SalMar ASA

Presentation Q3 2012

CEO Yngve Myhre, IRO Trond Tuvstein
Oslo, 7 November 2012



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Agenda

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

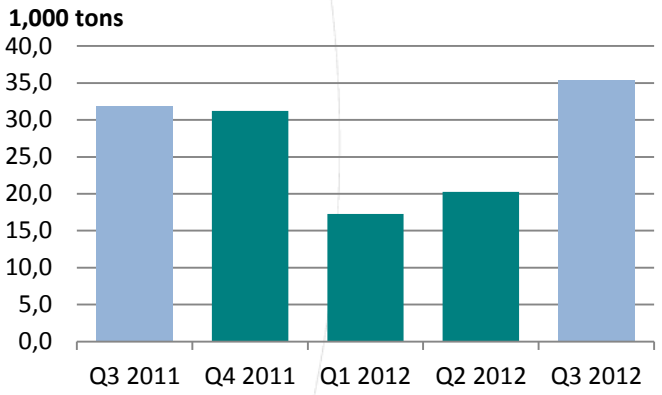


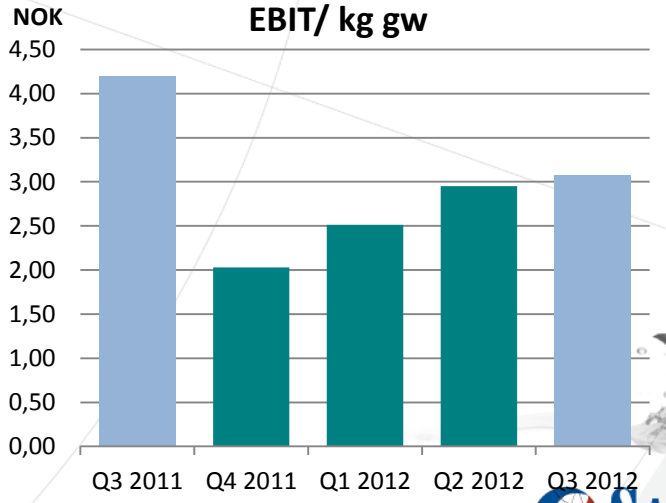
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Third quarter highlights

- Operating income of NOK 1 225 million (NOK 1 077)
- Harvest volumes increased to 35 400 tons gutted weight. Record high industry volume-growth
- Operational EBIT at NOK 109 million (NOK 134)
- Positive cost development within Farming
- Challenging market conditions affecting Sales & Processing

Harvest volume SalMar Group





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Financial update



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Group profit and loss

NOK million	3Q 12	3Q 11	YTD 12	YTD 11	FY 2011
Operating income	**1 224,9**	**1 077,2**	**2 873,3**	**2 763,6**	**3 829,0**
Cost of goods sold	713,4	573,0	1 578,3	1 360,4	1 997,5
Payroll expenses	122,4	114,7	338,8	270,0	391,7
Other operating expenses	239,3	221,0	621,4	500,8	705,9
EBITDA	149,9	168,5	334,8	632,5	733,9
Depreciations	40,9	34,5	122,6	94,5	132,5
Operational EBIT	**109,0**	**134,0**	**212,2**	**538,0**	**601,3**
Value adjustment biomass	-30,5	-71,0	75,1	-385,3	-356,7
Onerous contracts	-	-	-	-	3,6
Exceptional biological items	-3,5	-	-54,6	-10,1	-60,1
Badwill related to business combination in Finnmark	-	-	77,4	-	-
EBIT after biomass adj.	**75,1**	**63,1**	**310,1**	**142,7**	**188,2**
Income from ass. comp.	11,8	30,8	51,1	81,8	98,0
Other financial items	-33,9	-49,4	-93,8	-74,6	-125,7
Earnings before tax	**52,9**	**44,5**	**267,4**	**149,9**	**160,5**
Tax	25,8	3,8	53,2	19,1	13,1
Result for the period	**27,1**	**40,7**	**214,2**	**130,8**	**147,4**

- Increase in harvest volume to 35 400 tons
- NOS spot of NOK 25.3 per kilo, in line with Q311
- Reduced sales on contract compared to Q311
- Increase in EBIT/ kg gw for the group of 4% since last quarter, due to positive cost development
- Other financial items include both interest and currency effects

