

SalMar ASA

Presentation Q3 2015

CEO Leif Inge Nordhammer
CFO Trond Tuvstein

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Agenda

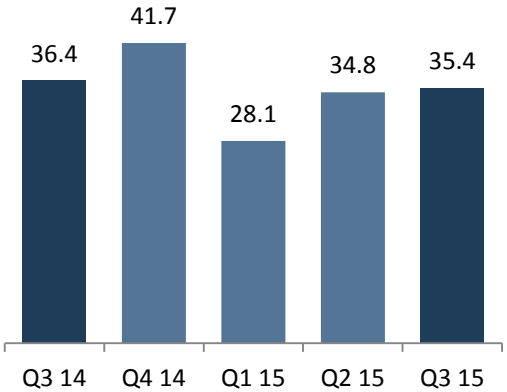
- Highlights
- Financial update
- Operational update
- Outlook

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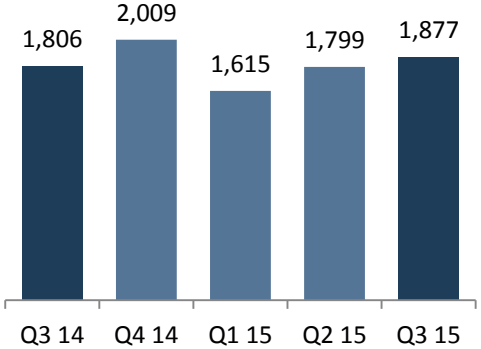
Third quarter 2015 highlights

- Operational EBIT of NOK 334m
- Salmon prices mainly driven by weak NOK
- Production costs in the quarter negatively affected by the biological situation
- Higher feed-cost driving costs on harvested volumes yoy
- Guiding for 2015 down 4 000 tons to 135 000 tons.

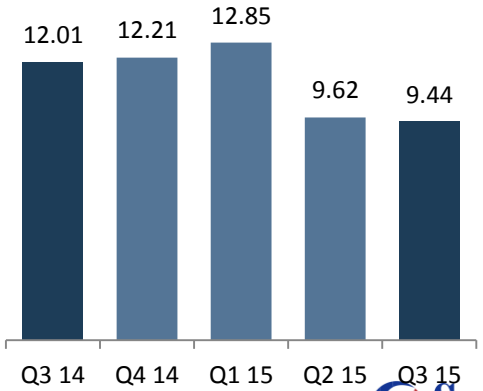
Harvest volume (1,000 tons)



Operating income (NOKm)



EBIT/kg (NOK)



Financial update



Operational EBIT deviation analysis (yoy)



- Higher salmon prices yoy driven by weak NOK
- Contracts bringing negative impact.
- Increased cost farming
  - Biological situation
  - Feed
- Total EBIT/KG Q3-15 NOK 9.44, down NOK 2.57 yoy

Group profit and loss

NOK Million	Q3 2015	Q3 2014	YTD 2015	YTD 2014	FY 2014
Operating income	**1,876.6**	**1,806.2**	**5,291.0**	**5,177.2**	**7,185.9**
Cost of goods sold	931.9	843.3	2,545.9	2,249.0	3,175.3
Payroll expenses	197.0	157.1	564.7	516.0	710.4
Other operating expenses	338.3	304.3	924.0	843.6	1,143.0
EBITDA	409.5	501.5	1,256.4	1,568.7	2,157.2
Depreciations	75.8	63.8	226.8	198.4	278.2
Operational EBIT	**333.7**	**437.7**	**1,029.6**	**1,370.3**	**1,879.0**
Fair value adjustment	141.2	207.2	21.5	-104.9	-232.3
Operational profit	**474.9**	**644.9**	**1,051.1**	**1,265.4**	**1,646.7**
Income from investments in associates	4.2	10.4	26.1	65.0	96.1
Other financial items	-24.9	-37.0	-70.5	-89.2	-114.0
Profit before tax	**454.3**	**618.2**	**1,006.7**	**1,241.3**	**1,628.8**
Tax	118.1	164.2	264.7	316.0	413.4
Net profit for the period	**336.2**	**454.1**	**741.9**	**925.3**	**1,215.5**

