SalMar ASA

Presentation Q2 2013

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Oslo, 28 August 2013



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Agenda

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



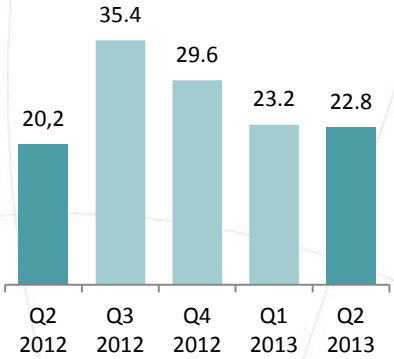
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Second quarter highlights

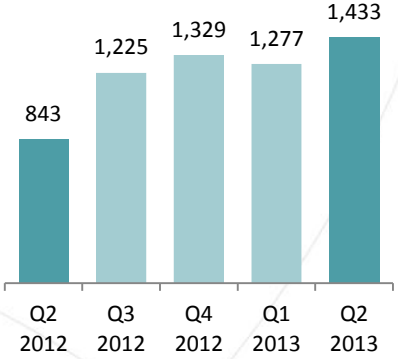
- Record high PBT, NOK 844 million
- Operating income of NOK 1 433 million, up 70% from Q2 12
- Strong operational EBIT at NOK 316 million (NOK 66 million)
- Average NASDAQ Salmon Index at NOK 42.28/kg, up 52% from Q2 12*
- All farming segments delivering satisfactory results
- Harvest volume at 22 800 tons
- Investigation initiated after fatal accident

** Historical prices adjusted*

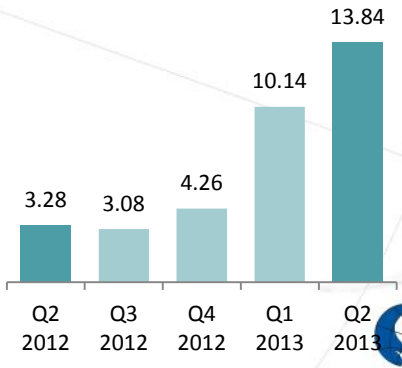
Harvest volume (1,000 tons)



Operating income (NOKm)



EBIT/kg (NOK)



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Financial update



Group profit and loss

NOK million	2Q 13	2Q 12	YTD 13	YTD 12	FY 2012
Operating income	**1,432.7**	**843.1**	**2,709.4**	**1,652.4**	**4,204.8**
Cost of goods sold	658.6	419.5	1,288.9	865.0	2,324.8
Payroll expenses	140.4	111.9	271.1	216.3	483.2
Other operating expenses	269.3	203.0	502.9	382.1	886.0
EBITDA	364.4	108.7	646.5	189.0	510.8
Depreciations	48.3	42.4	95.5	81.7	170.2
Operational EBIT	**316.1**	**66.3**	**551.0**	**107.4**	**340.7**
Fair value adjustment	88.7	56.5	152.7	119.0	290.4
Particular biological events	-	-6.2	-	-51.2	-54.6
Non-recurring gains on aquisition	197.5	-	197.5	77.4	62.4
Operational profit	**602.3**	**116.7**	**901.2**	**252.6**	**638.9**
Income from investments in associates	54.2	30.1	94.2	39.3	93.9
Other financial items	187.3	-34.0	156.8	-77.5	-124.3
Profit before tax	**843.8**	**112.8**	**1,152.2**	**214.5**	**608.5**
Tax	102.6	23.2	175.6	27.4	127.1
Net profit for the period	**741.1**	**89.6**	**976.5**	**187.1**	**481.4**

- NASDAQ Salmon Index of NOK 42.28, up from NOK 36.11 in Q1, and NOK 27.78 in Q212*
- Contract share of 25%
- Harvest volume up 2 600 tons YoY
- Strong operational EBIT at NOK 316m
- Continued growth in EBIT/kg – up 36% from Q1
- One-off gains of NOK 197.5m from acquisition of Atlantic Cod and Villa Organic
- Disposal of shares in Bakkafrost