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Group cash flow

NOK million	3Q 12	3Q 11	YTD 12	YTD 11	FY 2011
Operational EBIT	109,0	134,0	212,2	538,0	601,3
Depreciation	40,9	34,5	122,6	94,5	132,5
Change in working capital	-75,8	-333,2	-107,9	-467,8	-390,3
Other changes	-33,4	166,4	-16,5	54,4	-48,8
Net cash flow from operating activities	40,6	1,7	210,3	219,0	294,9
Net cash flow from investing activities	-135,0	-218,8	-372,8	-563,4	-501,9
Change in interest-bearing debt	101,9	159,4	-138,0	697,0	557,4
Equity paid out	-	-2,9	-2,9	-411,5	-409,7
Equity paid in	-0,0	-	303,4	-	-
Net cash flow from financing activities	101,8	156,4	162,5	285,4	147,7
Net change in cash for the period	**7,5**	**-60,6**	**-0,0**	**-58,9**	**-59,4**
Conversion differences foreign subsidiaries	-0,7	0,3	-0,7	0,1	-0,1
Cash in the beginning of the period	40,1	108,6	47,6	107,1	107,1
Cash at the end of the period	**46,9**	**48,2**	**46,9**	**48,2**	**47,6**

- Cash flow - operating activities
  - Increase in working capital
- Cash flow - investing activities
  - CAPEX MNOK 106
  - Villa Arctic MNOK 14
- Cash flow - financial activities
  - Increase in NIBD MNOK 150,9
  - Payed interest and down payment MNOK 49

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Group balance sheet

NOK Million	30.09.2012	30.06.2012	31.12.2011	30.09.2011
ASSETS				
Intangible fixed assets	2 136,1	2 138,3	1 917,1	1 917,7
Tangible fixed assets	1 256,4	1 194,2	1 126,4	1 060,5
Financial fixed assets	938,5	934,9	926,3	916,4
Total fixed assets	**4 330,9**	**4 267,3**	**3 969,8**	**3 894,7**
Inventory	1 952,0	1 851,4	1 648,7	1 665,6
Accounts receivables	649,9	453,6	505,3	472,8
Other short-term receivables	200,8	183,1	145,0	140,7
Cash and cash equivalents	46,9	40,1	47,6	48,1
Total current assets	**2 849,7**	**2 528,1**	**2 346,6**	**2 327,3**
TOTAL ASSETS	**7 180,6**	**6 795,5**	**6 316,4**	**6 221,9**
EQUITY AND LIABILITIES				
Paid-in equity	517,9	516,9	176,6	185,9
Reserves	2 061,7	2 044,8	1 915,7	1 894,5
Minority interests	128,7	127,5	122,2	129,4
Total equity	**2 708,3**	**2 689,2**	**2 214,6**	**2 209,8**
Provisions for liabilities	768,4	762,6	739,7	800,0
Int. bearing long-term liabilities	2 196,7	2 219,8	2 202,0	2 166,3
Total long-term liabilities	**2 965,1**	**2 982,4**	**2 941,7**	**2 966,3**
Int. bearing short-term liabilities	469,1	288,2	501,8	538,7
Other short-term liabilities	1 038,1	835,6	658,4	507,1
Total short-term liabilities	**1 507,2**	**1 123,8**	**1 160,1**	**1 045,8**
TOTAL EQUITY AND LIABILITIES	**7 180,6**	**6 795,5**	**6 316,4**	**6 221,9**
Net interest bearing debt	**2 618,8**	**2 467,9**	**2 656,1**	**2 656,9**
Equity share	**37,7 %**	**39,6 %**	**35,1 %**	**35,5 %**

- Increased total assets
  - Biomass
  - Accounts receivables
- Equity of NOK 2 708,3 million, equity ratio of 37.7%
- Net interest bearing debt increased to NOK 2 618,8
- Gearing ratio 5,02
  - Headroom vs covenants