- Revenues driven by higher prices
- Average salmon price (NASDAQ) NOK 41.09/ kg (NOK 35.29/kg)
- Contract share of 45% with negative price effect
- Production costs affected by sanitary conditions and price of feed
- EBIT/kg NOK 9.44 vs NOK 12.01 in Q3 14

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Group balance sheet

NOK Million	30/09/2015	30/06/2015	31/12/2014	30/09/2014
ASSETS				
Intangible fixed assets	2,929.7	2,921.6	2,898.6	2,819.4
Tangible fixed assets	2,210.3	2,144.1	2,017.6	1,985.1
Financial fixed assets	571.0	595.4	539.2	485.4
Total fixed assets	**5,711.0**	**5,661.1**	**5,455.4**	**5,289.8**
Inventory	3,581.7	3,031.9	3,321.1	3,239.5
Accounts receivables	890.8	841.8	888.2	703.4
Other short-term receivables	235.3	219.6	292.6	362.3
Cash and cash equivalents	96.3	109.0	167.0	199.7
Total current assets	**4,804.2**	**4,202.3**	**4,669.0**	**4,504.8**
TOTAL ASSETS	**10,515.2**	**9,863.5**	**10,124.4**	**9,794.6**
EQUITY AND LIABILITIES				
Paid-in equity	476.6	476.6	476.6	476.6
Reserves	4,275.1	3,923.7	4,600.1	4,270.6
Minority interests	77.5	68.5	60.6	34.3
Total equity	**4,829.2**	**4,468.7**	**5,137.3**	**4,781.5**
Provisions for liabilities	1,281.0	1,201.5	1,262.6	1,465.0
Int. bearing long-term liabilities	2,452.6	2,516.1	2,191.6	2,153.8
Total long-term liabilities	**3,733.6**	**3,717.6**	**3,454.2**	**3,618.8**
Int. bearing short-term liabilities	333.4	325.0	276.7	685.4
Other short-term liabilities	1,619.0	1,352.1	1,256.3	708.9
Total short-term liabilities	**1,952.4**	**1,677.1**	**1,533.0**	**1,394.3**
TOTAL EQUITY AND LIABILITIES	**10,515.2**	**9,863.5**	**10,124.4**	**9,794.6**
Net interest bearing debt	**2,689.7**	**2,732.2**	**2,301.3**	**2,639.5**
Equity share	**45.9 %**	**45.3 %**	**50.7 %**	**48.8 %**

- Investments in line with ongoing investment programs, above depreciations
- Increased biological assets
  - Increased fair value of NOK 288 million
  - Increased cost base of NOK 179 million
- Accounts receivables
  - Healthy credit status
- Net interest bearing debt reduced to NOK 2,689.7 million
- Strong financial position

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Group cash flow

NOK Million	Q3 2015	Q3 2014	YTD 2015	YTD 2014	FY 2014
Profit before tax	454.3	618.2	1,006.7	1,241.3	1,628.8
Tax paid in period	-0.6	-	-5.9	-2.0	-25.8
Depreciation	75.8	63.8	226.8	198.4	278.2
Share of profit/loss from associates	-4.2	-10.4	-26.1	-65.0	-96.1
Realized and unrealized gains on financial assets	-	-	-	-	-
Non-recurring gains on acquisitions	-	-	-	-	-
Change in fair value adjustments	-141.2	-207.2	-21.5	104.9	232.3
Change in working capital	-214.9	-528.2	-4.8	-426.7	-512.4
Other changes	1.6	36.3	30.4	91.7	142.1
Net cash flow from operating activities	**170.8**	**-27.4**	**1,205.7**	**1,142.6**	**1,647.0**
Net cash flow from investing activities	**-104.0**	**-178.9**	**-404.5**	**-903.0**	**-1,031.9**
Change in interest-bearing debt	-55.1	215.3	317.8	25.9	-357.4
Dividend paid out	-	-	-1,120.0	-896.0	-898.2
Buy-out of non-controlling interest	-	-140.9	-	-140.9	-140.9
Interest paid	-25.6	-36.3	-71.0	-88.3	-115.1
Other changes	-0.2	-0.0	-0.1	-11.4	-10.9
Net cash flow from financing activities	**-81.0**	**38.0**	**-873.3**	**-1,110.7**	**-1,522.5**
Net change in cash for the period	-14.2	-168.3	-72.1	-871.1	-907.4
Foreign exchange effects	1.5	-0.2	1.5	-0.3	3.3
Cash in the beginning of the period	109.0	368.2	167.0	1,071.0	1,071.0
Cash and cash equivalents end of period	**96.3**	**199.7**	**96.3**	**199.7**	**167.0**

