SalMar ASA

Presentation Q3 2013

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Oslo, 14 November 2013



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Agenda

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

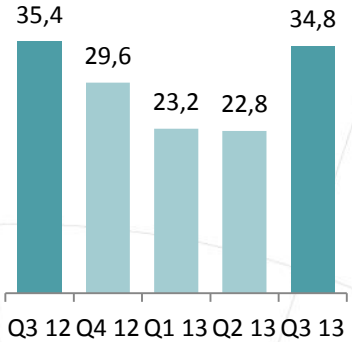


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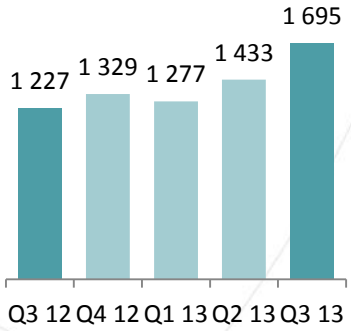
Third quarter highlights

- Another strong quarter
  - Higher revenues and continued EBIT-improvement q/q driven by stronger prices
- Average salmon-price up ~50% from Q3 12
- Operational and biological challenging quarter, increase of SAV2 (PD) in Central Norway
- Enhanced underlying performance in S&P, earnings dampened by fixed price contracts

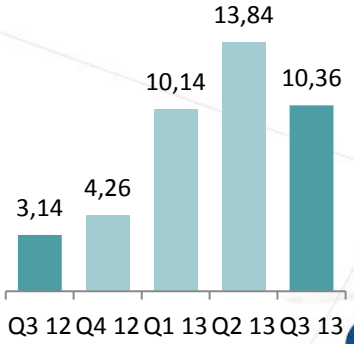
Harvest volume (1,000 tons)



Operating income (NOKm)

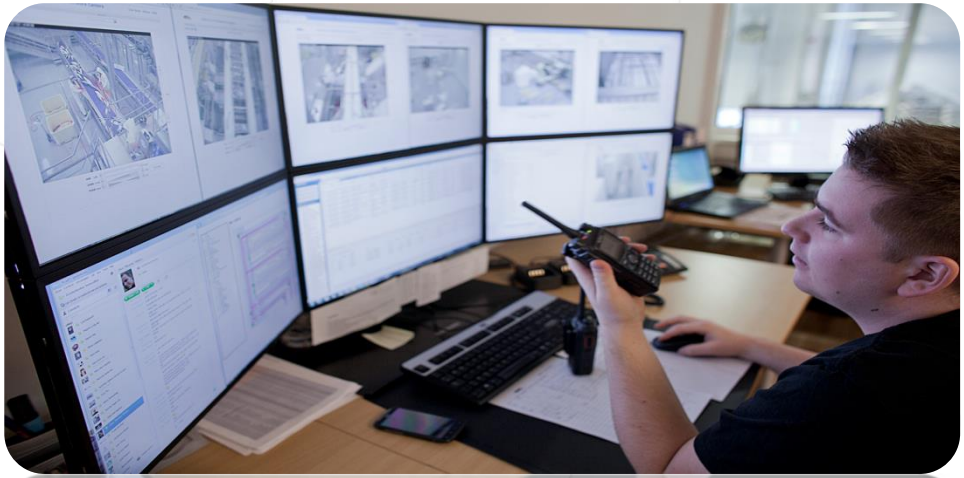


EBIT/kg (NOK)



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Financial update



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Group profit and loss

NOK million	Q3 2013	Q3 2012	9M 2013	9M 2012	FY 2012
Operating income	**1 695,4**	**1 227,2**	**4 404,8**	**2 879,6**	**4 204,8**
Cost of goods sold	823,3	713,4	2 112,2	1 578,3	2 324,8
Payroll expenses	165,5	122,4	436,6	338,8	483,2
Other operating expenses	288,5	239,3	791,4	621,4	886,0
EBITDA	418,1	152,1	1 064,6	341,2	510,8
Depreciations	57,7	40,9	153,2	122,6	170,2
Operational EBIT	**360,4**	**111,2**	**911,4**	**218,6**	**340,7**
Fair value adjustment	-94,9	-25,6	57,8	93,4	290,4
Particular biological events	-	-3,5	-	-54,6	-54,6
Non-recurring gains on aquisition	-	-	197,5	77,4	62,4
Operational profit	**265,5**	**82,2**	**1 166,7**	**334,8**	**638,9**
Income from investments in associates	30,5	11,8	124,6	51,1	93,9
Other financial items	35,7	-41,0	192,5	-118,5	-124,3
Profit before tax	**331,7**	**52,9**	**1 483,8**	**267,4**	**608,5**
Tax	65,7	25,8	241,3	53,2	127,1
Net profit for the period	**266,0**	**27,1**	**1 242,5**	**214,2**	**481,4**

