SalMar ASA

Presentation Q3 2014

CEO Leif Inge Nordhammer, CFO Trond Tuvstein
Oslo, 19 November 2014



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Agenda

- Highlights
- Financial update
- Operational update
- Outlook

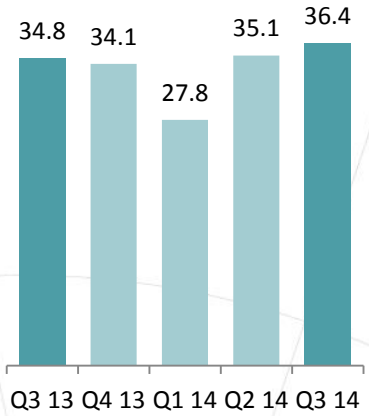


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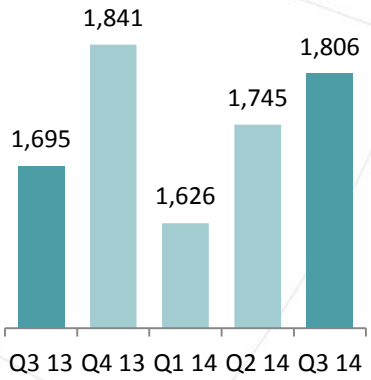
Third quarter highlights

- Good margins despite lower salmon prices
- High contract-share affecting Sales & Processing margins positively
- Biological situation challenging, and affecting operating costs negatively
- Harvest volumes in line with guidance

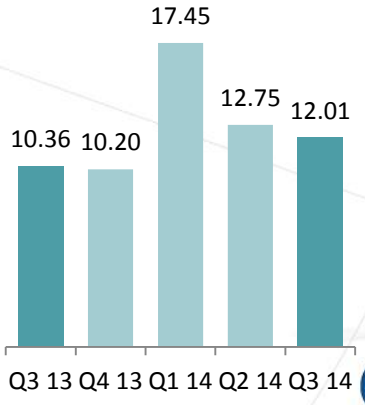
Harvest volume (1,000 tons)



Operating income (NOKm)



EBIT/kg (NOK)



Financial update



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Group profit and loss

NOK Million	Q3 2014	Q3 2013	YTD 2014	YTD 2013	FY 2013
Operating income	**1,806.2**	**1,695.4**	**5,177.2**	**4,404.8**	**6,245.9**
Cost of goods sold	843.3	823.3	2,249.0	2,112.2	3,051.2
Payroll expenses	157.1	165.5	516.0	436.6	623.1
Other operating expenses	304.3	288.5	843.6	791.4	1,086.3
EBITDA	501.5	418.1	1,568.7	1,064.6	1,485.3
Depreciations	63.8	57.7	198.4	153.2	225.8
Operational EBIT	**437.7**	**360.4**	**1,370.3**	**911.4**	**1,259.5**
Fair value adjustment	207.2	-94.9	-104.9	57.8	528.2
Particular biological events	-	-	-	-	-
Non-recurring gains on aquisition	-	-	-	197.5	161.8
Operational profit	**644.9**	**265.5**	**1,265.4**	**1,166.7**	**1,949.4**
Income from investments in associates	10.4	30.5	65.0	124.6	158.0
Other financial items	-37.0	35.7	-89.2	192.5	214.7
Profit before tax	**618.2**	**331.7**	**1,241.3**	**1,483.8**	**2,322.1**
Tax	164.2	65.7	316.0	241.3	418.7
Net profit for the period	**454.1**	**266.0**	**925.3**	**1,242.5**	**1,903.4**

- Revenues driven by higher harvest volumes and a contract-share of 60%
- Harvest volume of 36 400 tons, up from 34 800 tons in Q3 13.
- Average salmon price (NASDAQ Index) NOK 35.29/ kg (NOK 38.88/kg)
- EBIT/kg at NOK 12.01 in Q3 14 vs NOK 10,36 in Q3 13
- The biological situation under control but affecting costs negatively