** Historical prices adjusted*

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Group balance sheet

NOK Million	30/06/2013	31/03/2013	31/12/2012
ASSETS			
Intangible fixed assets	2,448.2	2,134.7	2,135.5
Tangible fixed assets	1,463.5	1,269.6	1,268.8
Financial fixed assets	731.5	1,014.6	970.9
Total fixed assets	**4,643.2**	**4,418.9**	**4,375.1**
Inventory	2,658.5	2,258.6	2,289.9
Accounts receivables	578.6	634.6	660.9
Other short-term receivables	233.9	199.0	245.5
Cash and cash equivalents	388.0	63.0	55.3
Total current assets	**3,859.0**	**3,155.2**	**3,251.7**
TOTAL ASSETS	**8,502.2**	**7,574.2**	**7,626.8**
	-	-	-
EQUITY AND LIABILITIES	-	-	-
Paid-in equity	493.8	493.8	493.2
Reserves	3,306.8	2,613.5	2,338.2
Minority interests	290.4	28.6	136.3
Total equity	**4,091.0**	**3,135.9**	**2,967.7**
Provisions for liabilities	992.3	945.5	872.9
Int. bearing long-term liabilities	2,301.0	2,163.4	2,223.4
Total long-term liabilities	**3,293.3**	**3,108.9**	**3,096.4**
Int. bearing short-term liabilities	218.3	530.7	596.3
Other short-term liabilities	899.6	798.7	966.5
Total short-term liabilities	**1,117.9**	**1,329.3**	**1,562.8**
TOTAL EQUITY AND LIABILITIES	**8,502.2**	**7,574.2**	**7,626.8**
	-	-	-
Net interest bearing debt	**2,131.3**	**2,631.1**	**2,764.4**
Equity share	**48.1 %**	**41.4 %**	**38.9 %**

- Total assets up NOK 928.0 million from Q1
  - Consolidation of Villa Organic
  - Financial assets down NOK 283.1 million, disposal of shares in Bakkafrost
- Net interest bearing debt down NOK 499.8 million to NOK 2 131.1 million
- Equity up NOK 955.1 million to NOK 4 091.0 million, equity-ratio increased to 48.1%
- Gearing ratio:

- Well below 2.0



Group cash flow

NOK million	2Q 13	2Q 12	YTD 2013	YTD 12	FY 2012
Profit before tax	843.8	112.8	1,152.2	214.5	608.5
Tax paid in period	-	-2.9	-2.3	-4.7	-80.7
Depreciation	48.3	42.3	95.5	81.7	170.2
Share of profit/loss from associates	-54.2	-30.1	-94.2	-39.3	-93.9
Realized and unrealized gains on financial assets	-213.2	-	-213.2	-	-
Non-recurring gains on acquisitions	-197.5	-	-197.5	-77.4	-62.4
Change in fair value adjustments	-88.7	-29.1	-152.7	-91.6	-290.4
Change in working capital	96.5	-36.4	29.5	59.5	-158.6
Other changes	40.7	65.5	86.2	27.0	94.2
Net cash flow from operating activities	475.6	122.1	703.4	169.7	186.8
Net cash flow from investing activities	335.3	-161.0	285.9	-237.9	-399.7
Change in interest-bearing debt	-372.8	73.7	-498.5	-195.8	95.5
Equity paid out	-	-2.9	-	-2.9	-2.9
Equity paid in	-	-0.4	-	303.4	303.4
Buy-out of minority	-69.7	-	-69.7	-	-
Interest paid	-40.1	-24.0	-84.9	-44.1	-174.4
Other changes	-3.3	-	-3.3	-	-0.3
Net cash flow from financing activities	-485.9	46.4	-656.4	60.7	221.3
Net change in cash for the period	**325.0**	**7.5**	**332.9**	**-7.5**	**8.4**
Translation differences foreign subsidiaries	-0.0	0.5	-0.2	0.0	-0.8
Cash in the beginning of the period	63.0	32.1	55.3	47.6	47.6
Cash at the end of the period	**388.0**	**40.1**	**388.0**	**40.1**	**55.2**