- Revenues boosted by higher prices, average salmon price at NOK 38.87/kg up 50% yoy*
- Strong operational EBIT at NOK 360m vs. NOK 111m in Q312 and NOK 316m in Q2
- Harvest volume 34,800 tons, in line with Q3 12
- Contract share of 25%, with average price below average spot
- An operational and biological challenging quarter
  - PD (SAV2, Central Norway)
  - PD handling
- Group EBIT/kg at NOK 10.36

** Historical prices adjusted*

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Group balance sheet

NOK Million	30.09.2013	30.06.2013	31.12.2012	30.09.2012
ASSETS				
Intangible fixed assets	2 448,3	2 448,2	2 135,5	2 136,1
Tangible fixed assets	1 512,8	1 463,5	1 268,8	1 256,4
Financial fixed assets	1 016,4	731,5	970,9	938,5
Total fixed assets	**4 977,5**	**4 643,2**	**4 375,1**	**4 330,9**
Inventory	2 774,8	2 658,5	2 289,9	1 952,0
Accounts receivables	738,7	578,6	660,9	649,9
Other short-term receivables	160,8	233,9	245,5	200,8
Cash and cash equivalents	345,8	388,0	55,3	46,9
Total current assets	**4 020,2**	**3 859,0**	**3 251,7**	**2 849,7**
TOTAL ASSETS	**8 997,7**	**8 502,2**	**7 626,8**	**7 180,6**
EQUITY AND LIABILITIES				
Paid-in equity	493,8	493,8	493,2	517,9
Reserves	3 601,2	3 306,8	2 338,2	2 061,7
Minority interests	291,5	290,4	136,3	128,7
Total equity	**4 386,5**	**4 091,0**	**2 967,7**	**2 708,3**
Provisions for liabilities	1 058,0	992,3	872,9	768,4
Int. bearing long-term liabilities	2 128,0	2 301,0	2 223,4	2 196,7
Total long-term liabilities	**3 186,1**	**3 293,3**	**3 096,4**	**2 965,1**
Int. bearing short-term liabilities	627,4	218,3	596,3	469,1
Other short-term liabilities	797,7	899,6	966,5	1 038,1
Total short-term liabilities	**1 425,1**	**1 117,9**	**1 562,8**	**1 507,2**
TOTAL EQUITY AND LIABILITIES	**8 997,7**	**8 502,2**	**7 626,8**	**7 180,6**
Net interest bearing debt	**2 409,6**	**2 131,3**	**2 764,4**	**2 618,8**
Equity share	**48,8 %**	**48,1 %**	**38,9 %**	**37,7 %**

- Total assets up NOK 495m from Q2 to NOK 8 997.7 million
- Financial fixed assets up NOK 284.9 million.
  - Bakkafrost (TRS and share value)
- Equity up NOK 295.5m to NOK 4 386.5 million, equity-ratio increased to 48.8%
- Short term interest bearing debt up NOK 409.1m
  - NOK 172.9m reclassified from long term debt
  - Bank overdrafts up NOK 309.6m
- Net interest bearing debt up NOK 278m to NOK 2 409.6m
- Gearing ratio: 1.63

