QUARTERLY REPORT
Third quarter 2018





SALMAR

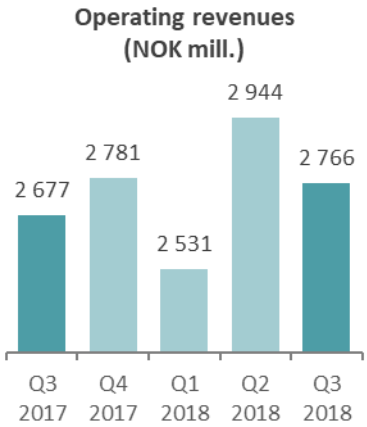
REPORT FOR THE THIRD QUARTER 2018

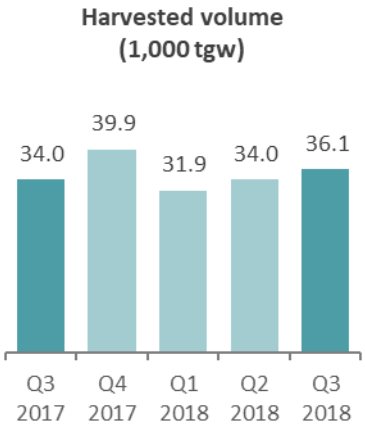
HIGHLIGHTS

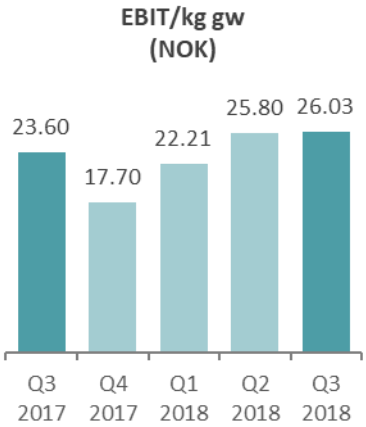
- Operationally strong quarter, with cost improvements and good price achievement.
- Record-high volume for sales & processing with positive contribution
- Total Operational EBIT NOK 939 million
- SalMar still expects to harvest 143,000 tonnes in Norway in 2018
- Expect harvested volume of 145,000 tonnes in 2019

KEY FIGURES

NOK million	Q3 2018	Q3 2017	9M 2018	9M 2017	FY 2017
Operating revenue	2 766.4	2 676.6	8 241.5	8 036.6	10 817.2
Operational EBIT	939.1	801.3	2 525.9	2 455.0	3 162.2
Operational EBIT %	33.9%	29.9%	30.6%	30.5%	29.2%
Fair value adjustments	255.0	469.5	432.1	0.6	-370.0
Profit/loss from associates	34.4	32.9	170.7	190.0	208.9
Profit/loss before tax	1 205.3	1 295.3	3 086.2	2 561.5	2 856.2
EPS - diluted	8.17	8.71	21.27	17.53	20.18
NIBD	1 327.1	1 615.0	1 327.1	1 615.0	1 222.5
Equity ratio %	55.3%	54.6%	55.3%	54.6%	59.3%
Harvested volume (1,000 tgw)	36.1	34.0	102.0	95.2	135.2
EBIT/kg gw (NOK)	26.03	23.60	24.76	25.78	23.40







FINANCIAL PERFORMANCE

Revenues and results in the third quarter 2018

SalMar delivered a strong performance in the third quarter, underpinned by lower costs and good price achievement.

The Group harvested a total of 36,100 tonnes in the quarter, compared with 34,000 tonnes in both the previous quarter and the third quarter 2017.

In addition, Norskott Havbruk (Scottish Sea Farms) harvested a total of 8,100 tonnes, compared with 6,200 tonnes in the previous quarter and 9,400 tonnes in the third quarter 2017. SalMar owns 50 per cent of Norskott Havbruk.

The price of salmon (NASDAQ Salmon Index) for the third quarter 2018 averaged NOK 54.80 per kg, NOK 14.01 per kg less than in the previous quarter. Compared with the third quarter last year, the average price was NOK 1.75 per kg less.

As a whole, SalMar generated gross operating revenues of NOK 2,766.4 million in the third quarter 2018, compared with NOK 2,944.0 million in the second quarter and NOK 2,676.6 million in the third quarter 2017.

The Group's Operational EBIT came to NOK 939.1 million in the period, compared with NOK 878.6 million the quarter before and NOK 801.3 million in the same period last year.

For the Group as a whole, this gives an EBIT per kg of NOK 26.03, compared with NOK 25.80 per kg in the second quarter and NOK 23.60 per kg in the third quarter 2017.

Please see the segment results for further details.

SalMar's most important key figure for measuring its performance under IFRS is Operational EBIT. This shows the result of the Group's underlying operations during the period. Specific items not associated with underlying operations are presented on separate lines.

Fair value adjustments boosted the recognised operating profit by NOK 255.0 million in the period. The fair value of the standing biomass rose by NOK 275.5 million in the quarter, while changes in unrealised losses on contracts, financial Fish Pool contracts and currency positions cut profits by NOK 20.5 million. See Note 4 for further details.

Operating profit for the third quarter 2018 therefore ended at NOK 1,194.1 million, compared with NOK 1,270.9 million in the corresponding period last year. Operating profit in the third quarter 2017 was boosted by fair value adjustments totalling NOK 469.5 million.

Associates contributed NOK 34.4 million during the period. This contribution derives primarily from SalMar's share of the profit/loss from Norskott Havbruk. In the third quarter 2017, associates contributed NOK 32.9 million.

Net interest expenses totalled NOK 29.3 million in the quarter, while net other financial items were positive in the amount of NOK 6.1 million. Profit before tax for the period came to NOK 1,205.3 million. Profit before tax in the third quarter 2017 came to NOK 1,295.3 million.