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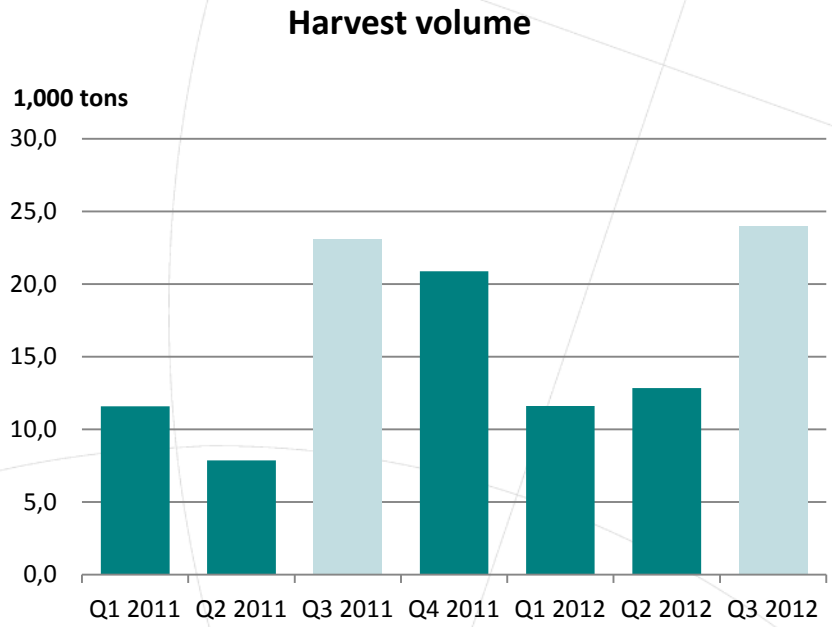
Operational update



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Farming Central Norway

Farming Central Norway	3Q 12	3Q 11	YTD 12	YTD 11	FY 2011
Operating income (NOK mill)	596,8	620,3	1 264,2	1 361,0	1 854,5
Operational EBIT (mill.)	71,9	106,6	141,1	411,0	453,0
Operational EBIT %	12,0 %	17,2 %	11,2 %	30,2 %	24,4 %
Harvest volume (1,000 tgw)	23,9	23,1	48,4	42,5	63,4
EBIT/ kg gw (NOK)	3,00	4,62	2,92	9,67	7,15

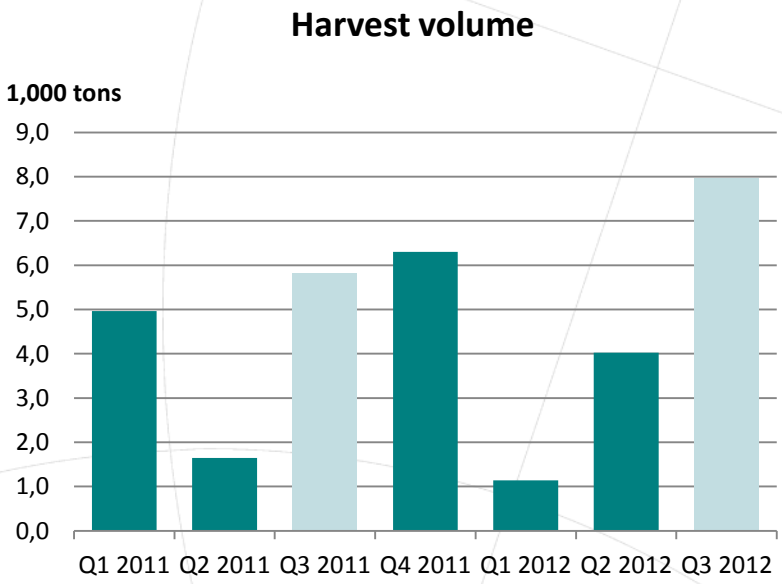


- Good performance
  - EBIT/ kg gw improvement since Q212
  - Reduced cost
  - Good biological status
- Harvest volume
  - Lower then expected growth this autumn due to low sea temperatures
  - Reallocating some biomass to 2013
  - Optimizing production and input to InnovaMar in 1.H 2013
  - Reduced guided volume to 69 000 tons in 2012

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Farming Northern Norway

Farming Northern Norway	3Q 12	3Q 11	YTD 12	YTD 11	FY 2011
Operating income (NOK mill)	229,4	147,8	371,7	409,1	544,0
Operational EBIT (mill.)	25,0	10,0	33,8	121,0	106,4
Operational EBIT %	10,9 %	6,8 %	9,1 %	29,6 %	19,6 %
Harvest volume (1,000 tgw)	8,0	5,8	13,1	12,4	18,7
EBIT/ kg gw (NOK)	3,14	1,73	2,57	9,75	5,68