Group cash flow

NOK Million	Q3 2013	Q3 2012	9M 2013	9M 2012	FY 2012
Profit before tax	331,7	52,9	1 483,8	267,4	608,5
Tax paid in period	-	-	-2,3	-4,7	-80,7
Depreciation	57,7	40,9	153,2	122,6	170,2
Share of profit/loss from associates	-30,5	-11,8	-124,6	-51,1	-93,9
Realized and unrealized gains on financial assets	-69,1	-	-282,3	-	-
Non-recurring gains on acquisitions	-	-	-197,5	-77,4	-62,4
Change in fair value adjustments	94,9	25,6	-57,8	-93,4	-290,4
Change in working capital	-467,6	-85,3	-438,1	-59,9	-158,6
Other changes	39,5	18,3	125,6	106,8	94,2
Net cash flow from operating activities	**-43,3**	**40,6**	**660,0**	**210,3**	**186,8**
Net cash flow from investing activities	**-197,0**	**-135,0**	**88,9**	**-372,8**	**-399,7**
Change in interest-bearing debt	236,2	137,8	-262,3	-58,0	95,5
Dividend paid out	-0,1	-	-	-2,9	-2,9
Equity paid in	-	-0,0	-	303,4	303,4
Buy-out of non-controlling interest	-	-	-69,7	-	-
Interest paid	-35,1	-35,9	-120,0	-79,9	-174,4
Other changes	-2,8	-	-6,3	-	-0,3
Net cash flow from financing activities	**198,2**	**101,8**	**-458,2**	**162,5**	**221,3**
Net change in cash for the period	-42,2	7,5	290,6	0,0	8,4
Foreign exchange effects	0,1	-0,7	-0,2	-0,7	-0,8
Cash in the beginning of the period	388,0	40,1	55,3	47,6	47,6
Cash and cash equivalents end of period	**345,8**	**46,9**	**345,8**	**46,9**	**55,2**

- Cash flow from operations affected by increased working capital
  - Reduction in accounts payables
  - Increased biomass
  - Increased accounts receivables
- Negative Cash flow from investments at NOK 197m
  - Investments in biological production
  - Realisation of Bakkafrost TRS-agreements, NOK 87.1m
- Net cash flow from financing at NOK 198.2 million
  - NOK 309.6m from group revolving credit facilities
  - Ordinary debt instalments NOK 75.4m
  - Interests paid NOK 35.1m

Operational update



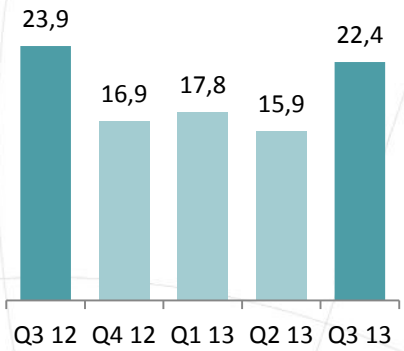
Farming site Oterneset, SalMar Nord

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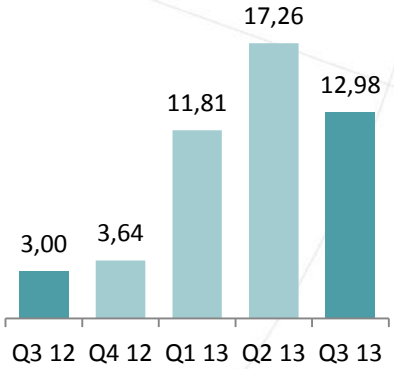
Farming Central Norway

NOKm	Q3 2013	Q3 2012	9M 2013	9M 2012	FY 2012
Operating income (mill.)	848,4	596,8	2 155,3	1 264,2	1 727,7
Operational EBIT (mill.)	291,3	71,9	775,8	141,1	202,6
Operational EBIT %	34,3%	12,0%	36,0%	11,2%	11,7%
Harvested volume (1,000 tgw)	22,4	23,9	56,1	48,4	65,3
EBIT/ kg gw (NOK)	12,98	3,00	13,82	2,92	3,10

Harvest volume (1,000 tons)



EBIT/kg (NOK)



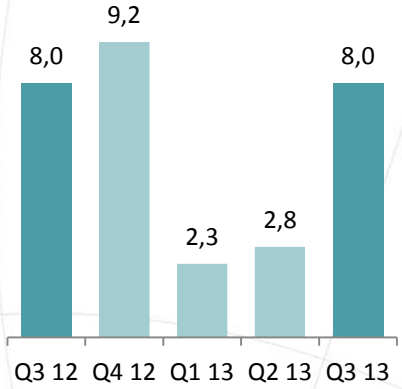
- Earnings lifted by higher prices
- Lower then wanted average weight
  - Reduced earnings
  - Higher production cost pr. kg.
- Dampened on growth in sea
  - Cold winter months
  - PD an increasing problem in the region
- Higher logistics costs due to PD-handling
- Harvest volume at 22 400 tons
  - Up 6 500 tons from Q2, slightly down from Q3 12
  - Volumes evenly distributed throughout the quarter
- Guiding maintained:
  - Guiding 2013 ~ 71 000 tons