A tax expense of NOK 269.3 million has been calculated for the period, such that the Group's net profit for the third quarter 2018 totals NOK 936.0 million. In the corresponding period in 2017, the tax expense came to NOK 305.5 million, while net profit totalled NOK 989.8 million.

Revenues and results in the year to date

In the first nine months of 2018, the SalMar Group generated gross operating revenues of NOK 8,241.5 million, compared with NOK 8.036.6 million in the corresponding period last year.

Excluding Norskott Havbruk and Arnarlax, SalMar harvested 102,000 tonnes in the period, compared with 95,200 in the corresponding period last year.

Operational EBIT for the first nine months of 2018 totalled NOK 2,525.9 million, compared with NOK 2,455.0 million in the same period in 2017. The increase is attributable to a higher volume harvested. So far this year, price achievement has been somewhat lower than in the same period last year. Costs for the volume sold have been on a par with 2017.

Fair value adjustments in the first nine months of 2018 have boosted profits in the period by NOK 432.1 million. As a result, operating profit in the year to 30 September 2018 came to NOK 2,958.0 million. Operating profit in the first nine months of 2017 came to NOK 2,455.6 million, after fair value adjustments totalling NOK 0.6 million.

Associates contributed NOK 170.7 million in the period, compared with NOK 190.0 million in the same period last year. Net interest expenses totalled NOK 77.4 million, while net other financial items were positive in the amount of NOK 35.0 million. As a result, profit before tax in the first nine months of 2018 came to NOK 3,086.2 million. In the corresponding period last year, net interest expenses totalled NOK 69.2 million, while net other financial items were negative in the amount of NOK 14.9 million. In the first nine months of 2017, profit before tax totalled NOK 2,561.5 million.

The tax expense for the first nine months of 2018 has been calculated at NOK 665.7 million, such that the net profit for the period comes to NOK 2,420.6 million.

In the first nine months of 2017, a tax expense of NOK 564.9 million was recognised, bringing the net profit for the period to NOK 1,996.5 million.

Cash flow

(Figures for the corresponding period last year are given in parentheses.)

The SalMar Group generated a cash flow from operating activities of NOK 1,354.0 million in the third quarter 2018 (NOK 970.3 million).

Net cash flow from investing activities came to NOK -134.8 million in the period (NOK -234.6 million). Investments in operating assets totalled NOK 112.1 million, while the investment in Arnarlax came to NOK 92.8 million. A dividend of NOK 80.0 million was received from Norskott Havbruk during the period.

The Group's net cash flow from financing activities came to NOK -886.0 million in the period (NOK -761.9 million). The repayment of interest-bearing debt accounted for NOK 856.6 million of this amount. In addition, net interest payments of NOK 29.3 million were made in the quarter.

This gave SalMar a positive net cash flow of NOK 333.2 million in the period (NOK -26.3 million). Adjusted for foreign exchange differences, this resulted in an increase in the Group's overall holdings of cash and cash equivalents of NOK 332.3 million in the period. At the close of the period, therefore, SalMar had cash and cash equivalents of NOK 489.4 million (NOK 193.6 million).

For the first 9 months in 2018, SalMar generated a net cash flow from operating activities of NOK 2,818.8 million (NOK 2,848.3 million). Net cash flow from investing activities came to NOK -689.6 million (NOK -645.1 million), while cash flow from financing activities totalled NOK -1,813.3 million (NOK -2,280.4 million). As a result, the Group's net cash flow for the first nine months of 2018 came to NOK 316.0 million (NOK -77.2 million).

Financial position

At the close of the third quarter 2018, SalMar's balance sheet totalled NOK 14,314.4 million, compared with NOK 13,469.4 million three months before and NOK 13,438.0 million at the close of the third quarter 2017.

The book value of the Group's property, plant and equipment decreased by NOK 5.2 million during the quarter to NOK 3,590.7 million. Investments are being made in accordance with previously adopted plans, including the expansion of hatchery capacity and general maintenance.

At the close of the period, the Group had current assets totalling NOK 6,249.0 million, up from NOK 5,448.7 million three months before.

The book value of inventory rose by NOK 628.7 million in the quarter. The fair value of the biomass rose by NOK 275.5 million during the quarter, as a result of higher forward prices than at the close of the previous quarter. An increase in the standing biomass in the quarter explains the rise in production costs during the period.

Trade receivables fell by NOK 121.4 million in the quarter, while other current receivables decreased by NOK 39.4 million. As a result, the Group's trade receivables at the close of the quarter totalled NOK 528.5 million, while other current receivables totalled NOK 203.7 million.

At the close of the quarter, the SalMar Group had cash and cash equivalents of NOK 489.4 million, up from NOK 157.1 million three months before.

As at 30 September 2018, the Group's total equity came to NOK 7,919.7 million. This corresponds to an equity ratio of 55.3 per cent. See the statement of movements in equity for further details of changes during the quarter.

At the close of the quarter, SalMar had a total interest-bearing debt of NOK 1,816.5 million. Of this amount, long-term debt to credit institutions accounted for NOK 750.9 million, ordinary leasing liabilities for NOK 15.1 million and leasing liabilities relating to InnovaMar for NOK 315.2 million. Short-term interest-bearing debt to credit institutions totalled NOK 734.9 million. Other non-current liabilities came to NOK 0.4 million.

Other current liabilities rose by NOK 700.5 million in the quarter to NOK 3,118.1 million. Trade payables rose by NOK 445.6 million, while tax provisions increased by NOK 211.8 million.

At the close of the third quarter 2018, SalMar had a net interest-bearing debt of NOK 1,327.1 million, a decrease of NOK 1,189.0 million compared with three months before.