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Group balance sheet

NOK Million	30/09/2014	30/06/2014	31/12/2013	30/09/2013
ASSETS				
Intangible fixed assets	2,819.4	2,906.3	2,464.1	2,448.3
Tangible fixed assets	1,985.1	2,039.4	1,859.3	1,512.8
Financial fixed assets	485.4	462.5	408.8	1,016.4
Total fixed assets	**5,289.8**	**5,408.2**	**4,732.2**	**4,977.5**
Inventory	3,239.5	2,912.3	3,248.7	2,774.8
Accounts receivables	703.4	532.6	662.1	738.7
Other short-term receivables	362.3	230.3	217.6	160.8
Cash and cash equivalents	199.7	368.2	1,071.0	345.8
Total current assets	**4,504.8**	**4,043.3**	**5,199.4**	**4,020.2**
TOTAL ASSETS	**9,794.6**	**9,451.6**	**9,931.6**	**8,997.7**
EQUITY AND LIABILITIES				
Paid-in equity	476.6	476.6	476.6	493.8
Reserves	4,270.6	3,826.2	4,246.4	3,601.2
Minority interests	34.3	355.6	337.8	291.5
Total equity	**4,781.5**	**4,658.3**	**5,060.8**	**4,386.5**
Provisions for liabilities	1,465.0	1,342.1	1,199.6	1,058.0
Int. bearing long-term liabilities	2,153.8	2,310.0	2,446.2	2,128.0
Total long-term liabilities	**3,618.8**	**3,652.1**	**3,645.8**	**3,186.1**
Int. bearing short-term liabilities	685.4	355.8	397.2	627.4
Other short-term liabilities	708.9	785.3	827.8	797.7
Total short-term liabilities	**1,394.3**	**1,141.2**	**1,225.0**	**1,425.1**
TOTAL EQUITY AND LIABILITIES	**9,794.6**	**9,451.6**	**9,931.6**	**8,997.7**
Net interest bearing debt	**2,639.5**	**2,297.6**	**1,772.4**	**2,409.6**
Equity share	**48.8 %**	**49.3 %**	**51.0 %**	**48.8 %**

- Total assets increased NOK 343 to NOK 9 794.6 from Q2
- Demerger of Villa Organic effective form 01.07.2014
- Total current assets up NOK 461.4m
  - Inventories up NOK 327.2m
  - Receivables up NOK 302.8m
  - Cash down NOK 168.5m
- Equity up NOK 123m to NOK 4,781.5m
- Net interest bearing debt increased by NOK 342m to NOK 2,639.5m

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Group cash flow

NOK Million	Q3 2014	Q3 2013	YTD 2014	YTD 2013	FY 2013
Profit before tax	618.2	331.7	1,241.3	1,483.8	2,322.1
Tax paid in period	-	-	-2.0	-2.3	-6.5
Depreciation	63.8	57.7	198.4	153.2	225.8
Share of profit/loss from associates	-10.4	-30.5	-65.0	-124.6	-158.0
Realized and unrealized gains on financial assets	-	-69.1	-	-282.3	-341.8
Non-recurring gains on acquisitions	-	-	-	-197.5	-161.8
Change in fair value adjustments	-207.2	94.9	104.9	-57.8	-528.2
Change in working capital	-528.2	-467.6	-426.7	-438.1	-417.6
Other changes	36.3	39.5	91.7	125.6	172.0
Net cash flow from operating activities	**-27.4**	**-43.3**	**1,142.6**	**660.0**	**1,106.0**
Net cash flow from investing activities	**-178.9**	**-197.0**	**-903.0**	**88.9**	**698.7**
Change in interest-bearing debt	215.3	236.2	25.9	-262.3	-540.8
Dividend paid out	-	-0.1	-896.0	-	-0.1
Buy-out of non-controlling interest	-140.9	-	-140.9	-69.7	-70.4
Interest paid	-36.3	-35.1	-88.3	-120.0	-158.1
Other changes	-0.0	-2.8	-11.4	-6.3	-20.6
Net cash flow from financing activities	**38.0**	**198.2**	**-1,110.7**	**-458.2**	**-790.0**
Net change in cash for the period	-168.3	-42.2	-871.1	290.6	1,014.6
Foreign exchange effects	-0.2	0.1	-0.3	-0.2	1.1
Cash in the beginning of the period	368.2	388.0	1,071.0	55.3	55.3
Cash and cash equivalents end of period	**199.7**	**345.8**	**199.7**	**345.8**	**1,071.0**