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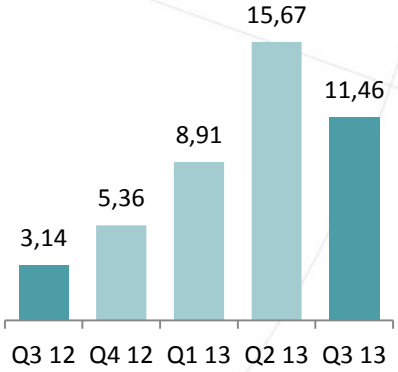
Farming Northern Norway

NOKm	Q3 2013	Q3 2012	9M 2013	9M 2012	FY 2012
Operating income (mill.)	289,3	229,4	483,7	371,7	692,0
Operational EBIT (mill.)	91,2	25,0	156,1	33,8	83,3
Operational EBIT %	31,5%	10,9%	32,3%	9,1%	12,0%
Harvested volume (1,000 tgw)	8,0	8,0	13,1	13,1	22,4
EBIT/ kg gw (NOK)	11,46	3,14	11,92	2,6	3,73

Harvest volume (1,000 tons)



EBIT/kg (NOK)



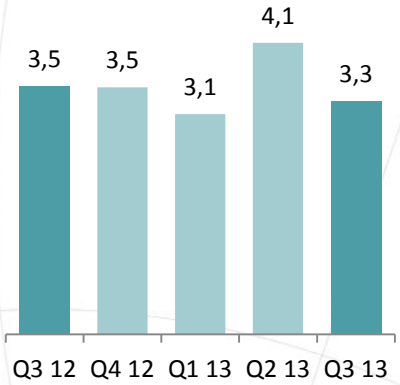
- Solid underlying operations
- Biological status good
- EBIT/kg at NOK 11.46 in Q3 versus NOK 15.67 in Q2 and NOK 3.14 in Q3 12
  - 60% of volumes harvested in September
  - Reduced Superior-share on fish harvested this fall
- Harvest volume at 8 000 tons
  - Unchanged from Q3 12
  - Up 5 200 tons from Q2 13
- Revised guiding and delaying some harvesting in to 2014
  - Revised guiding 2013 ~ 22 000 tons
  - Approx. 4 000 tons shifted to 2014

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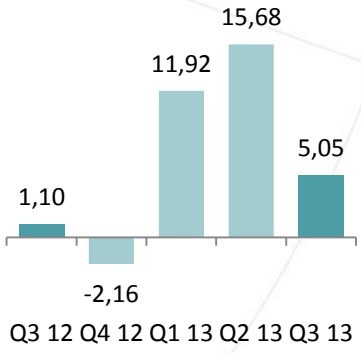
Farming Rauma

NOKm	Q3 13	Q3 12	9M 2013	9M 2012	FY 2012
Operating income (mill.)	124,2	97,2	408,4	322,4	419,4
Operational EBIT (mill.)	16,5	3,8	117,5	8,3	0,8
Operational EBIT %	13,3%	3,9%	28,8%	2,6%	0,2%
Harvested volume (1,000 tgw)	3,3	3,5	10,5	11,5	14,9
EBIT/ kg gw (NOK)	5,05	1,10	11,24	0,73	0,06

Harvest volume (1,000 tons)



EBIT/kg (NOK)



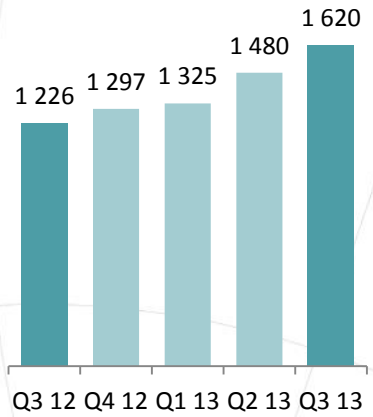
- EBIT/kg at NOK 5.05 in Q3 versus NOK 15.68 in Q2 and NOK 1.10 in Q3 12
  - PD (SAV2) & PD handling
  - Lower then wanted average weight
  - Major share of volumes harvested in September
  - Reduced superior-share
- NOK 5.2m loss from broodstock-destruction
- 45% of volumes ecological salmon
  - Premium squeeze at increasing spot-spices
- Harvest volume of 3 300 tons
  - Slightly down from Q3 12
  - Down 800 tons from Q2 13
- Revised guiding:
  - Revised guiding 2013 ~ 15 000 tons