OPERATIONAL PERFORMANCE

Fish Farming Central Norway

NOK million	Q3 18	Q3 17	2017
Operating revenue	1 916	1 358	5 199
Operational EBIT	871	489	1 892
Operational EBIT %	45.4%	36.0%	36.4%
Harvested volume (1,000 tgw)	32.9	23.2	87.5
EBIT/kg gw (NOK)	26.45	21.05	21.63

Fish Farming Central Norway harvested a total of 32,900 tonnes of salmon in the third quarter 2018, compared with 23,200 tonnes in the corresponding period last year. In the first nine months of 2018, the segment has harvested 71,800 tonnes of salmon, compared with 60,600 tonnes in the same period in 2017.

The segment generated gross operating revenues of NOK 1,915.9 million in the period, up from NOK 1,358.2 million in the same period in 2017. The average spot price during the period was NOK 1.75 per kg lower than in the same period last year. As a result, the rise in operating revenues was driven largely by a higher harvested volume.

The bulk of the volume harvested in the period were fish transferred to the sea in the spring of 2017. This generation has performed well biologically, with low mortality and few delousing treatments, which has resulted in low costs and a good average weight. At the close of the quarter, the spring-2017 generation had been harvested out.

Organic salmon accounted for 11 per cent of the total volume harvested in the period.

For Fish Farming Central Norway, EBIT per kg gutted weight came to NOK 26.45 in the third quarter 2018. This is down from NOK 29.74 per kg in the previous quarter, but up from NOK 21.05 per kg in the corresponding period last year.

Although the segment experienced slightly higher levels of lice infestation on fish transferred to the sea in the autumn of 2017, the Group has gradually built up a substantial non-medicinal delousing capacity, and is well equipped to handle the situation.

SalMar expects this segment's costs to increase from the third to the fourth quarter this year, because the fish transferred to the sea in the autumn of 2017 have encountered a more challenging biological situation than the previous generation.

Fish Farming Central Norway expects to harvest around 100,000 tonnes of salmon in 2018 as a whole. This is unchanged from the forecast published at the close of the previous quarter.

Fish Farming Northern Norway

NOK million	Q3 18	Q3 17	2017
Operating revenue	175	623	2 865
Operational EBIT	51	293	1 376
Operational EBIT %	29.2%	47.1%	48.0%
Harvested volume (1,000 tgw)	3.2	10.8	47.7
EBIT/kg gw (NOK)	16.18	27.29	28.84

Fish Farming Northern Norway harvested 3,200 tonnes of salmon in the third quarter 2018. This is 14,200 tonnes less than in the previous quarter and 7,600 tonnes less than in the corresponding quarter last year. In the first nine months of 2018, the segment has harvested 30,200 tonnes of salmon, compared with 34,700 tonnes in the same period in 2017.

As previously announced, this reduction in harvested volume was planned. Due to investments in new MAB capacity, combined with lower growth rates, harvesting plans have been altered to optimise MAB utilisation and the volume potential of the fish held at the segment's sea farms.

Fish Farming Northern Norway generated gross operating revenues of NOK 175.0 million in the third quarter 2018, compared with NOK 623.1 million in the corresponding period last year. The decrease in revenues is attributable to the lower volume of fish harvested.

The segment's operating profit per kg gutted weight came to NOK 16.18 in the third quarter 2018, down from NOK 33.40 per kg in the previous quarter and from NOK 27.29 per kg in the third quarter 2017.

As expected, the cost of the harvested biomass was higher in the third quarter than in previous quarters. The high cost is attributable to the lower volume, closure and start-up costs, and fixed running costs.

Fish transferred to the sea in the spring of 2017 had a somewhat low growth rate in the first half-year, but have developed well biologically in the third quarter. The harvesting of this generation began towards the end of the period and will continue in the fourth quarter.

The region has experienced higher lice numbers, with consequently higher treatment costs. However, SalMar has for some time invested heavily in preventive measures and non-medicinal delousing capacity. As a result, the segment is well equipped to handle the situation.

Fish Farming Northern Norway expects a substantial increase in the volume harvested in the coming quarter, while the level of costs is forecast to be lower than in the previous quarter.

The segment is expected to harvest around 43,000 tonnes in 2018 as a whole. This is unchanged from the forecast published at the close of the previous quarter.

Sales and Processing

NOK million	Q3 18	Q3 17	2017
Operating revenue	2 828	2 763	10 925
Operational EBIT	73	46	48
Operational EBIT %	2.6%	1.7%	0.4%

SalMar's Sales and Processing segment generated gross operating revenues of NOK 2,827.7 million in the third quarter 2018. This is marginally up from the NOK 2,763.4 million generated in the corresponding period last year.

The segment sells the entire Group's harvested volume.

Sales and Processing made an Operational EBIT of NOK 73.1 million in the period, which corresponds to a margin of 2.6 per cent. This compares favourably with the NOK 150.1 million loss reported in the second quarter this year and the NOK 46.2 million profit achieved in the third quarter last year.

The improvement is attributable in part to the precontracted sale of around 42 per cent of the harvested volume at prices above the average spot price.

A record-high harvested volume has also boosted operating efficiency in both the harvesting and processing plants. In all, around 44,400 tonnes of fish were harvested at InnovaMar during the quarter, compared with some 31,600 tonnes in the previous quarter and 30,600 tonnes in the third quarter last year. Around 17,000 tonnes of the total volume came from external sources.

Moreover, the dedication and hard work of the entire workforce has contributed to the positive financial results achieved by all the segment's business areas.

As at 9 November 2018, the contract rate for the fourth quarter this year stands at approx. 35 per cent.

Eliminations

Research and development (R&D) costs are eliminated from the segment's reported financial results. Of a total harvested volume of 36,100 tonnes in the third quarter 2018, R&D costs accounted for NOK 0.88 per kg.

Associates

Norskott Havbruk

Norskott Havbruk is recognised as an associate, with SalMar's share (50 per cent) of the company's profit/loss after tax (and fair value adjustment of the biomass) being recognised as financial income. The figures in the table below reflect the company's overall performance.