- Strong cash flow from operations
  - Working capital reduced by NOK 96.5 million
- Positive cash flow from investments
  - Disposal of Bakkafrost shares – Gain of NOK 506 million
- Cash flow from financing negative by NOK 485.9 million
  - Debt reduction NOK 372.8 million
  - SalMar Rauma minorities NOK 69.7 million
  - Interest paid NOK 40.1 million

Operational update



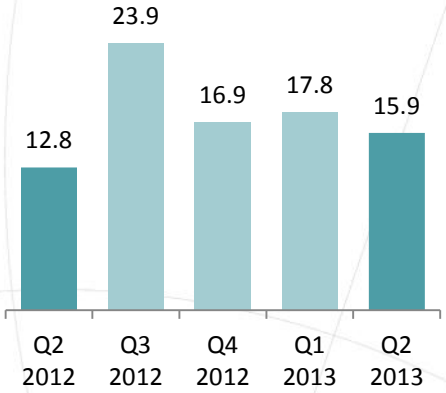
Farming site Singsholmen, Hitra Sør-Trøndelag

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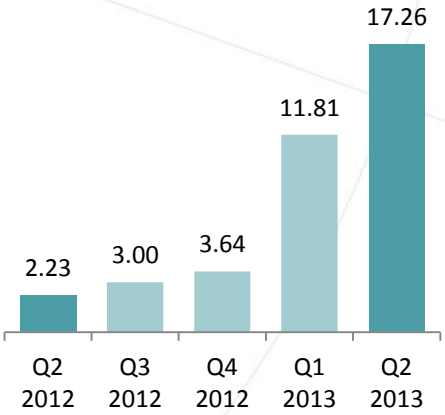
Farming Central Norway

NOKm	Q2 2013	Q2 2012	1H 2013	1H 2012
Operating income (mill.)	663.5	355.8	1,306.9	667.4
Operational EBIT (mill.)	274.6	28.5	484.5	69.2
Operational EBIT %	41.4%	8.0%	37.1%	10.4%
Harvested volume (1,000 tgw)	15.9	12.8	33.7	24.4
EBIT/ kg gw (NOK)	17.26	2.23	14.39	2.84

Harvest volume (1,000 tons)



EBIT/kg (NOK)

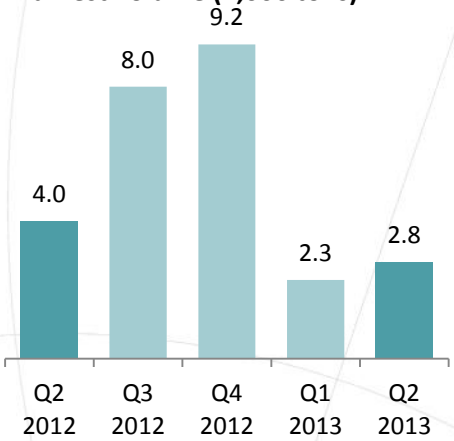


- Improved earnings
  - EBIT/kg NOK 17.26, versus NOK 11.81 in Q1 and NOK 2.23. in Q2 2012
  - EBIT-improvements due to higher prices
  - Results somewhat affected by winter wounds and 16% share of organic salmon.
  - Record early harvesting on 11G
- Harvest volume at 15 900 tons
  - Up 3 100 tons from Q2 12
  - Slightly down from Q1
  - Expected volume for 2013; ~71 000 tons, up 9% from 2012

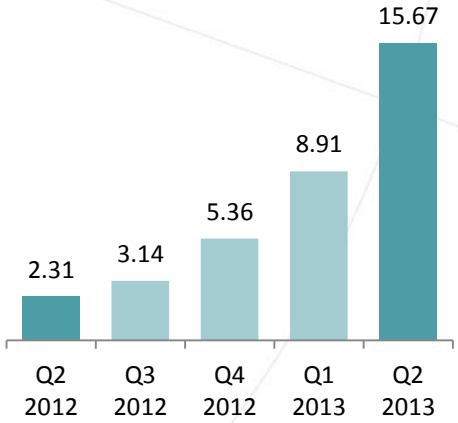
Farming Northern Norway

NOKm	Q2 2013	Q2 2012	1H 2013	1H 2012
Operating income (mill.)	116.9	114.4	194.4	142.4
Operational EBIT (mill.)	44.4	9.3	64.9	8.8
Operational EBIT %	38.0%	8.1%	33.4%	6.2%
Harvested volume (1,000 tgw)	2.8	4.0	5.1	5.1
EBIT/ kg gw (NOK)	15.67	2.31	12.64	1.73