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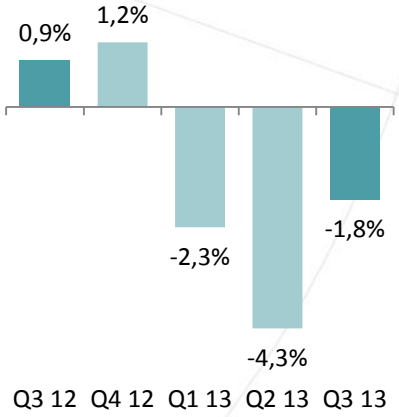
Sales & Processing

NOKm	Q3 13	Q3 12	9M 2013	9M 2012	FY 2012
Operating income (mill.)	1 619,5	1 226,0	4 424,6	2 934,5	4 231,3
Operational EBIT (mill.)	-28,9	11,1	-123,4	38,8	55,0
Operational EBIT %	-1,8%	0,9%	-2,8%	1,3%	1,3%

Operating income (NOK million)

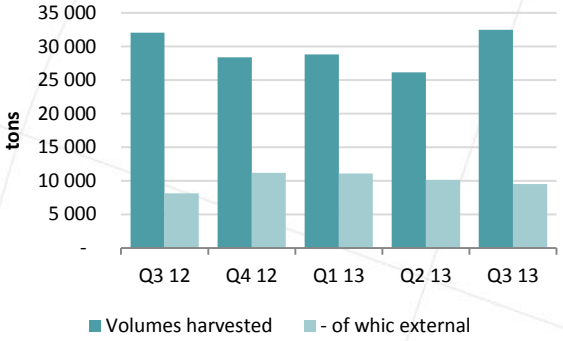


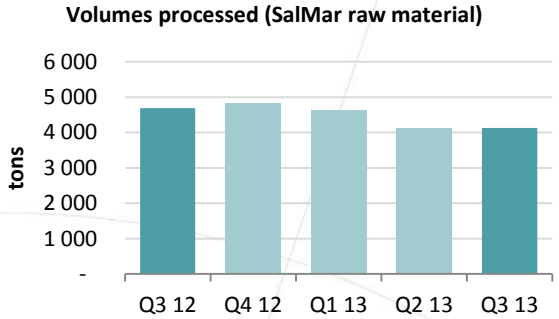
EBIT-margin (%)



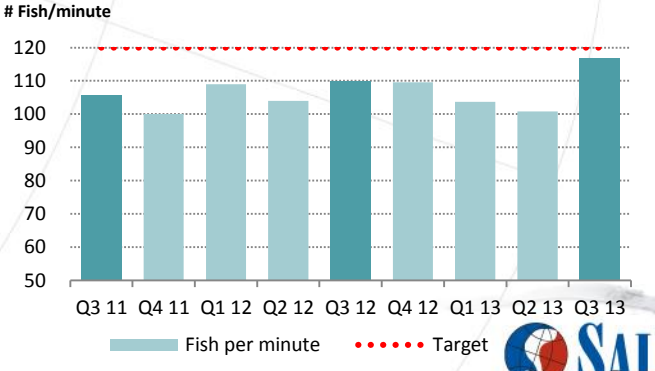
- Operating income of NOK 1 620 million, up some 10% qoq and up 30% yoy
  - Higher prices
  - Higher volumes
- 25% fixed price contracts with average price below spot
- Villa volumes not included in this segment.
- Affected by PD-fish, PD-handling.