NOK million	Q3 18	Q3 17	2017
Operating revenues	547	632	2 088
Operational EBIT	156	184	669
Operational EBIT %	28.4%	29.0%	32.1%
Fair value adj. biomass	-83	-86	9
Profit/loss before tax	70	95	670
SalMar's share after tax	30	42	273
Harvested volume (1 000 tgw)	8.1	9.4	31.0
EBIT/kg gw (NOK)	19.25	19.46	21.59

Norskott Havbruk generated gross operating revenues of NOK 547.3 million in the third quarter 2018, compared with NOK 631.9 million in the corresponding period in 2017. The decrease is attributable largely to a lower harvested volume.

Norskott Havbruk harvested some 8,100 tonnes of fish in the quarter. This is 1,900 tonnes more than in the previous quarter, but 1,300 tonnes less than in the corresponding period last year. In the first nine months of 2018, the company has harvested 20,800 tonnes of salmon, which is 3,000 tonnes less than in the corresponding period in 2017.

The company posted good results in the third quarter 2018. Underlying operations have been good, but the financial result reflects higher costs in Shetland than in the second quarter, as well as lower volumes harvested in mainland Scotland and the Orkneys. The fish harvested in the quarter have had a favourable average weight.

Contract sales accounted for 39 per cent of the volume.

EBIT per kg gutted weight came to NOK 19.25 in the period, compared with NOK 19.46 per kg in the same period last year. In the second quarter this year, EBIT per kg came to NOK 27.98.

Norskott Havbruk expects to harvest around 26,000 tonnes in 2018 as a whole. This is the same as was forecast in the previous quarter.

Arnarlax HF

Arnarlax HF is recognised as an associate, with SalMar's share of the company's profit/loss after tax (and fair value adjustment of the biomass) being recognised as financial income. The figures in the table below reflect the company's overall performance.

NOK million	Q3 18	Q3 17	2017
Operating revenues	69	114	625
Operational EBIT	-32	-5	60
Operational EBIT %	-46.2%	-4.2%	9.6%
Fair value adj. biomass	48	-7	-186
Profit/loss before tax	13	-18	-165
SalMar's share after tax	5	-10	-56
Harvested volume (1 000 tgw)	1,2	1.7	9.7
EBIT/kg gw (NOK)	-27.05	-2.91	6.23

Arnarlax harvested around 1,200 tonnes of salmon in the third quarter 2018, compared with 1,700 tonnes in the same period last year. In the first nine months of 2018, Arnarlax has harvested 4,700 tonnes, compared with 6,500 tonnes in the corresponding period in 2017.

The company generated gross operating revenues of NOK 68.8 million in the third quarter 2018, compared with NOK 113.8 million in the same period last year.

The company's profit was negatively affected by the high underlying cost of the harvested biomass, in addition to high fixed unit costs resulting from a low harvested volume.

Operational EBIT for the period came to NOK -31.7 million, which corresponds to an EBIT per kg of NOK -27.05. In the corresponding period last year, Arnarlax achieved an Operational EBIT of NOK -4.8 million, equivalent to an EBIT per kg of NOK -2.91.

The company expects to harvest 6,100 tonnes of salmon in 2018 as a whole. This is 600 tonnes less than the estimate published at the close of the previous quarter.

To secure the company's further growth, it has been necessary to strengthen its capital base. The company has therefore carried out a NOK 200 million cash issue during the period. Following this issue, SalMar has an indirect shareholding of 41.95 per cent.

MARKETS

Supply and biomass volume

The global supply of Atlantic salmon in the third quarter 2018 came to approx. 600,800 tonnes, up around 3 per cent on the same period last year.

The increase has been driven by higher output in Norway and, in particular, Chile. Norway harvested 324,700 tonnes (up 4 per cent), while Chile harvested 159,000 tonnes (up 13 per cent) in the period. There were only minor changes in output from the other regions.

Although output was higher than last year, this is the fourth consecutive quarter in which growth has declined.

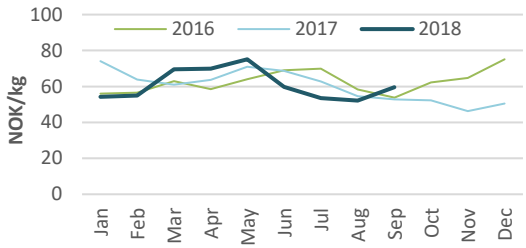
Compared with last year, biomass growth in recent months became steadily weaker. At the close of the third quarter 2018, Norway's standing biomass is estimated to be 0.8 per cent smaller than at the same time last year. The biomass in the UK is estimated to be up 3 per cent, in the Faeroes up 1 per cent and in Chile up 4 per cent.

Prices and exchange rates

The price of Atlantic salmon dipped slightly in the third quarter 2018 before recovering towards the end of the period to the same level as at the start of the quarter, i.e. around NOK 56 per kg.

The average price of salmon (NASDAQ Salmon Index) for the third quarter 2018 came to NOK 54.80 per kg, down NOK 14.01 per kg from the previous quarter. Compared with the third quarter last year, the average price of salmon was NOK 1.75 per kg less.

NASDAQ Salmon Index NOK/kg



The exchange rate between the NOK and the most important trading currencies remained relatively stable through the quarter. The NOK strengthened marginally against the EUR and GBP, but weakened slightly against the USD.

Norwegian exports

The increase in exports of Norwegian salmon experienced in the first half of 2018 continued in the third quarter, with the total rising by 6 per cent. However, lower prices mean that the value of those exports measured in NOK were just 4 per cent up on the same period last year.

A large secondary processing industry makes Poland the largest single market for Norwegian salmon. In the third quarter 2018, around 46,800 tonnes of salmon were exported to this market, a substantial 16 per cent increase compared with the third quarter last year. The period also saw good growth in export volumes to the USA and UK.

China remains a small share of the market for Norwegian salmon. This is largely because China imposed restrictions on the importation of Norwegian salmon from selected regions in 2015. For some time, active efforts have been made to improve access to the Chinese market, and in July, China revoked restrictions on the Norwegian counties to which the import ban had applied.