Harvest volume (1,000 tons)



EBIT/kg (NOK)



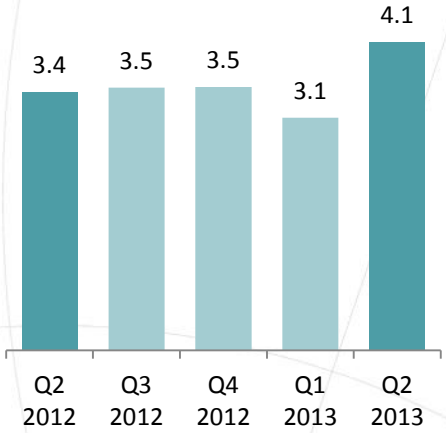
- Continued operational improvement
  - EBIT/kg at NOK 15.67 in Q2 versus NOK 8.91 in Q1 and NOK 2.31 in Q2 12
  - EBIT-improvements due to higher prices
  - 30% of volumes from acquired licenses with NOK 3-4 higher cost per kilo
  - Good biological status
- Harvest volume at 2 800 tons
  - Down 1 200 tons from Q2 12
  - Slightly up from Q1
  - Expected volume for 2013: ~28 000 tons up 25% from 2012

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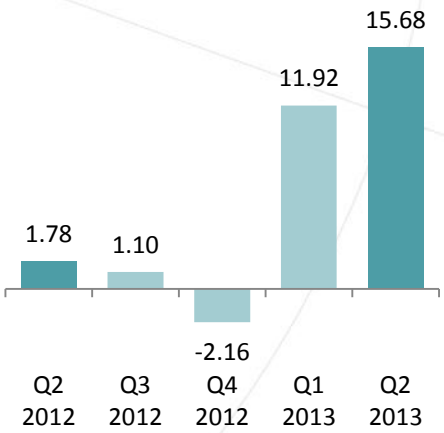
Farming Rauma

NOKm	Q2 2013	Q2 2012	1H 2013	1H 2012
Operating income (mill.)	173.4	98.6	284.2	225.2
Operational EBIT (mill.)	64.2	6.1	101.0	4.5
Operational EBIT %	37.0%	6.2%	35.5%	2.0%
Harvested volume (1,000 tgw)	4.1	3.4	7.2	8.0
EBIT/ kg gw (NOK)	15.68	1.78	14.06	0.56

Harvest volume (1,000 tons)



EBIT/kg (NOK)

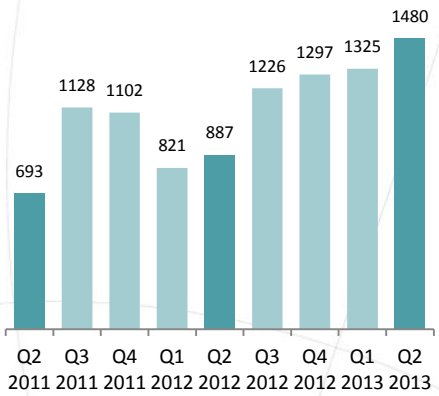


- Strong operational performance
  - EBIT/kg at NOK 15.68 in Q2 versus NOK 11.92 in Q1 and NOK 1.78 in Q2 12
  - Good biological status
- Harvest volume
  - Up 700 tons from Q2 12
  - Harvest volumes up 1 000 tons from Q1 13
  - Expected volume for 2013; ~17 000 tons
- Acquired remaining shares in SalMar Rauma for NOK 69.7 million