Sales & Processing - InnovaMar





- Harvest facility
  - 117 fish/minute, close to target.
  - Volumes harvested: 32 498 tons, up 24% from Q2
  - Underlying operational improvement
  - Capacity affected by challenges related to PD
- VAP facility
  - Capacity of 50-60 fish/ minute, target +100 tons/ shift
  - Volumes processed levelling above the 4,000 ton mark
  - Affected by high prices



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Villa Organic

NOKm	Q3 13	9M 2013
Operating income (mill.)	82,4	82,4
Operational EBIT (mill.)	-6,0	-6,0
Operational EBIT %	-7,3%	-7,3%
Harvested volume (1,000 tgw)	1,1	1,1
EBIT/ kg gw (NOK)	-5,37	-5,37

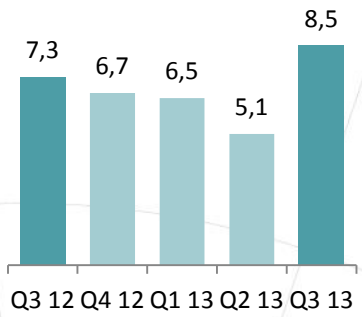


- EBIT/kg NOK -5.37/kg
- Harvest volume 1 100 tons
- High underlying cost base on acquired biomass
- 100% of volumes harvested in September
- Low average weight
  - Strategic harvesting, reducing biological risk
- Ongoing improvement programs
- Harvest volumes:
  - Harvest volume Q313 ~1 100 tons
  - Expected volume for 2013:
  - FY ~ 12 000 tons
  - Q4 ~ 4 800 tons

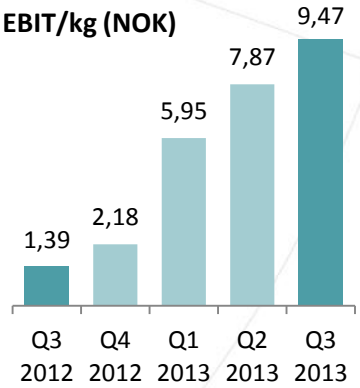
Norskott Havbruk (Scottish Seafarms)

NOKm	Q3 2013	Q3 2012	9M 2013	9M 2012	FY 2012
Operating income (mill.)	372,7	255,3	872,9	700,9	936,6
Operational EBIT (mill.)	80,8	10,2	159,8	40,8	55,3
Operational EBIT %	21,7%	4,0%	18,3%	5,8%	5,9%
Value adjustment biomass	-2,1	-	27,7	-3,9	-
Earnings before tax	75,1	7,8	179,0	32,7	47,7
SalMar share after tax	29,0	2,9	67,7	12,1	17,6
Harvested volume (1,000 tgw)	8,5	7,3	20,2	20,5	27,1
EBIT/ kg gw (NOK)	9,47	1,39	7,93	1,99	2,04

Harvest volume (1,000 tons)



EBIT/kg (NOK)