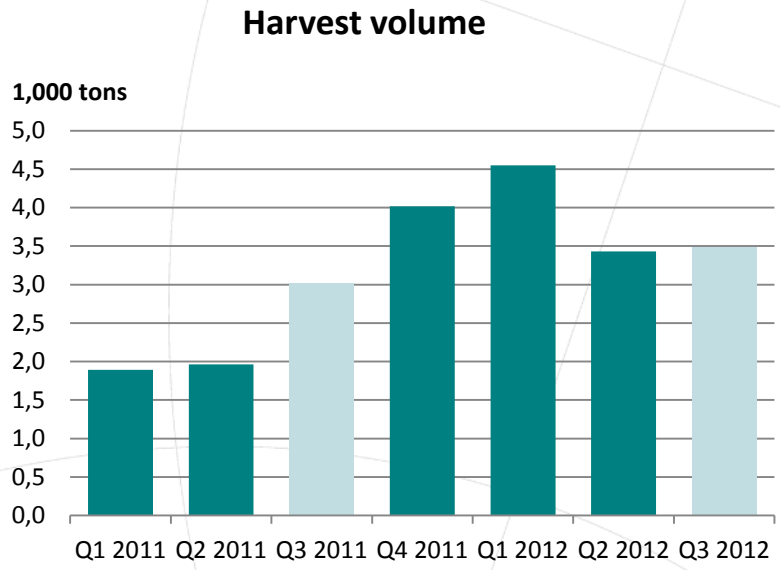


- Good performance
  - EBIT/ kg gw up from NOK 2.31 in Q212 to NOK 3,14 in Q312
  - Reduced cost
  - Good biological status
- Harvest volume
  - Doubling of volume since Q212
  - Expected volume for 2012 increased to 22 000 tons

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Farming Rauma

Farming Rauma	3Q 12	3Q 11	YTD 12	YTD 11	FY 2011
Operating income (NOK mill)	97,2	74,5	322,4	232,1	342,2
Operational EBIT (mill.)	3,8	3,8	8,3	58,0	66,7
Operational EBIT %	4,0 %	5,1 %	2,6 %	25,0 %	19,5 %
Harvest volume (1,000 tgw)	3,5	3,0	11,5	6,9	10,9
EBIT/ kg gw (NOK)	1,10	1,26	0,73	8,44	6,13



- Reduced performance
  - Harvested generation affected by PD
- Harvest volume
  - Stable quarterly volumes
  - Total 2012 volume expected at 13 000 tons

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Sales & Processing

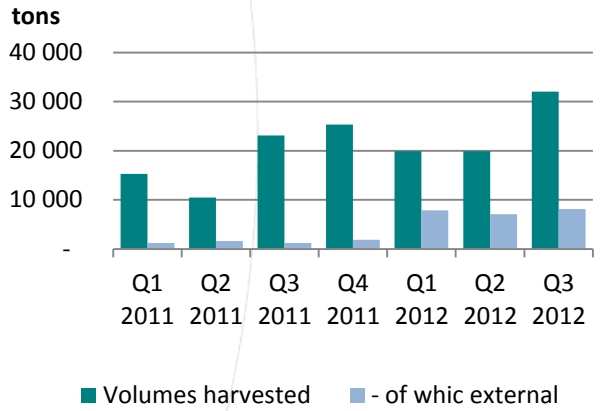
Sales and Processing	3Q 12	3Q 11	YTD 12	YTD 11	FY 2011
Operating income (NOK mill)	1 226,0	1 128,5	2 934,5	2 845,8	3 947,6
Operational EBIT (mill.)	11,1	25,9	38,8	-18,5	9,5
Operational EBIT %	0,9 %	2,3 %	1,3 %	-0,6 %	0,2 %

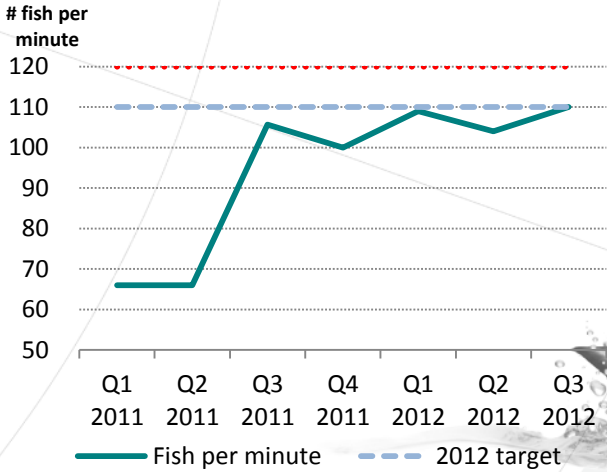
- Operating income of NOK 1 226 million
  - Includes sales of all group volumes
- Sales are affected by challenging market conditions
  - Strong volume growth in the industry
  - Lower margins at existing contracts
  - Writedown on frozen inventory

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Sales & Processing - InnovaMar