- Negative cash flow from operations of NOK 27.4m in the quarter
  - Increased working capital of NOK 528.2m
  - Change in fair value adjustments of NOK 207.2m
- Negative cash flow from investments of NOK 178.9m, one license and investments in operating assets
- Positive cash flow from financing of NOK 38.0m
  - Increased interest bearing debt of NOK 215.3m
  - Buy out of non-controlling interests NOK 140.9m
  - Interests paid NOK 36.3m

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Operational update

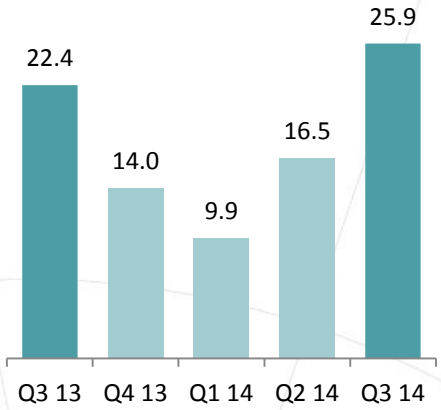


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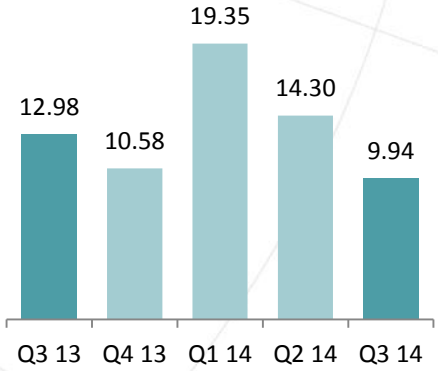
Farming Central Norway

	Q3 2014	Q3 2013	9M 2014	9M 2013	FY 2013
Operating income (NOKm)	909.6	848.4	2,021.7	2,155.3	2,702
Operational EBIT (NOKm)	257.2	291.3	683.5	775.8	924
Operational EBIT %	28.3%	34.3%	33.8%	36.0%	34.2%
Harvested volume (1,000 tgw)	25.9	22.4	52.2	56.1	70.2
EBIT/ kg gw (NOK)	9.94	12.98	13.09	13.82	13.17

Harvest volume (1,000 tons)



EBIT/kg (NOK)

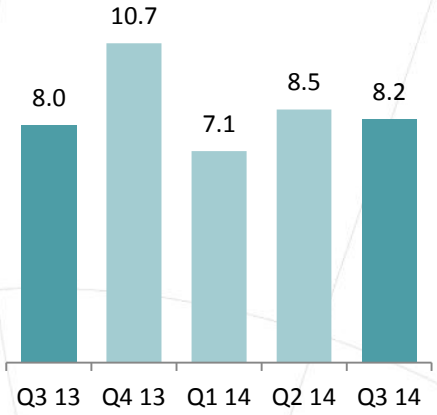


- Margins improved relative to price-development
- Even volume distribution through the quarter
- Lower underlying costs in spite of higher biological challenges
- Continued biological challenges
  - Situation under control - but costly
- Expect harvest volumes of 73 000 tons in 2014 - unchanged from Q2.

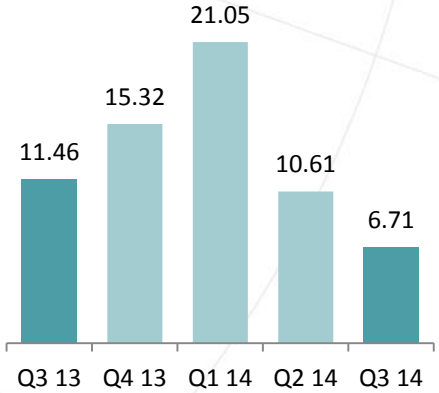
Farming Northern Norway

	Q3 2014	Q3 2013	9M 2014	9M 2013	FY 2013
Operating income (NOKm)	266.9	289.3	913.8	483.7	912.7
Operational EBIT (NOKm)	54.8	91.2	294.2	156.1	320.2
Operational EBIT %	20.5%	31.5%	32.2%	32.3%	35.1%
Harvested volume (1,000 tgw)	8.2	8.0	23.8	13.1	23.8
EBIT/ kg gw (NOK)	6.71	11.46	12.38	11.92	13.45