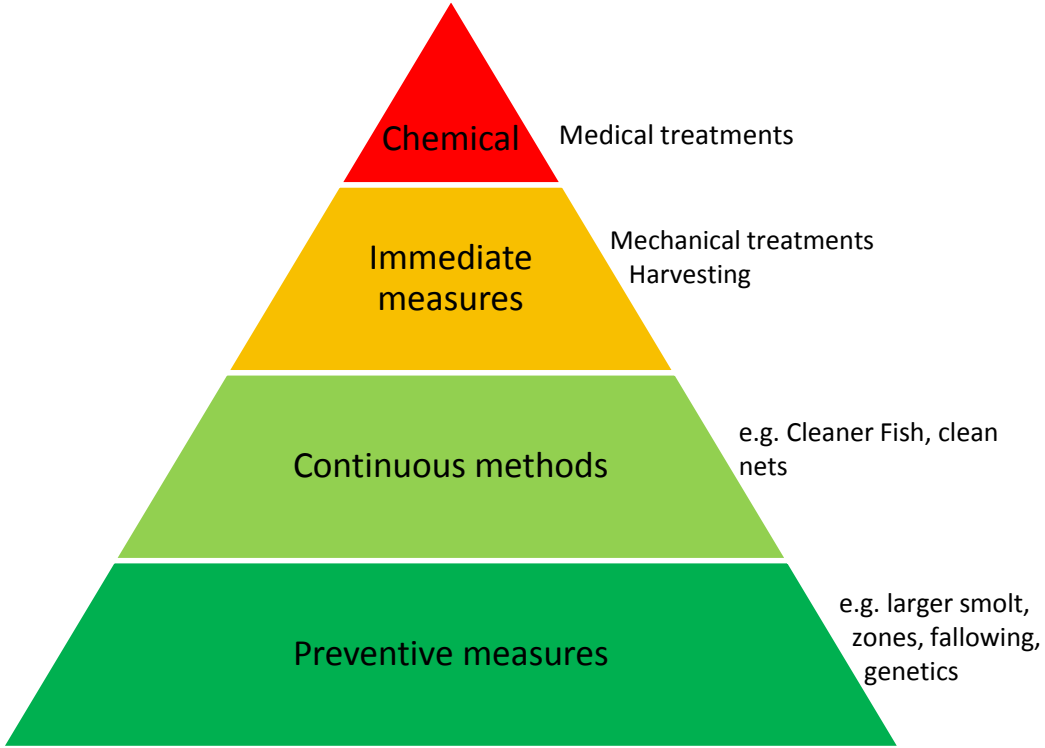
- Cash flow from operations of NOK 171 million
  - Increased working capital of NOK 215 million – seasonal build-up of biomass
- Investment mainly related to ongoing investment program
  - Farming segments
  - Smolt capacity
  - R&D costs – offshore farming
- Cash and cash equivalents reduced by NOK 13 million to NOK 96 million

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Operational update



The sea lice issue



- Preventive measures very important
- Treatment capacity is crucial
- Different standards in the industry – different level of capacities
- Restrains capacity on well boats
- Closer cooperation with other farmers and Food Authorities