- InnovaMar delivers a good quarter
  - Record-high volume at 32 000 tons, of which external volume of 8 000 tons
- Harvest facility
  - 110 fish/ minute in Q3, target >110 fish/ minute end 2012
  - 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 Q3 2012: 4 691 tons of raw material





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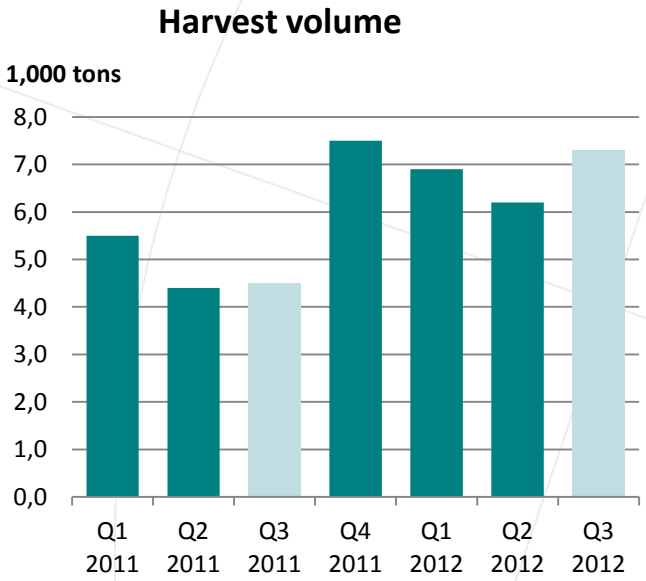
Norskott Havbruk (Scottish Seafarms)

NOK million	3Q 12	3Q 11	YTD 12	YTD 2011	FY 2011
Operating income	255,3	154,6	700,9	549,9	797,42
EBIT before biomass adj.	10,2	20,9	40,8	130,9	124,02
EBIT before biomass adj. %	4,0 %	13,5 %	5,8 %	23,8 %	15,6 %
Value adjustment biomass	-0,0	-45,0	-3,9	-73,1	-90,4
Earnings before tax	7,8	-25,2	32,7	53,7	28,0
SalMars share after tax	2,9	-8,9	12,1	23,0	13,7
Harvest volume (1,000 tgw)	7,3	4,5	20,5	14,3	21,9
EBIT/ kg gw (NOK)	1,39	4,67	1,99	9,13	5,67

- Reduced EBIT compared to Q311
  - Lower prices
  - Lower contract coverage
  - Cost negatively affected by storm in Dec 2011, higher FCR and costs for lice treatment
  - Total 2012 volume expected at 26 000 tons

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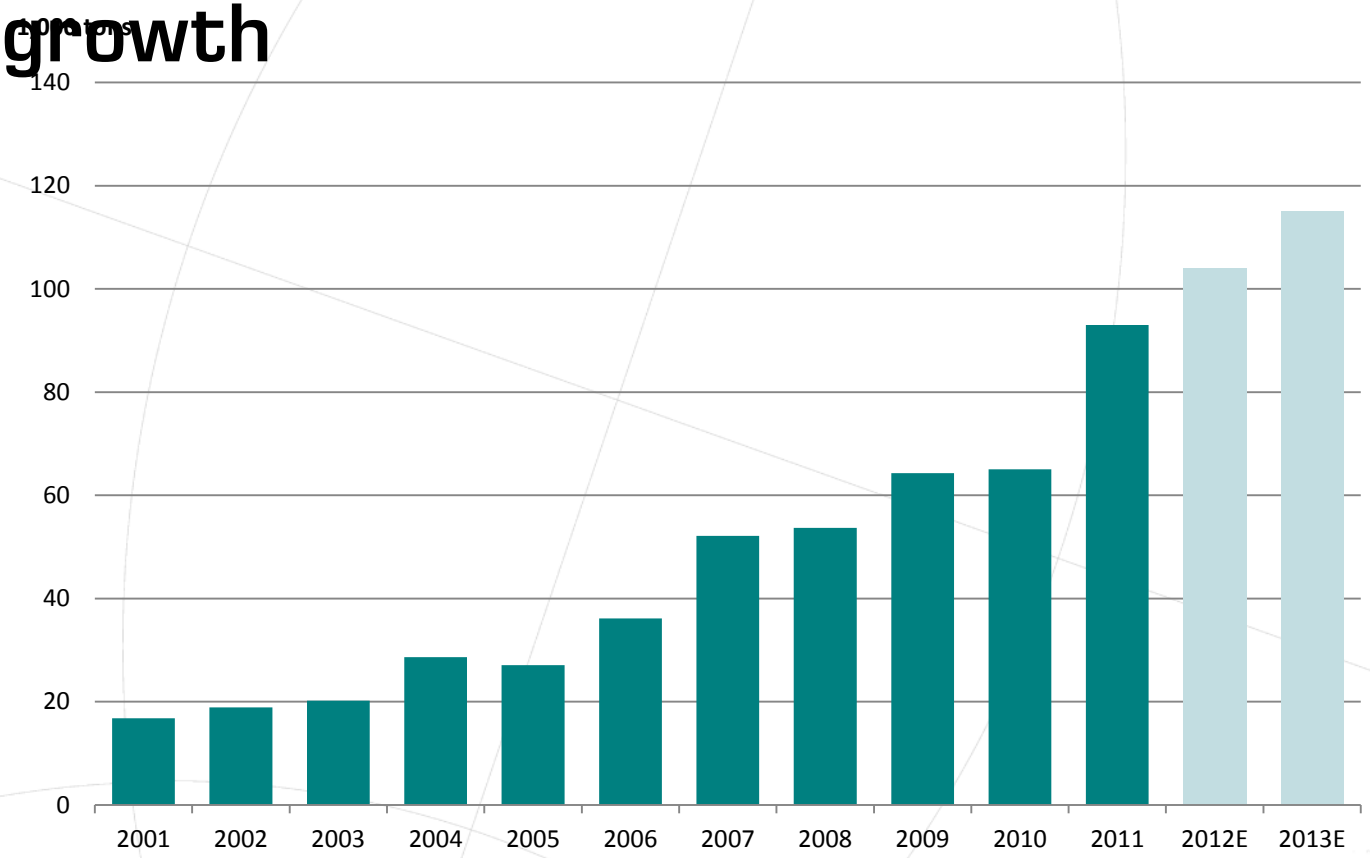
Norskott Havbruk – harvest volume