Harvest volume (1,000 tons)



EBIT/kg (NOK)



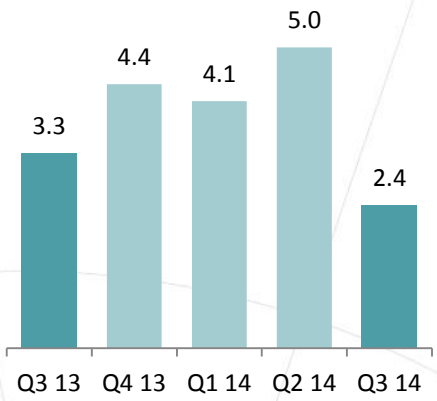
- Realized prices
  - Unfavorable volume distribution
  - High share of mature fish
- Good cost performance in underlying operations
- Biological situation remains sound
- Good development in sea for upcoming generations
- Expect harvest volumes in 2014 of 35 000 tons – unchanged from Q2

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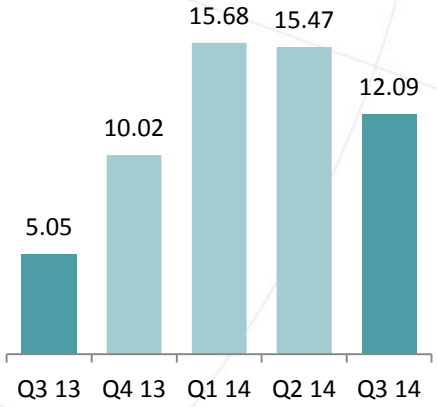
Farming Rauma

	Q3 2014	Q3 2013	9M 2014	9M 2013	FY 2013
Operating income (NOKm)	121.3	124.2	566.6	408.4	595.4
Operational EBIT (NOKm)	28.9	16.5	172.0	117.5	161.9
Operational EBIT %	23.9%	13.3%	30.4%	28.8%	27.2%
Harvested volume (1,000 tgw)	2.4	3.3	11.6	10.5	14.9
EBIT/ kg gw (NOK)	12.09	5.05	14.85	11.24	10.88

Harvest volume (1,000 tons)



EBIT/kg (NOK)

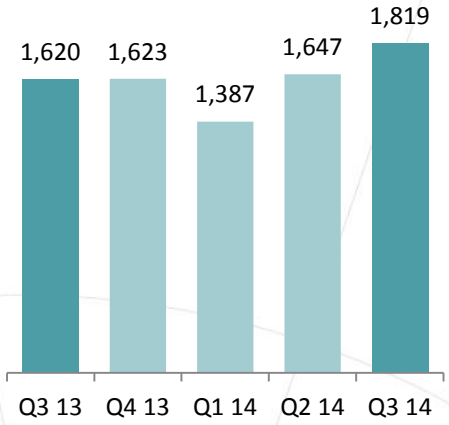


- Organic salmon constitute 75% of total volumes – relatively high share from broodstock salmon site
  - Prices less volatile, positive in falling market
- Favorable volume distribution
- General biological situation still challenging
- Expect harvest volumes of 17 000 tons in 2014, unchanged from Q2

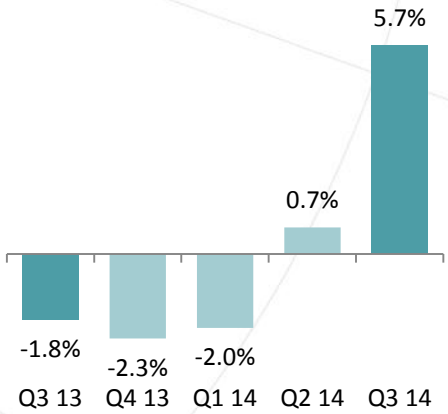
Sales & Processing

	Q3 2014	Q3 2013	9M 2014	9M 2013	FY 2013
Operating income (NOKm)	1,819.1	1,619.5	4,853.2	4,424.6	6,047.4
Operational EBIT (NOKm)	104.1	-28.9	88.0	-123.4	-160.9
Operational EBIT %	5.7%	-1.8%	1.8%	-2.8%	-2.7%

Operating income (NOK million)



EBIT-margin (%)