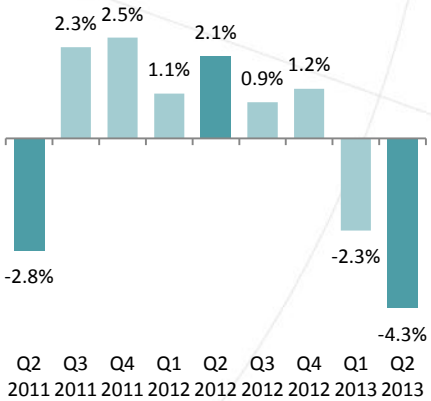
Sales & Processing

NOKm	Q2 2013	Q2 2012	1H 2013	1H 2012
Operating income (mill.)	1,480.1	887.3	2,805.1	1,708.5
Operational EBIT (mill.)	-63.5	18.4	-94.4	27.7
Operational EBIT %	-4.3%	2.1%	-3.4%	1.6%

Sales revenues (NOK million)

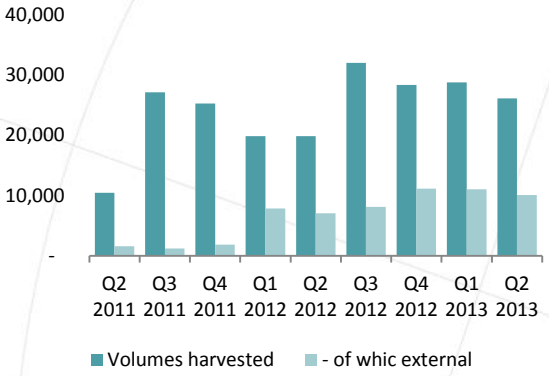


EBIT-margin (%)



- Operating income of NOK 1 480 million, up ~12% from Q1 2013
  - Includes sales of all group volumes
- Considerable increase in salmon prices
- Results negatively affected by some 25% fixed-price contracts

Sales & Processing - InnovaMar





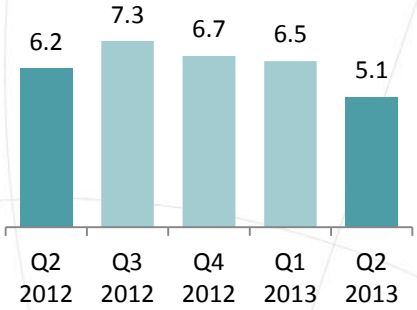
- Volumes harvested: 26 175 tons, down 10% from Q1
- Harvest facility - 101 fish/ minute, below 110-target
  - Average weight above budget
  - PD harvesting
  - Technical challenges
- VAP facility
  - Total capacity of 50-60 fish/ minute
  - Target capacity +100 tons/ shift
  - Volume Q2 2013: 4 111 tons of raw material

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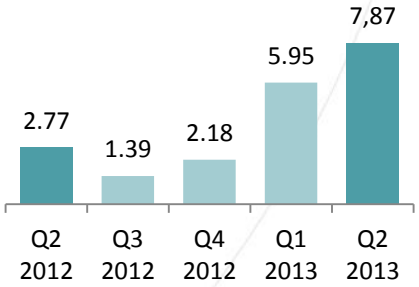
Norskott Havbruk (Scottish Seafarms)

NOKm	Q2 2013	Q2 2012	1H 2013	1H 2012
Operating income (mill.)	211.1	216.8	500.2	445.6
Operational EBIT (mill.)	40.2	17.2	79.0	30.6
Operational EBIT %	19.0%	8.0%	15.8%	6.9%
Value adjustment biomass	7.0	-4.4	29.8	-3.9
Earnings before tax	44.3	12.2	103.9	24.9
SalMar share after tax	16.9	4.8	38.7	9.2
Harvested volume (1,000 tgw)	5.1	6.2	11.6	13.1
EBIT/ kg gw (NOK)	7.87	2.77	6.80	2.33

Harvest volume (1,000 tons)



EBIT/kg (NOK)



- Stronger results
  - High salmon prices
  - High contract share, 65%
  - Lower margins on Shetland compared to other regions
- Harvest volume
  - Expected volume for 2013; ~ 25 000 tons
  - Harvest volume Q213 ~5 100 tons
  - SalMar share 2 600 tons