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SalMar (Norway) – Strong historical growth



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Market and outlook



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Market

- Global supply of approx. 500 100 tons in Q3 2012, 19 % increase
  - Chile 45 %, UK 6 %, Faroe Islands 17%
- 16 % increase in export volumes from Norway
  - 19 % increase in exports from Norway to the EU.
  - Growth in all important markets, though more moderate than in the previous quarter (France +9%, Russia +13%, Poland +45%, Denmark +8% and Japan +26%)
  - France largest single market with import of 39 600 tons in Q3 2012
  - China still challenging
- Average NOS spot price in line with Q3 2011
  - Downward trend through the quarter
  - NOK has strengthened compared to Euro
  - NOK has weakened compared to USD and GBP
- Few new contracts entered into in Q3 2012
  - Forward and contract prices remained "low" in the quarter

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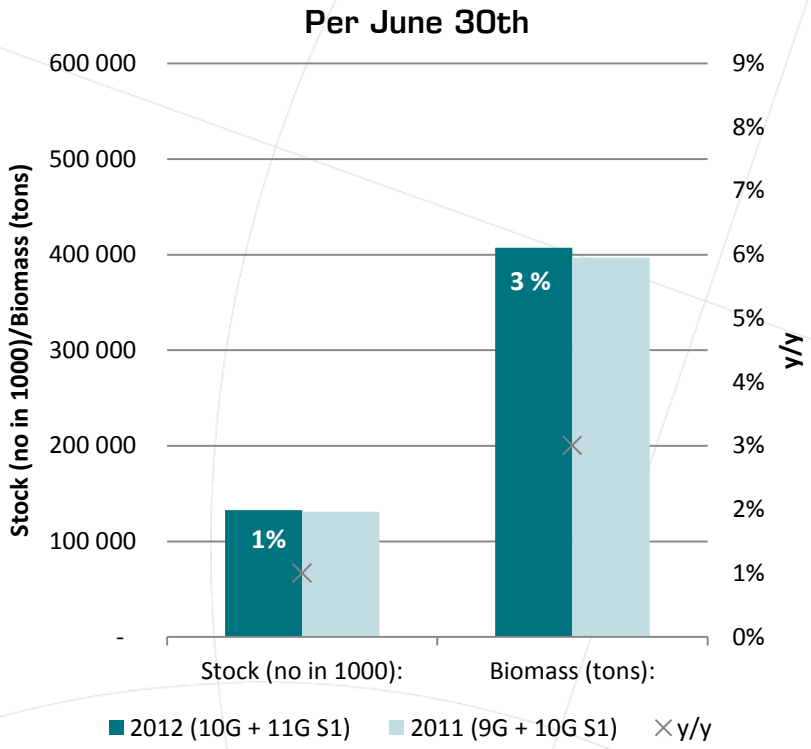
Market contd.

