its expected net profit/loss. For fish with a harvested weight of between 1 kg and 4 kg the fair value adjustment of the biomass is set to its pro-rata share of expected net profit/loss at harvest. As a consequence, this can lead to a downward adjustment in the fair value of biological assets.

The fair value of the biomass is set on the basis of the market price of the weight category concerned, corrected for sales costs, including harvesting costs and gutting waste, on the balance sheet date. The market price is adjusted for quality differences. The sales prices used are based on external forward prices for the period in which the fish is due to be harvested.

Smolt are valued at cost.

Note 4 - Fair Value Adjustments

Fair value adjustments are part of the Group's operating profit/loss, but changes in fair value are presented on a separate line to provide a better understanding of the Group's profit/loss on the sale of goods. The item Fair Value Adjustments comprises:

	1Q 2018	1Q 2017	FY 2017
Change in fair value of the biomass	171,6	-543,6	-927,8
Change in provisions for onerous contracts	-46,6	268,9	407,6
Unrealised change in value of Fish Pool contracts	-27,4	92,1	143,6
Unrealised changes in the value of currency and forward currency contracts	54,1	0,4	6,6
Fair value adjustments recognised in profit and loss	151,6	-182,1	-370,0

Note 5 - Business combinations

Business acquisitions in 2018

The Group has not undertaken any business combinations in the first quarter of 2018.

Business acquisitions in 2017

On 13 February 2017, the Group agreed the acquisition of 100 per cent of the shares in Sunnfjord Rensefisk AS. For accounting purposes, the transaction will be treated as a business transfer. Sunnfjord Rensefisk AS produces a type of cleaner fish (ballan wrasse), and the object of the acquisition is to increase the Group's cleaner fish production capacity. In connection with the transaction, the shareholders' receivable from the company was transferred to SalMar. SalMar paid NOK 8.3 million for the receivable, which was recognised in the accounts in the amount of NOK 25.75 million. The company's shares were transferred free of charge.

The acquisition's effect on the balance sheet:	Book value	Fair value adjustments	Fair value
Deferred tax asset	6,6	0,8	7,4
Fixed assets	1,5	-1,5	0,1
Current assets	7,7	-1,8	5,9
Liquidity	0,2	-	0,2
Liabilities	-31,0	17,5	-13,5
Net identifiable assets and liabilities	**-14,9**	**14,9**	**0,0**
Goodwill			0,0
Cash Consideration			**0,0**

Note 6 - Exit of subsidiaries and non-controlling interests

Exit of subsidiaries 2017

Villa Smolt AS
With effect from 31 May 2017, the Group has sold 100 per cent of its shares in the subsidiary Villa Smolt AS. The fair value of the consideration, NOK 16.0 million, has been paid in cash. The subsidiary's exit produced a net gain for the Group of NOK 0.5 million, which is classified as an operating revenue in the 2017 financial statements.

SalMar Genetics AS
With effect from 31 May 2017, the Group has reduced its shareholding in the subsidiary SalMar Genetics AS from 100 per cent to 50 per cent. The reduction is a consequence of dilution in SalMar Genetics AS in combined with the sale of shares.

Following the transaction, the Group no longer has a controlling influence over the company. The entire investment is deemed to have been realised and a new cost price, based on the fair value of the investment in the shares, has been set. The fair value of the remaining investment in the company, NOK 25.9 million, is recognised as a financial asset in the balance sheet. The realisation of the subsidiary generated a gain for the Group of NOK 9.7 million, which is classified as an operating revenue in the 2017 financial statements.

Changes in non-controlling interests 2017

During the period, the Group paid NOK 4.0 million to acquire a further tranche of shares in the subsidiary Ocean Farming AS. The transaction increases the Group's shareholding in the company from 91 per cent to 93.4 per cent.

Note 7 - Financial assets – investments where the equity method is applied

	Norskott Havbruk	*Arnarlax*	*Others*	*TOTAL*
Opening balance 01.01.2018	746,6	251,5	25,6	1 023,8
Addtions costs	-	66,4	-	66,4
Share of year's profit/loss	76,3	-18,6	-0,2	57,5
Other items in comprehensive income	-11,4	-8,0	-	-19,4
Dividend received	-82,2	-	-	-82,2
Closing balance 31.03.2018	**729,3**	**291,3**	**25,4**	**1 046,1**

2018

During the period, SalMar acquired 36,348 subscription rights in Salmus AS. Taking these subscription rights into account, SalMar now owns 82.3 per cent of the company. Salmus AS indirectly holds 49.07 per cent of the shares in Arnarlax Hf.

2017

The Group reduced its shareholding in SalMar Genetics AS to 50 per cent during in 2017, and no longer has a controlling influence over the company. The Group's 50 per cent shareholding has been recognised in accordance with the equity method, with effect from the date of realisation. See Note 6 for further details.

Note 8 - Other financial items

	1Q 2018	1Q 2017	FY 2017
Net interest expenses	-22,9	-24,5	-95,9
Other net financial items	19,1	2,2	-49,1
Net financial items	-3,9	-22,3	-145,0