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Villa Organic

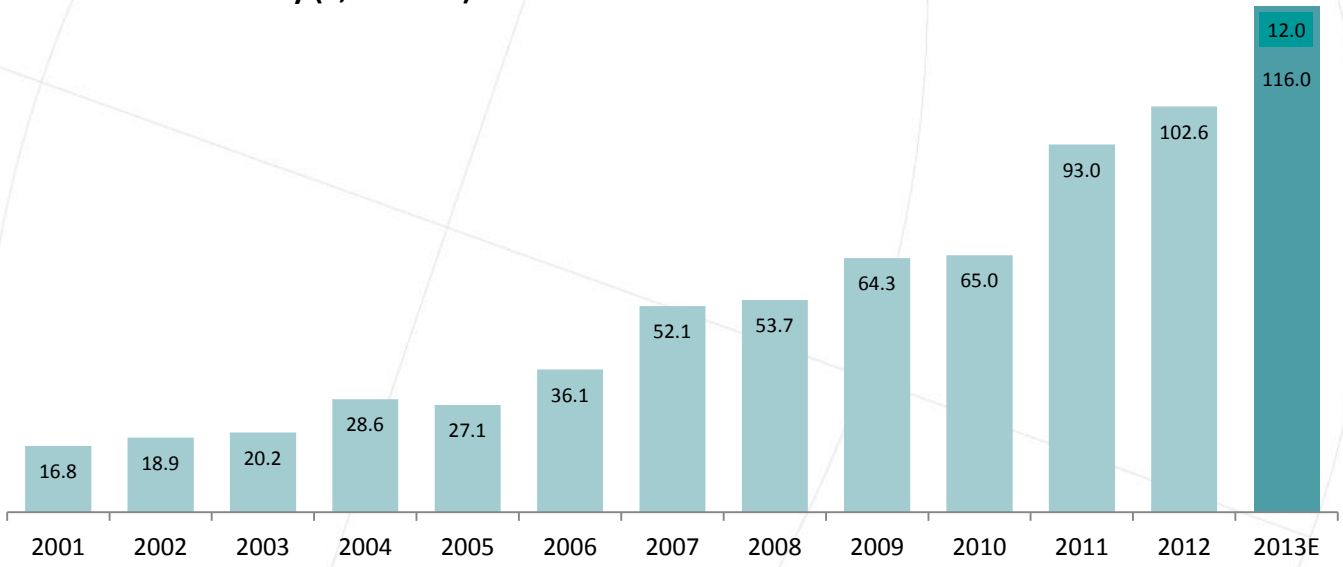
NOKm	Q2 2013	Q1 2013	FY 2012
Operating income (mill.)	160.4	190.9	594
Operational EBIT (mill.)	33.6	27.6	54
Operational EBIT %	20.9%	14.5%	9.1%
Earnings before tax	28.5	23.1	30
SalMar share after tax	12.9		
Harvested volume (1,000 tgw)	2.4	4.5	15.9
EBIT/ kg gw (NOK)	13.85	6.16	3.40

** SalMars share after tax for Q2 2013 is IFRS adjusted*

- Increased position in Villa Organic to 50.42 percent of the total shares
- The company is consolidated from 30 June 2013
  - Reported as separate segment from Q3 2013
- Harvest volume
  - Harvest volume Q213 ~2 400 tons
  - Expected volume for 2013 ~ 12 000 tons

SalMar – Strong historical growth

Harvest volume Norway (1,000 tons)