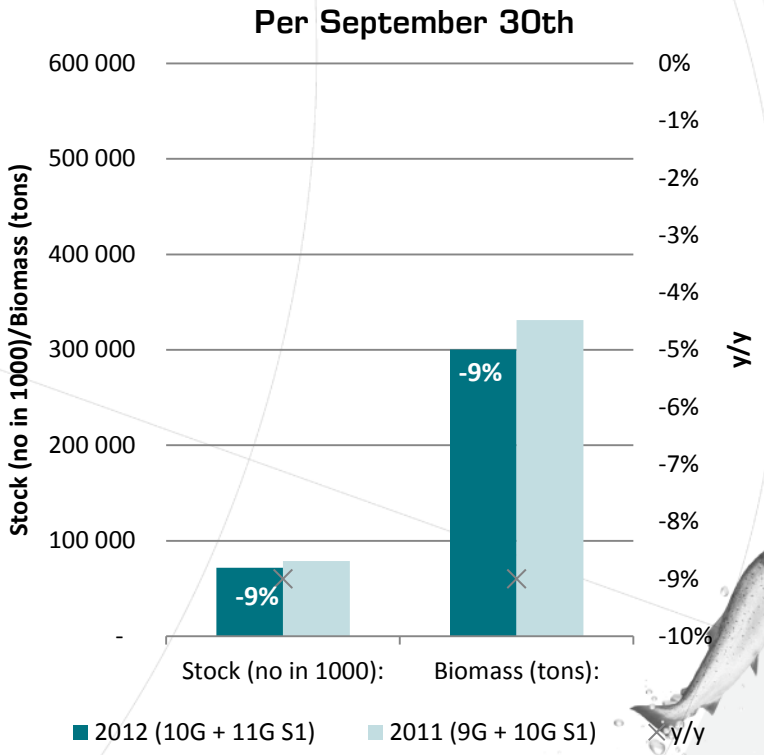
- Norwegian biomass at 693 100 tons by end of Q3 2012
  - 4 % higher than end of Q3 2011
  - Chilean biomass approx. 46% higher than Q3 2011
- Growth rates expected to decline
  - Expected growth of 6% in Q4 2012
  - Expected improvements in margins from Q4 2012
  - Price indications for 2013 is promising
- Recent months development in key markets show significant growth potential (global demand)

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Estimated biomass Norway

2012 (10G + 11G S1) VS. 2011 (9G + 10G S1)