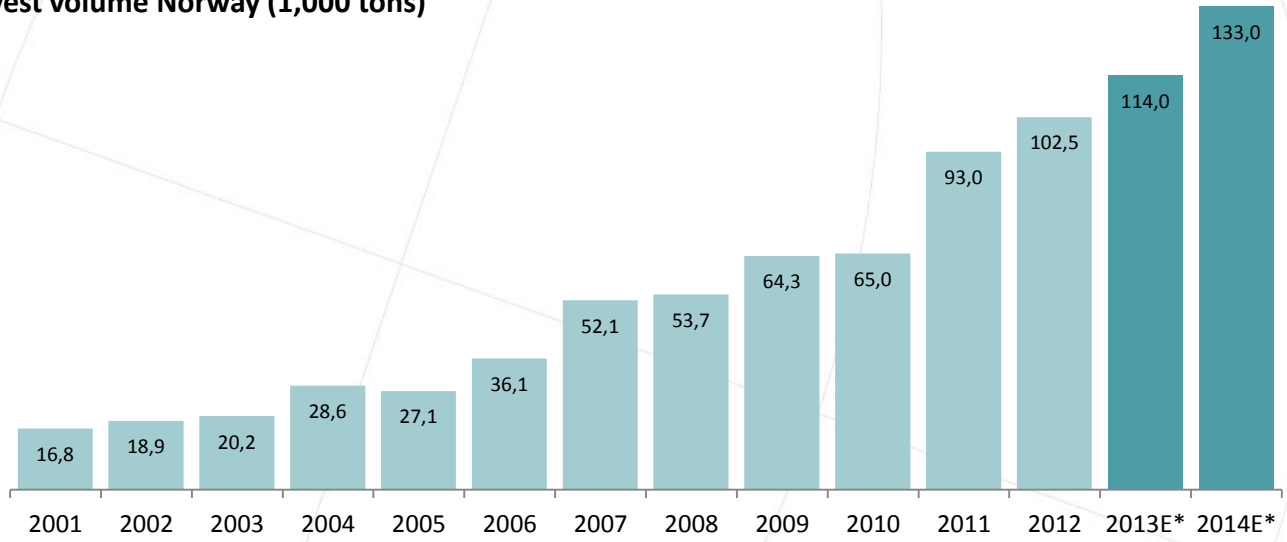


- Strongest quarter ever
  - High salmon prices
  - High contract share, 45%
  - Biological situation well managed and under control
- Harvest volume
  - Expected volume for 2013; ~ 26 000 tons
  - Harvest volume Q313 ~8 500 tons
  - SalMar share ~ 4 250 tons
- Guiding 2014
  - Approx. 26 000 tons.

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SalMar – Strong historical growth

Harvest volume Norway (1,000 tons)



** 2013E and 2014E include SalMar's relativ share of harvest volumes in Villa Organic*

-Volumes from Norskott Havbruk not included in these volumes. SalMar expects 26 000 tons in both 2013 &2014. SalMar share: 13 000 tons.

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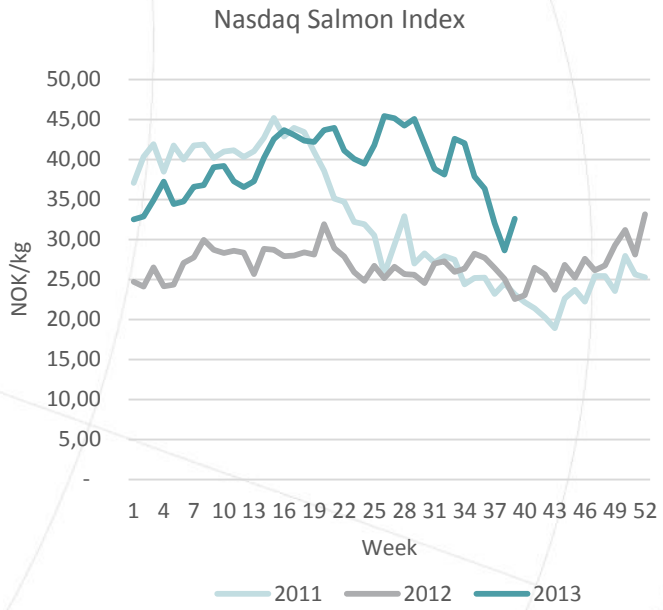
Market and outlook



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Market development

- Global supply of Atlantic salmon (harvest volumes) of some 501 600 tons in Q3 2013, unchanged y/y
  - Norway -4 %
  - Chile +16 %,
  - Faroe Islands +4%
  - North America -6%
  - UK -4%
- Norwegian export down 3%
  - Exports to the EU down 1%
  - France down 8% to 36 100 tons
  - Poland +2% to 34 500 tons,
  - Continued decline in Russia, -21%
- Average NASDAQ Salmon Index up 50% from Q3 2012
  - Falling through the quarter, particularly in second half, ending at NOK 32.59 (week 39)
- Positive NOK development during the quarter
  - +4,15% versus EUR
  - +2,75% versus USD
  - +3.75% versus GBB
  - Promising development the last weeks



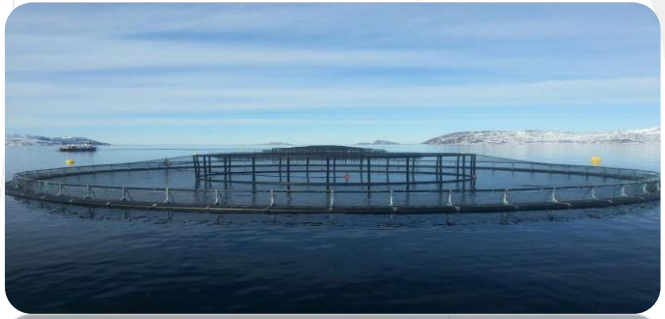
** Adjusted prices pre week 14, 2013*

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Market development contd.