12 000 – Villa Organic on a 100% basis

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Market and outlook



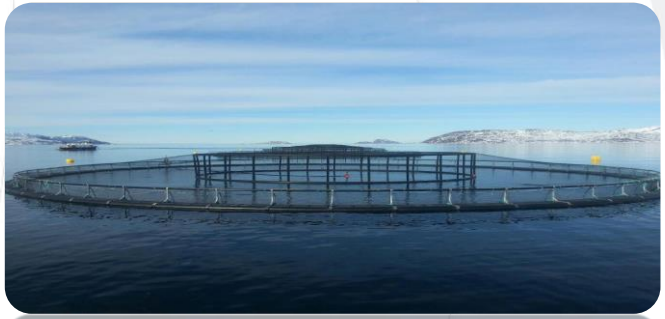
Market development

- Global supply of Atlantic salmon (harvest volumes) of some 460 700 tons in Q2 2013, 2% decrease y/y
  - Norway -9 %
  - Chile +25 %,
  - Faroe Islands +7%
  - North America -11%
  - UK -8%
- 10 % decrease in export volumes from Norway
  - Exports to the EU down 5%
  - France down 9% to 35 700 tons
  - Continued positive development in Poland, +12% to 31 000 tons,
  - Continued decline in Russia, -26%
- Average NASDAQ Salmon Index up 52% from Q2 2012
  - Prices relative stable at high levels throughout the quarter, ending at NOK 45.43 (week 26)
  - Mixed NOK development
    - -0,75% versus EUR
    - +1,10% versus USD
    - +4.02% versus GBB

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Market development contd.

- Norwegian biomass at 552 100 tons by end of Q2 2013
  - Down 2 % from Q2 2012
  - Chilean biomass some 10% higher
- Growth rate to bottom out in Q3
  - Global supply down 2% in Q3 2013
    - Norway -5%
    - Chile +14%
  - 2% overall growth for the full year 2013
  - Reduced supply-growth indicate continued strong salmon prices for 2013.

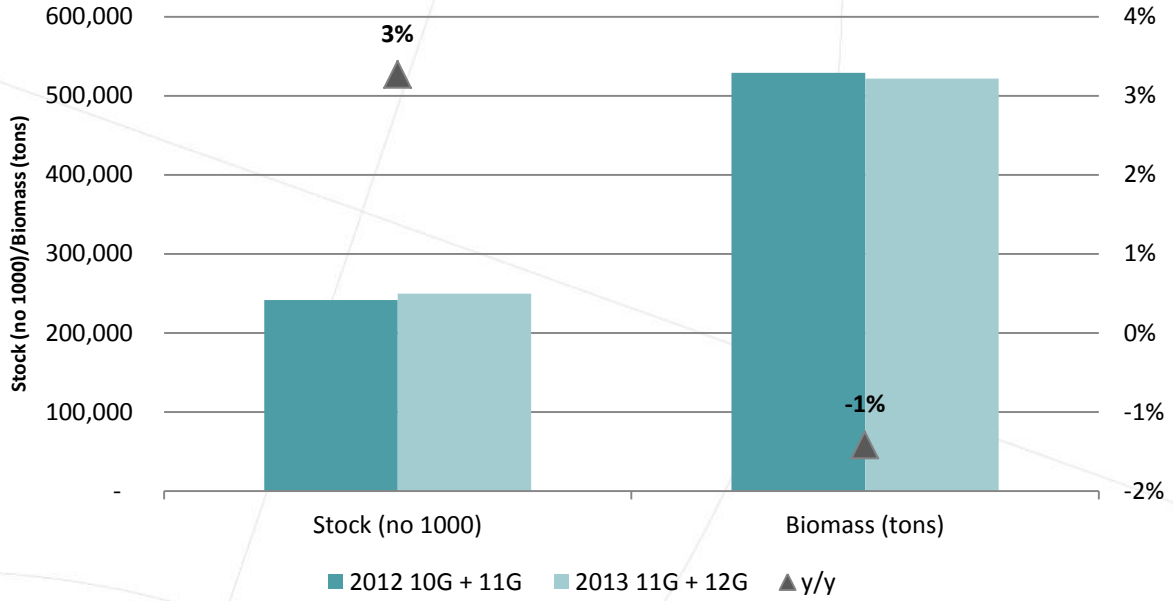


Farming site Trettevika, Malangen

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Norwegian biomass as per June 30th