SalMar's harvesting plant in Frøya had been one of those encompassed by the ban. However, despite the fact that imports from Trøndelag County are now permitted, SalMar is still waiting for final approval from the Chinese authorities.

EVENTS AFTER THE BALANCE SHEET DATE

No material events have occurred after the close of the quarter.

SHARES AND SHAREHOLDERS

At the close of the third quarter 2018, SalMar had a total of 113,299,999 shares outstanding, divided between 4,628 shareholders.

The company's major shareholder, Kverva Industrier AS, owns 52.46 per cent of the shares. The 20 largest shareholders combined own a total of 74.69 per cent of the shares. SalMar ASA is now the 15th largest shareholder with 754,922 shares, corresponding to 0.67 per cent of the total number of shares outstanding as at 30 September 2018.

During the quarter, SalMar's share price fluctuated between NOK 343.00 and NOK 437.80. The final price at the close of the quarter was NOK 406.20, compared with NOK 341.80 at the close of the previous quarter. The company's share price has therefore risen by 19 per cent during the period.

A total of 14.4 million shares were traded during the quarter, just over 12 per cent of the total number of shares outstanding. The average daily volume traded was just under 221,300 shares. The average daily volume traded during the second quarter was approx. 403,000 shares.

TRANSACTIONS WITH RELATED PARTIES

During the period, no changes or transactions involving related parties were undertaken, over and above ordinary operations, that have had a material impact on the Group's financial position or results.

OUTLOOK

The market

The global supply of Atlantic salmon was 3 per cent higher in the third quarter 2018 than in the corresponding period the year before. In the fourth quarter, however, the rate of growth is expected to shrink to 1 per cent, compared with the same quarter in 2017. This according to estimates from Kontali.

Output from Norway and Chile is expected to hold steady or fall slightly in the fourth quarter, while a slight increase is expected in the other regions.

At the close of the third quarter, therefore, overall growth in 2018 as a whole is expected to reach 4 per cent. This is 2 percentage points less than the forecast issued at the close of the first half-year.

In 2019, the total supply of Atlantic salmon is forecast to rise by approximately 5 per cent or around 131,000 tonnes. Just under 50 per cent of this growth will come from Norway.

The prospect of continued strong demand, combined with limited growth in supply, is expected to result in good market prices for Norwegian salmon in the time ahead. This is also reflected in Fish Pool's forward prices, which as at 30 October indicate an average price per kg of NOK 63.00 in November and NOK 67.00 in December. Forward prices for the first half of 2019 and full year 2019 indicates prices at NOK 66.33 per kg and NOK 64.00 per kg, respectively.

The company

SalMar remains committed to its overall goal of growth and reduced costs.

SalMar will continue its ongoing programme of investments in facility maintenance/upgrades, and expects to invest around NOK 356 million in 2018.

SalMar continuously engages in the research and development of new concepts that can help to ensure continued sustainable growth going forward.

So far, SalMar has invested around NOK 700 million in its Ocean Farm offshore fish farm concept. The project is now in the final stages of pilot testing. The company has obtained good biological results at the Ocean Farm facility, with strong growth, low mortality and no need for delousing treatments. Pilot harvesting from the offshore sea farm was undertaken as planned at the end of the third quarter. The remaining volume will be harvested out in the fourth quarter 2018. New smolt are scheduled to be transferred to the Ocean Farm facility in 2019, which will be ready for harvesting in 2020.

To further develop offshore fish farming, on the salmon's terms, SalMar has acquired 51 per cent of the shares in MariCulture AS. At the same time, it entered into a collaboration with today's owner to develop offshore fish farms capable of operating in the open sea. The company has applied for 16 development licences to develop the "Smart Fish Farm" concept. SalMar ASA has been notified by the Norwegian Directory of Fisheries that the "Smart Fish Farm" concept falls within the scope of the development licence scheme. The project is currently still awaiting the Directory's final decision.

For SalMar, the award of 16 development licences would represent a major step towards realising its offshore fish farming strategy. The planned deepwater fish farm will make it possible to establish fish farming operations in the open sea and will help to resolve some of the important space challenges that the industry is facing.

Compared with previous years, the lice situation in Central Norway is improving, though the number of delousing treatments applied in Northern Norway has increased. Going into the fourth quarter, SalMar is seeing a reduction in lice infestation levels, but continues to monitor the situation closely.

Over time, SalMar has invested heavily to enable it to deal with biological challenges in the best possible way. This includes investment in important measures such as larger smolt, the use of cleaner fish and screening, wellboats and mechanical delousing equipment to secure sufficient delousing capacity and, if necessary, perform sanitary harvesting. The effect of this strengthening of SalMar's ability to manage the challenges posed by salmon lice can be seen reflected in its third-quarter results. This effect is expected to persist in coming quarters, too.

The contract-share in the fourth quarter is around 35 per cent. Average price and volume of the contract portfolio is on a par with previous quarters.

Costs in the fourth quarter are expected to rise slightly.

SalMar's previous forecast of 143,000 tonnes harvested in 2018 remains unchanged. In 2019, SalMar expects to harvest 145,000 tonnes.