- Norwegian biomass at 700 500 tons by end of Q3 2013
  - Up 1 % from Q3 2012
  - Chilean biomass some 8% higher

- Growth rate bottomed out in Q2
  - Global supply unchanged in Q3 2013 yoy
    - Norway -4%
    - Chile +16%
  - Estimate of 2% overall growth for the full year 2013 maintained
  - Reduced supply-growth indicate continued strong salmon prices for 2013.
    - Fish Pool Forward prices primo November
      NOK 39,60 for Q4 13 and NOK39.77/kg for Q1 14



Farming site Trettevika, Malangen

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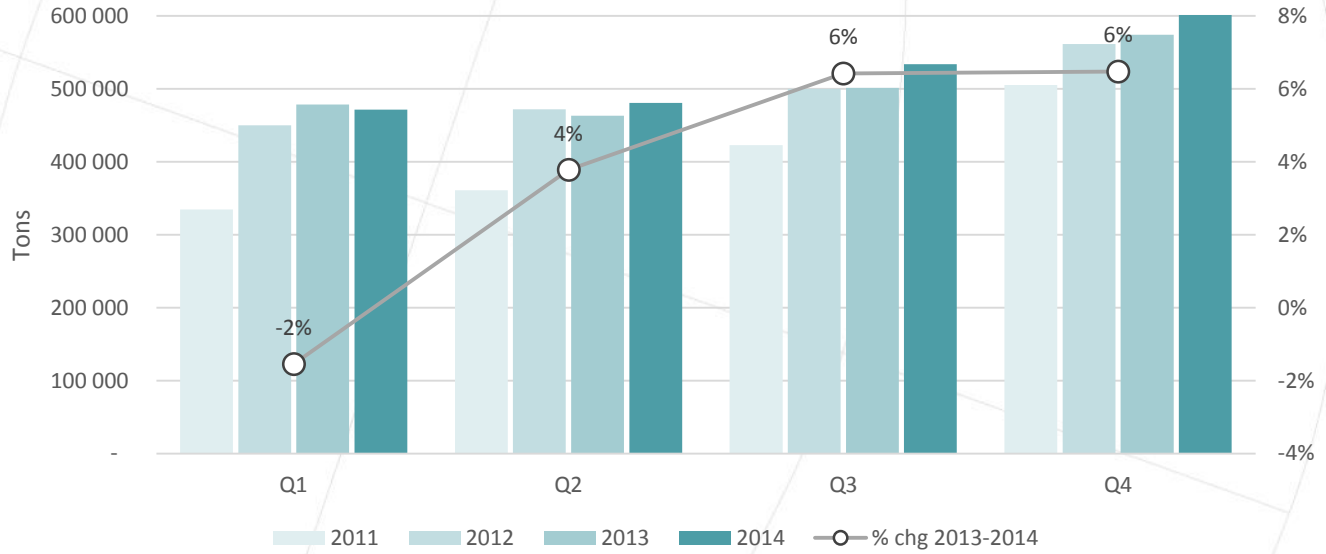
Total Norwegian biomass as per September 30th



Source: Kontali Research

Global supply Atlantic salmon 2011-2014E

(Based on a 4% FY 2014 growth scenario)



Source: Kontali, as per primo November 2013

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Post-Balance Sheets Events

- Sold all shares (42,5%) in Nordskag Næringspark
  - Proceeds of NOK 153 million on a 100% basis
  - SalMar share NOK 65 million
  - Renegotiated and extended hiring agreement from 15 to 20 years

- Agreement on process with Lerøy Seafood Group in relation to Villa Organic
  - Offer remaining minority shares exit
  - Divide the company between the remaining majority owners

- All green license applications rejected
  - Disagree with the decision
  - Will appeal the decision to rejected the groups applications.

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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 and 2014
- Currently fixed-price contracts of 25% of Q4 volumes and 5% of company volumes in 2014.
- Key priority - improve biological performance
  - Low mortality on 2011 & 2012G compared to previous generations
  - Operational improvement programs on-going
  - SAV 2 in Central Norway
  - Higher then targeted production cost YTD due to PD & cold winter
- 2013 guiding Group: 127 000 tons
  - This include the groups relative share of Norskott Havbruk and Villa Organic volumes
- 2014 guiding Group: 146 000 tons
  - 133 000 tons from Norway, this include the groups relative share of Villa Organic volumes
  - 13 000 tons from UK, SalMars share of the 26 000 ton guiding in Norskott.
  - More detailed guiding on the groups segments will follow in the Q4 presentation
- SalMar is actively working to influence the development of industry regulations.



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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

+ 16 licenses from Villa Organic