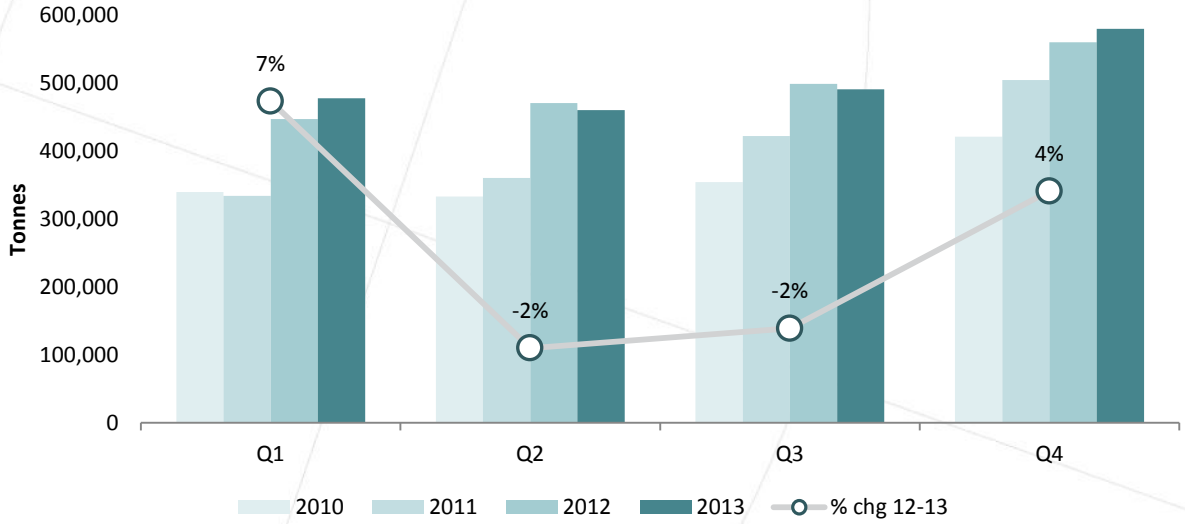
(2012; 10G+11G vs. 2013;11G+12G)



Source: Kontali Research

Global supply Atlantic salmon 2013

(Based on a 2% FY 2013 growth scenario)



Source: Kontali, as per August 2013

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Outlook

- Expect continued strong demand in core markets going forward
  - Strong demand and reduced supply growth indicates strong prices throughout 2013
  - As of August 2013, forward prices indicate average price of NOK 37/kg for 2H 2013
- Currently fixed-price contracts of 25% of Q2 volumes, 20% 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, but higher than targeted YTD due to cold winter
  - SAV 2 regulations in Central Norway
- 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
  - Guiding maintained, but will look for opportunity of delaying some harvesting to 2014
  - Targeting green licenses and work towards the government to get predictable growth rate in MTB
- Expected CAPEX of NOK 250m in 2013 - mainly related to biological production
  - NOK 100m in 1H 2013
  - NOK 150m in 2H 2013.

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Post-Balance Sheets Events

- Fatal accident at farming site in Forsnes during technical maintenance
  - -Authorities noticed and investigation initiated
  - -SalMar initiated internal inquiry in in corporation with Sintef
- Utilized SalMars TRS agreement relating to 2,277,600 shares of P/F Bakkafrost.



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

+ 16 licenses from Villa Organic

P/F Bakkafrost

FINANCIAL HIGHLIGHTS

BAKKAFROST

Strong results at the given price level

- Strong salmon prices and improved FOF (Fishmeal Oil & Feed) operation resulted in higher revenues and EBIT
- Operational EBIT increased by 218%

Increased margins in Farming and FOF but loss in VAP, due to increased spot prices

- Increased EBIT/Kg (Farming/VAP) from NOK 7.78 to NOK 15.29
- Higher EBITDA margin in FOF to Q2 2012, due to:
  - Increased raw material intake and thus better capacity utilisation
  - Optimal timing for sale of fishmeal

(DKK million)	Q2 2013	Q2 2012	H1 2013	H1 2012
Operating revenues	610.0	416.3	1,083.3	816.3
Operational EBITDA	190.7	97.4	316.6	177.1
Operational EBIT	**169.3**	**77.7**	**274.4**	**137.7**
Profit for the period	**184.2**	**90.9**	**251.7**	**107.3**
Operational EBITDA margin	31.3%	23.4%	29.2%	21.7%
Operational EBIT margin	27.8%	18.7%	25.3%	16.9%
Operational EBIT/Kg (Farming and VAP) (NOK)	15.29	7.78	13.81	6.53
EBITDA margin (Fishmeal, oil and feed)	12.30%	7.19%	13.60%	7.27%

Source: Bakkafrost Q2 presentation 2013