INCOME STATEMENT

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Operating income	**2 766.4**	**2 676.6**	**8 241.5**	**8 036.6**	**10 817.2**
Cost of goods sold	1 004.5	1 155.8	3 328.5	3 459.4	4 722.5
Payroll expenses	256.3	219.2	761.4	687.5	929.1
Other operating expenses	443.7	398.1	1 260.2	1 137.1	1 584.8
EBITDA	1 061.9	903.5	2 891.4	2 752.6	3 580.8
Depreciations and write-downs	122.8	102.1	365.5	297.6	418.6
Operational EBIT	**939.1**	**801.3**	**2 525.9**	**2 455.0**	**3 162.2**
Fair value adjustment	255.0	469.5	432.1	0.6	-370.0
Operational profit	**1 194.1**	**1 270.9**	**2 958.0**	**2 455.6**	**2 792.2**
Income from investments in associates	34.4	32.9	170.7	190.0	208.9
Net interest costs	-29.3	-24.4	-77.4	-69.2	-95.9
Other financial items	6.1	15.9	35.0	-14.9	-49.1
Profit before tax	**1 205.3**	**1 295.3**	**3 086.2**	**2 561.5**	**2 856.2**
Tax	269.3	305.5	665.7	564.9	558.4
Net profit for the period	**936.0**	**989.8**	**2 420.6**	**1 996.5**	**2 297.8**
Items to be reclassified to profit and loss in subsequent periods:					
Change in translation diff. associates	-3.7	-14.8	-47.2	8.0	41.7
Change in translation diff. subsidaries	-0.9	-4.3	-3.6	-2.9	3.5
Cash flow hedge, net tax	-	-2.1	-	-11.5	-11.5
Total comprehensive income	**931.4**	**968.5**	**2 369.7**	**1 990.1**	**2 331.6**
Allocation of the periods net profit:					
Non-controlling interests	13.8	8.4	19.6	21.6	23.8
Shareholders in SalMar ASA	922.2	981.3	2 400.9	1 974.9	2 274.0
Earnings per share (NOK)	8.19	8.74	21.33	17.58	20.24
Earnings per share - diluted	8.17	8.71	21.27	17.53	20.18

BALANCE SHEET – GROUP

NOK million	30.09.2018	30.06.2018	31.12.2017	30.09.2017
ASSETS				
Intangible fixed assets	3 388.9	3 383.0	2 925.0	2 929.2
Tangible fixed assets	3 590.7	3 596.0	3 604.8	3 578.9
Financial fixed assets	1 085.9	1 041.8	1 080.9	1 052.5
Total fixed assets	**8 065.5**	**8 020.8**	**7 610.6**	**7 560.6**
Inventory	5 027.3	4 398.6	4 394.6	4 904.8
Accounts receivables	528.5	649.8	501.1	551.6
Other short-term receivables	203.7	243.1	242.9	227.4
Cash and cash equivalents	489.4	157.1	177.1	193.6
Total current assets	**6 249.0**	**5 448.7**	**5 315.6**	**5 877.4**
TOTAL ASSETS	**14 314.4**	**13 469.4**	**12 926.2**	**13 438.0**
EQUITY AND LIABILITIES				
Paid-in equity	589.1	577.90	557.6	561.9
Reserves	7 230.1	6 311.55	7 022.4	6 686.0
Minority interests	100.5	87.00	88.1	85.9
Total equity	**7 919.7**	**6 976.45**	**7 668.1**	**7 333.8**
Provisions for liabilities	1 460.1	1 402.3	1 362.2	1 421.9
Int. bearing long-term liabilities	1 081.6	2 337.5	1 156.0	1 463.8
Total long-term liabilities	**2 541.7**	**3 739.9**	**2 518.2**	**2 885.7**
Int. bearing short-term liabilities	734.9	335.6	243.6	344.8
Other short-term liabilities	3 118.1	2 417.5	2 496.3	2 873.7
Total short-term liabilities	**3 853.0**	**2 753.1**	**2 739.9**	**3 218.5**
TOTAL EQUITY AND LIABILITIES	**14 314.4**	**13 469.4**	**12 926.2**	**13 438.0**
Net interest bearing debt	**1 327.1**	**2 516.0**	**1 222.5**	**1 615.0**
Equity share	**55.3 %**	**51.8 %**	**59.3 %**	**54.6 %**

STATEMENT OF CASH FLOW

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Profit before tax	1 170.1	1 295.3	3 051.1	2 561.5	2 856.2
Tax paid in period	-	-	-14.1	-19.8	-423.2
Depreciation	122.8	102.1	365.5	297.6	418.6
Share of profit/loss from associates	0.8	-32.9	-135.5	-190.0	-208.9
Gains exit subsidiaries	-	-	-	-11	-10.2
Change in fair value adjustments	-255.0	-469.5	-432.1	-0.6	370.0
Change in working capital	291.2	26.7	-96.9	64.7	196.6
Other changes	24.1	48.6	80.8	145.9	175.4
Net cash flow from operating activities	1 354.0	970.3	2 818.8	2 848.3	3 374.4
Net cash flow from investing activities	-134.8	-234.6	-689.6	-645.1	-758.0
Change in interest-bearing debt	-856.6	-727.7	416.3	-841.2	-1 250.9
Dividend paid out	-	-9.8	-2 147.2	-1 366.0	-1 366.0
Interest paid	-29.3	-24.4	-77.4	-69.2	-95.9
Other changes	-	-	-5.0	-4.0	-3.8
Net cash flow from financing activities	-886.0	-761.9	-1 813.3	-2 280.4	-2 716.6
Net change in cash for the period	**333.2**	**-26.3**	**316.0**	**-77.2**	**-100.2**
Foreign exchange effects	-0.9	-4.3	-3.6	-2.9	3.5
Cash in the beginning of the period	157.1	224.2	177.1	273.7	273.7
Cash at the end of the period	489.4	193.6	489.4	193.6	177.1

STATEMENT OF CHANGES IN EQUITY

2018	Share capital	Treasury shares	Share premium	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.18	**28,3**	**-0,2**	**415,3**	**114,2**	**10,6**	**7 011,8**	**88,1**	**7 668,1**
Net profit for the year						2 400,9	19,6	2 420,6
Comprehensive income					-3,6	-47,2		-50,9
Total comprehensive income for the year	0,0	0,0	0,0	0,0	-3,6	2 353,7	19,6	2 369,7
Transactions with shareholders								
Dividend paid						-2 138,4	-8,8	-2 147,2
Options granted				31,5				31,5
Other changes					0,6	-4,7	1,7	-2,4
Sum transactions with shareholders	0,0	0,0	0,0	31,5	0,6	-2 143,1	-7,2	-2 118,1
Equity as at 30.09.2018	**28,3**	**-0,2**	**415,3**	**145,7**	**7,7**	**7 222,4**	**100,5**	**7 919,7**