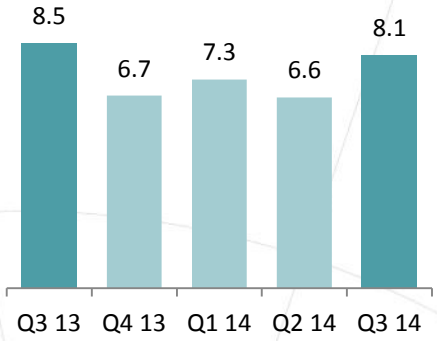


- Record high results, ending at NOK 104m, compared to NOK 12m in Q2 and NOK -29m in Q3 13
  - 60% share of fixed price contracts
- Russian volumes reallocated to existing and new markets
- Improved operations and increased capacity utilization.
- Total harvest volume of 38,500 tons of which 11,400 external
- Processing still affected by high prices, but market conditions improving

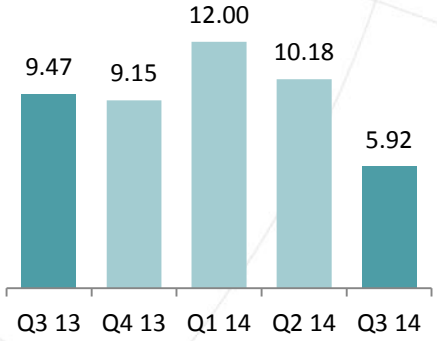
Norskott Havbruk (Scottish Seafarms)

	Q3 2014	Q3 2013	9M 2014	9M 2013	FY 2013
Operating income (NOKm)	373	373	1,096	873	1,189
Operational EBIT (NOKm)	48	81	203	160	221
Operational EBIT %	13%	22%	18%	18%	19%
Value adjustment biomass	-25	-2	-44	28	57
Profit before tax	23	75	158	179	267
SalMar share after tax	10	29	65	68	101
Harvest volume (1,000 tgw)	8.1	8.5	22.0	20.2	26.9
EBIT/ kg gw (NOK)	5.92	9.47	9.21	7.93	8.23

Harvest volume (1,000 tons)



EBIT/kg (NOK)



- Some challenging biological environment
- Improved FCR`s
  - reduced sea lice treatment ytd
  - less AGD
- Contract share of 41 %
- Expect harvest volumes of 27 000 tons in 2014

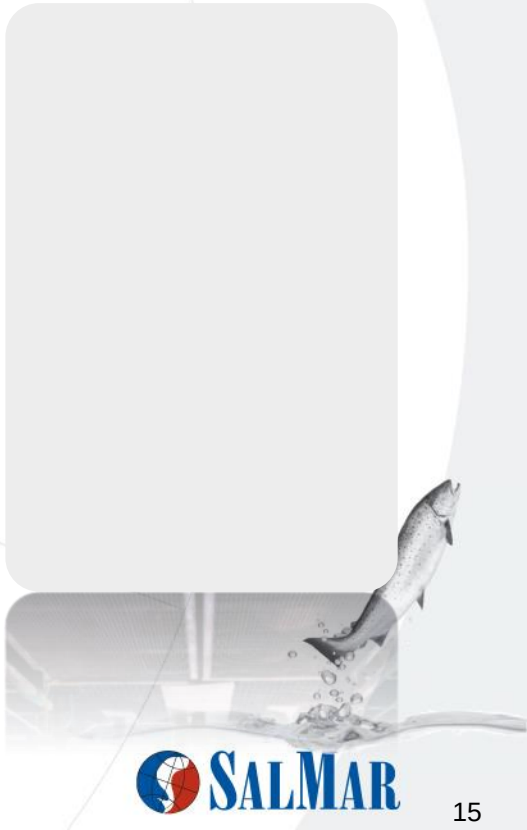
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Outlook



Outlook

- Still challenging biological situation going forward
- Expect to harvest approx. 37 000 tons in Q4 2014
- Sales & processing – relatively high contract share for 4q 2014
- 2015 harvest guiding 137 000 tons
  - Scottish Seafarms Ltd guiding 31 000 tons.
- 13G 1,4 million less in numbers compared with 12G – S1 2014 4,5 mill more. Limited growth going forward
- Fishmeal and fish oil prices up - increased feed prices in 2015?



Thank you for your attention

See www.salmar.no for more information



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