What is SalMar doing - Measures to prevent sea lice

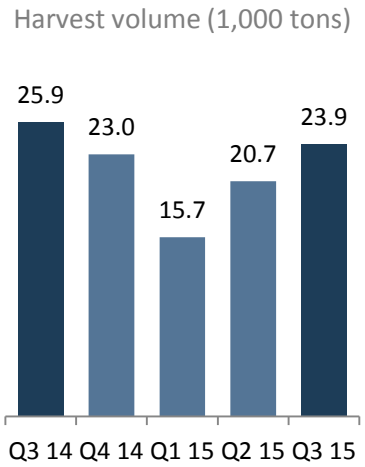


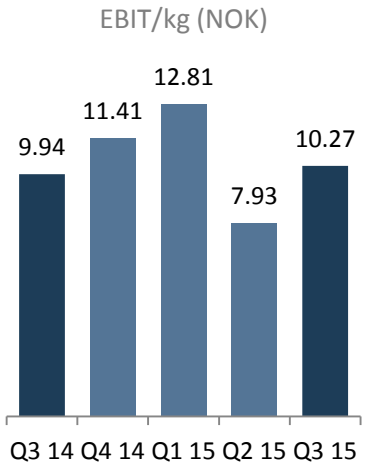
- Better prepared for “next season”
- Increased treatment capacity - invested in non-medical treatment tools.
  - Lump/Cleanerfish
  - Mechanical treatments
  - Collecting the lice
  - Well boat capacity
- “Call to action” - Avoid reproduction
  - Treat the lice on an early stage - avoiding production of eggs
  - Flushing of nets
- Close collaboration with other farmers and authorities
  - Zones
  - Capacity and cooperation

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Farming Central Norway

	Q3 2015	Q3 2014	FY 2014
Operating income (NOKm)	952	910	2,864
Operational EBIT (NOKm)	246	257	946
Operational EBIT %	26%	28%	33%
Harvested volume (1000 tgw)	23.9	25.9	75.2
EBIT/kg	10.27	9.94	12.58



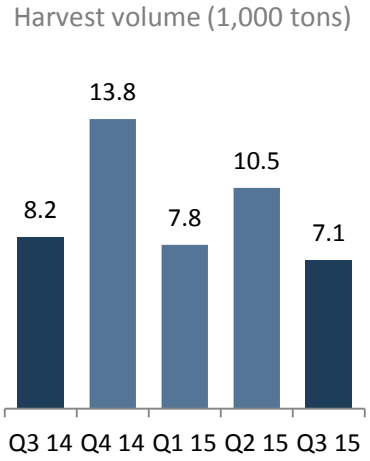


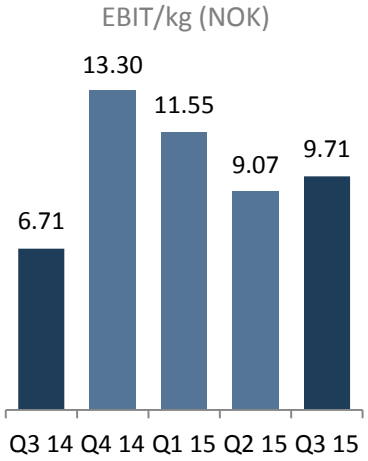
- Price realisation somewhat negatively affected by harvesting profile
- Very demanding sea lice situation in Central Norway this summer
  - Rapid increased resistance to bath therapeutants
  - Delayed stocking of cleaner fish
  - Delayed delivery of mechanical delicers
- Incidents of accelerated harvesting affecting weight, price and cost per kilo
- Expect to harvest some 79 000 tons for the full year 2015

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Farming Northern Norway

	Q3 2015	Q3 2014	FY 2014
Operating income (NOKm)	283	267	1,443
Operational EBIT (NOKm)	69	55	477
Operational EBIT %	24%	21%	33%
Harvested volume (1000 tgw)	7.1	8.2	37.5
EBIT/kg	9.71	6.71	12.72