2017	Share capital	Treasury shares	Share premium	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.17	**28,3**	**-0,2**	**415,3**	**85,7**	**7,1**	**6 062,2**	**82,4**	**6 680,8**
Net profit for the year						2 274,0	23,8	2 297,8
Comprehensive income					3,5	30,2		33,8
Total comprehensive income for the year	0,0	0,0	0,0	0,0	3,5	2 304,2	23,8	2 331,6
Transactions with shareholders								
Dividend paid						-1 347,8	-18,2	-1 366,0
Exit non-controlling interests						-4,0		-4,0
Options granted				28,5				28,5
Deferred tax options						-3,0		-3,0
Redeemed options treasury shares		0,1				-0,1		0,0
Other changes						0,2		0,2
Sum transactions with shareholders	0,0	0,1	0,0	28,5	0,0	-1 354,7	-18,2	-1 344,3
Equity as at 31.12.17	**28,3**	**-0,2**	**415,3**	**114,2**	**10,6**	**7 011,8**	**88,1**	**7 668,1**

SEGMENT INFORMATION

	Farming Central-Norway	Farming Northern-Norway	Sales and Processing	Eliminations	Group
Q3 2018					
Operating income (NOK mill.)	1 915.9	175.0	2 827.7	-2 152.1	2 766.4
Operational EBIT (NOK mill.)	870.7	51.1	73.1	-55.9	939.1
Operational EBIT %	45.4 %	29.2 %	2.6 %		33.9 %
Harvested volume (1,000 tgw)	32.9	3.2			36.1
EBIT/ kg gw (NOK)	26.45	16.18			26.03
Q3 2017					
Operating income (NOK mill.)	1 358.2	623.1	2 763.4	-2 068.1	2 676.6
Operational EBIT (NOK mill.)	488.5	293.3	46.2	-26.6	801.3
Operational EBIT %	36.0 %	47.1 %	1.7 %		29.9 %
Harvested volume (1,000 tgw)	23.2	10.8			34.0
EBIT/ kg gw (NOK)	21.05	27.29			23.60
YTD 2018					
Operating income (NOK mill.)	4 384.5	1 944.5	8 354.1	-6 441.7	8 241.5
Operational EBIT (NOK mill.)	1 896.8	862.6	-92.2	-141.4	2 525.9
Operational EBIT %	43.3 %	44.4 %	-1.1 %		30.6 %
Harvested volume (1,000 tgw)	71.9	30.2			102.0
EBIT/ kg gw (NOK)	26.39	28.61			24.76
YTD 2017					
Operating income (mill.)	3 836.5	2 236.1	8 158.1	-6 194.1	8 036.6
Operational EBIT (mill.)	1 533.8	1 147.7	-127.7	-98.8	2 455.0
Operational EBIT %	40.0 %	51.3 %	-1.6 %		30.5 %
Harvested volume (1,000 tgw)	60.6	34.7			95.2
EBIT/ kg gw (NOK)	25.33	33.11			25.78
FY 2017					
Operating income (mill.)	5 198.5	2 864.8	10 924.8	-8 170.8	10 817.2
Operational EBIT (mill.)	1 891.5	1 376.1	47.8	-153.2	3 162.2
Operational EBIT %	36.4 %	48.0 %	0.4 %		29.2 %
Harvested volume (1,000 tgw)	87.5	47.7			135.2
EBIT/ kg gw (NOK)	21.63	28.84			23.40

KEY FIGURES – GROUP

	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Number of shares (diluted) - end of period (mill.)	112.9	112.7	112.9	112.7	112.7
Earnings per share (NOK)	8.19	8.74	21.33	17.58	20.24
Earnings per share - diluted (NOK)	8.17	8.71	21.27	17.53	20.18
EBITDA %	38.4 %	33.8 %	35.1 %	34.3 %	33.1 %
Operational EBIT %	33.9 %	29.9 %	30.6 %	30.5 %	29.2 %
EBIT %	43.2 %	47.5 %	35.9 %	30.6 %	25.8 %
Profit before tax %	43.6 %	48.4 %	37.4 %	31.9 %	26.4 %
Cash flow per share - diluted (NOK)	12.0	8.6	25.0	25.3	29.9
Net interest bearing debt (mill.)	1 327.1	1 615.0	1 327.1	1 615.0	1 222.5
Equity ratio %	55.3 %	54.6 %	55.3 %	54.6 %	59.3 %

Earnings per share = Earnings after tax/ average numbers of shares

Earnings per share - diluted = Earnings after tax/ average number of shares - diluted

Earnings before tax % = Earnings before tax/ operating income

Cash flow per share - diluted = Cash flow from operating activities/ average number of shares - diluted

Equity ratio = Equity/ total assets

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial statements

Note 1 - Accounting principles

This report has been prepared in accordance with International Financial Reporting Standards (IFRS), including the standard for interim reporting (IAS 34). The same accounting principles and calculation methods used in the last year-end financial statements have been used here. Please refer to the Group's latest IFRS year-end financial statements, which are published on the Group's website under Investor Relations (www.salmar.no), for a complete description of the accounting principles.

This interim report has not been subject to external audit.

In this interim report the Group has used the same accounting principles as in the year-end financial statements for 2017. IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers came into force on 1 January 2018. Neither of these standards has had any material impact on the Group. Apart from these, there have been no other changes to accounting standards or interpretations during the period.