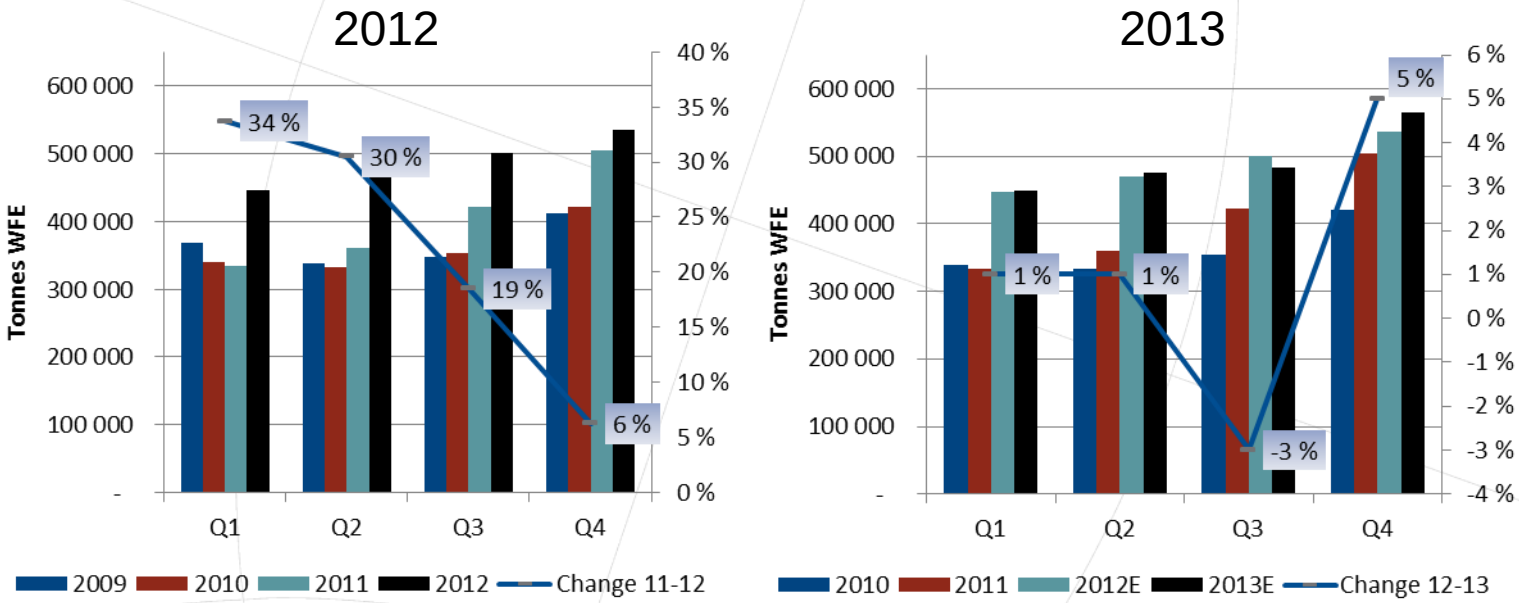


Source: Kontali

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Atlantic salmon supply – Global harvest volumes

- Based on 21% y/y growth 2011/2012
- Based on 1% y/y growth 2012/2013



Source: Kontali, as per ultimo october

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Outlook

- Expects continued growth in demand from important markets
  - Growth in global supply expected to slow down, +6% in Q4 2012
- Expected increases in market prices for salmon gives reason for optimism for increased margins on farming and better contract coverage for VAP
- Key priority - as always - to improve biological performance in all segments
  - Better performing biomass is harvested in 2H (2011G)
  - Low mortality on 2012G compared to previous generations
- Expected increases in feed prices from Q4 2012
- Current contract share for 2013 app. 5%.
- Expected total volume for 2013 at 115 000 tons, +11% from 2012E.



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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	8 - Sintef /Veso: 4 - STFK / Frøya VGS: 1 - Other : 3	52
Northern Norway Troms & Finnmark	23 (MAB 945 tonns)		23
Rauma Møre & Romsdal	14 (MAB 780 tonns) - Rauma Gruppen: 8 - Bringsvor Laks: 2 - Eikremsvik: 2 - Villa Miljølaks: 2	2 - Villa Miljølaks: 1 - Villa Miljølaks / Ålesund University College: 1	16
Total	81	10	91

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P/F Bakkafrost (25.2% + 4,66% TRS)

FINANCIAL HIGHLIGHTS

BAKKAFROST

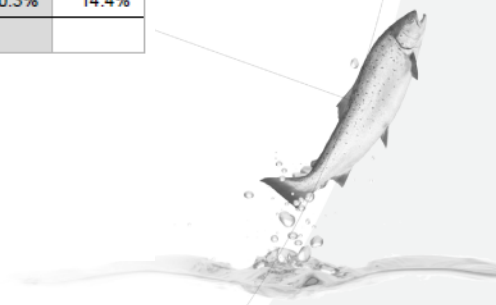
Satisfying results at the given price level

- Increased revenue driven by market optimization and organic growth in harvested volumes (5%) together with revenue from acquired activities (Havsbrún)
- Decrease in EBITDA and EBIT margins, especially due to lower contract prices on VAP products

All segments contribute with positive results

- Satisfactory EBIT/Kg (Farming/VAP) of NOK 8.0 despite the massive increase in the supply of salmon
- Satisfying EBITDA margin in Fish meal, oil and feed despite decreased volume in Q3 2012 compared with last year

(DKK million)	Q3 2012	Q3 2011	YTD 2012	YTD 2011
Operating revenues	457.1	369.3	1,273.9	923.9
Operational EBITDA	106.3	92.6	283.5	333.6
Operational EBIT	**86.2**	**70.0**	**223.9**	**289.2**
Result from discontinuing operation	**13.1**	**0**	**13.5**	**0**
Profit for the period	**25.8**	**159.9**	**133.2**	**237.8**
Operational EBITDA margin	23.3%	25.1%	22.3%	36.1%
Operational EBIT margin	18.9%	19.0%	17.6%	31.3%
Operational EBIT/Kg (Farming and VAP) (NOK)	8.00	6.08	6.94	12.55
EBITDA margin (Fish meal, oil and feed)	13.8%	14.4%	10.3%	14.4%



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Source: Bakkafrost Q3 presentation 2012