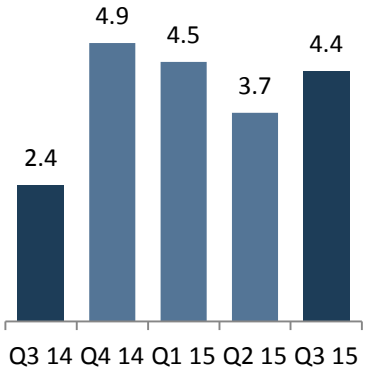


- Results affected by operational challenges and high cost at one specific site – finalized during the quarter
- Biological situation remains sound, expecting lower cost in Q4
- Expect 2015 harvest volumes 40 000 tons

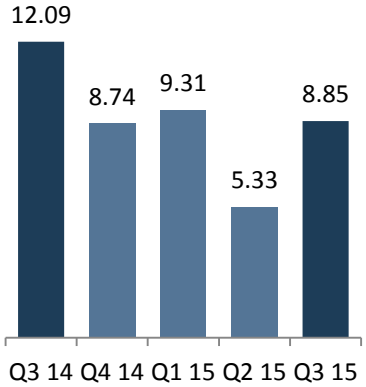
Farming Rauma

	Q3 2015	Q3 2014	FY 2014
Operating income (NOKm)	217	121	782
Operational EBIT (NOKm)	39	29	215
Operational EBIT %	18%	24%	27%
Harvested volume (1000 tgw)	4.4	2.4	16.5
EBIT/kg	8.85	12.09	13.04

Harvest volume (1,000 tons)



EBIT/kg (NOK)

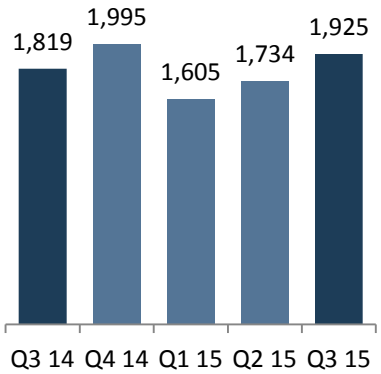


- Organic salmon represent 50% of total volumes
- Biological situation very challenging in the quarter
  - Similar issues as stated in Central Norway
  - Mortality during/after treatments
- Stable cost situation expected in Q4
- Expects to harvest some 16 000 tons for the full year 2015

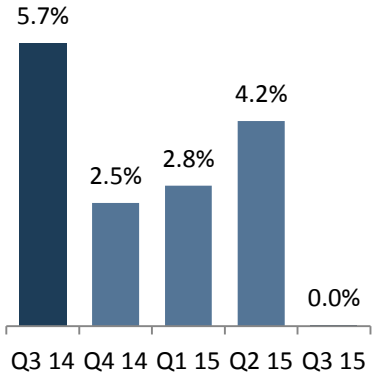
Sales & Processing

	Q3 2015	Q3 2014	FY 2014
Operating income (NOKm)	1,925	1,819	6,848
Operational EBIT (NOKm)	0	104	138
Operational EBIT %	0%	6%	2%

Operating income (NOKm)



EBIT-margin (%)

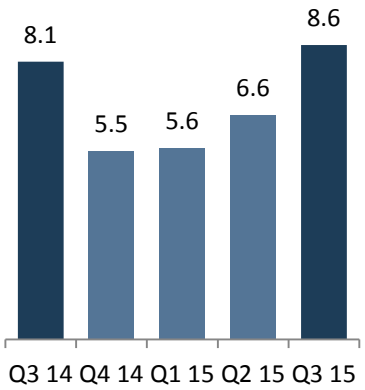


- Biological situation in Central Norway affecting operations
  - Lower average weight
  - Quality variation
- 45% of volumes on contracts with prices achieved below spot – affecting results negatively
- Lower average weight overall limits opportunities for Sales
- Expected contract share for Q4: 45%

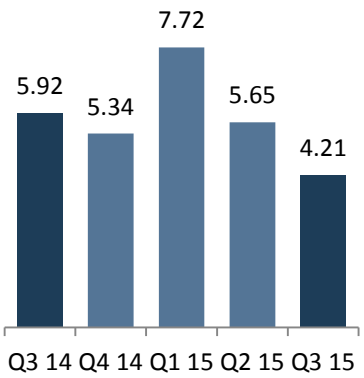
Norskott Havbruk

	Q3 2015	Q3 2014	FY 2014
Operating income (NOKm)	463	373	1,385
Operational EBIT (NOKm)	36	48	232
Operational EBIT %	8%	13%	17%
Value adjustments biomass	-24	-25	8
Profit before tax	12	23	239
SalMar share after tax	6	10	96
Harvested volume (1000 tgw)	8.6	8.1	27.5
EBIT/kg	4.21	5.92	8.44

Harvest volume (1,000 tons)



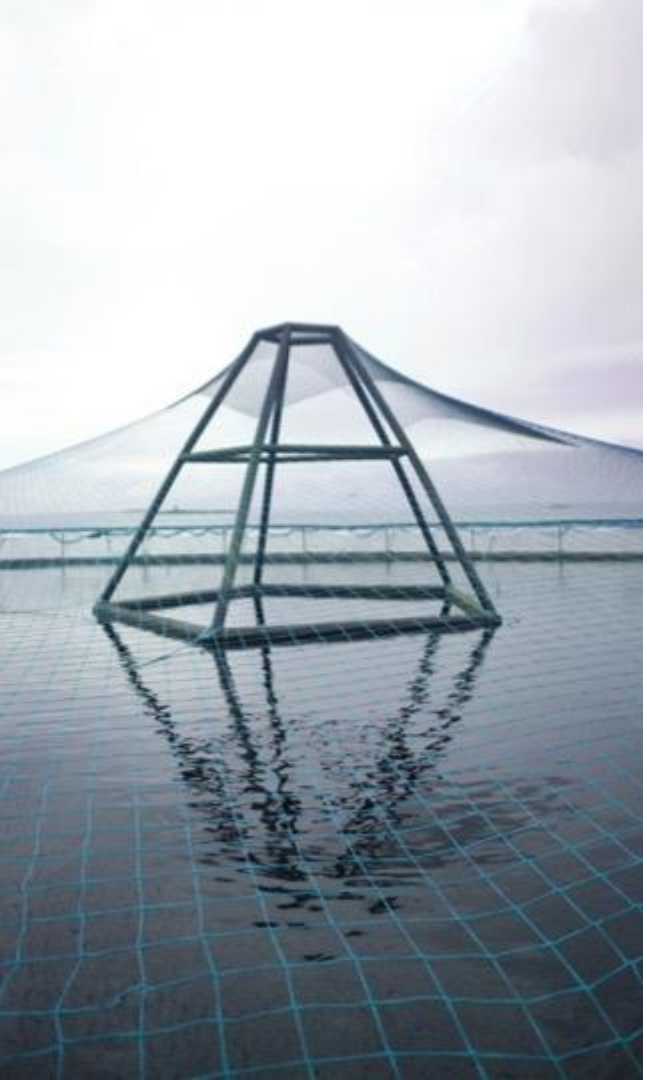
EBIT/kg (NOK)



- Harvest volumes slightly up from Q3 2014
- Intensified competition due to unfavorable currency development
- Biological challenges in the quarter
  - Algaes, gill issues
  - Higher treatment costs
  - Lower harvest weight
- Contract share of some 43% during the quarter
- Expect harvest volumes of 28 000 in 2015

Outlook





Outlook

- Biological situation remains challenging – continues into Q415
- Planning of Ocean Farming project continues
- Slowdown in Norwegian supply of Salmon in Q4 2015
- Experiencing continued good demand in core markets
- Expected 2015 harvest volume down 4,000 tons to 135,000 tons.
- 133,000 tons expected in 2016.

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