Note 2 - The company's 20 largest shareholders

Shareholder	Shares	%
KVERVA INDUSTRIER AS	59 436 137	52.46 %
FOLKETRYGDFONDET	5 948 899	5.25 %
STATE STREET BANK AND TRUST COMP	2 512 764	2.22 %
STATE STREET BANK AND TRUST COMP	2 233 577	1.97 %
LIN AS	1 673 093	1.48 %
STATE STREET BANK AND TRUST COMP	1 351 018	1.19 %
CLEARSTREAM BANKING S.A.	1 191 205	1.05 %
INVESCO FUNDS	1 156 858	1.02 %
JPMORGAN CHASE BANK, N.A., LONDON	964 305	0.85 %
THE BANK OF NEW YORK MELLON SA/NV	930 596	0.82 %
EUROCLEAR BANK S.A./N.V.	871 116	0.77 %
JPMORGAN CHASE BANK, N.A., LONDON	845 189	0.75 %
J.P. MORGAN BANK LUXEMBOURG S.A.	810 443	0.72 %
JPMORGAN CHASE BANK, N.A., LONDON	756 587	0.67 %
SALMAR ASA	754 922	0.67 %
THE NORTHERN TRUST COMP, LONDON BR	691 222	0.61 %
JPMORGAN CHASE BANK, N.A., LONDON	650 673	0.57 %
THE BANK OF NEW YORK MELLON SA/NV	633 429	0.56 %
AB SIC I LOW VOL EQU PORTF	610 795	0.54 %
STATE STREET BANK AND TRUST COMP	597 701	0.53 %
Top 20	**84 620 529**	**74.69 %**
Others	28 679 470	25.31 %
Total	**113 299 999**	**100.00 %**

Note 3 - Inventory and Biological Assets (biomass)

Book value of inventory	30.09.2018	30.06.2018	31.12.2017	30.09.2017
Raw materials	120.7	121.2	121.0	110.2
Biological assets	4 706.6	4 113.3	4 135.5	4 663.7
Finished goods	200.0	164.1	138.1	130.9
Total	5 027.3	4 398.6	4 394.6	4 904.8

Fair value adjustment of biological assets	30.09.2018	30.06.2018	31.12.2017	30.09.2017
Historic cost	3 149.1	2 831.3	3 034.6	3 091.0
Fair value adjustment of the biomass	1 557.5	1 282.0	1 100.9	1 572.7
Book value	4 706.6	4 113.3	4 135.5	4 663.7

Raw materials largely comprise feed for smolt and marine-phase fish production. Raw materials used in secondary processing, as well as packaging materials, are also included. Stocks of biological assets are associated with SalMar's fish farming operations on land and at sea.

Finished goods comprise whole salmon, fresh and frozen, as well as processed salmon products.

Biological assets in further detail

The treatment for accounting purposes of live fish is regulated by IAS 41 Agriculture. IAS 41 contains a methodological hierarchy for the measurement of biological assets for accounting purposes. The main rule is that such assets must be measured at fair value.

The best estimate for the fair value of fish with a live weight of less than 1 kg is accumulated cost, while the fair value of harvestable fish with a harvested weight of more than 4 kg is adjusted to its expected net profit/loss. For fish with a harvested weight of between 1 kg and 4 kg the fair value adjustment of the biomass is set to its pro-rata share of expected net profit/loss at harvest. As a consequence, this can lead to a downward adjustment in the fair value of biological assets.

The fair value of the biomass is set on the basis of the market price of the weight category concerned, corrected for sales costs, including harvesting costs and gutting waste, on the balance sheet date. The market price is adjusted for quality differences. The sales prices used are based on external forward prices for the period in which the fish is due to be harvested.

Smolt are valued at cost.

Note 4 - Fair Value Adjustments

Fair value adjustments are part of the Group's operating profit/loss, but changes in fair value are presented on a separate line to provide a better understanding of the Group's profit/loss on the sale of goods. The item Fair Value Adjustments comprises:

	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Change in fair value of the biomass	275.5	316.7	456.6	-455.9	-927.8
Change in provisions for onerous contracts	-26.5	51.4	-23.1	261.9	407.6
Unrealised change in value of Fish Pool contracts	2.2	22.7	-33.7	99.1	143.6
Unrealised changes in the value of currency and forward currency contracts	3.8	78.7	32.3	95.5	6.6
Fair value adjustments recognised in profit and loss	255.0	469.5	432.1	0.6	-370.0

Note 5 - Business combinations

Business acquisitions in 2018

On 11 April 2018, the Group agreed the acquisition of 51 per cent of the shares in Mariculture AS. For accounting purposes, the transaction is being treated as a business transfer. The shares were purchased to secure access to technology developed by Mariculture AS, which operates in the aquaculture sector and has applied for development licences for its "Smart Fishfarm" concept. This is a deepwater installation that will make it possible to establish fish farming operations well offshore in open seas. The consideration paid for the shareholding has been allocated as follows.

The acquisition's effect on the balance sheet:	Book value	Fair value adjustments	Fair value
Intangible fixed assets	-	7.2	7.2
Current assets	-	-	-
Liquidity	0.0	-	0.0
Deferred tax	-	-1.2	-1.2
Liabilities	-2.1	-	-2.1
Net identifiable assets and liabilities	**-2.1**	**6.0**	**3.9**
Non-controlling interests	-	-	1.9
Cash Consideration	**-**	**-**	**2.0**

Business acquisitions in 2017

On 13 February 2017, the Group agreed the acquisition of 100 per cent of the shares in Sunnfjord Rensefisk AS. For accounting purposes, the transaction will be treated as a business transfer. Sunnfjord Rensefisk AS produces a type of cleaner fish (ballan wrasse), and the object of the acquisition is to increase the Group's cleaner fish production capacity. In connection with the transaction, the shareholders' receivable from the company was transferred to SalMar. SalMar paid NOK 8.3 million for the receivable, which was recognised in the accounts in the amount of NOK 25.75 million. The company's shares were transferred free of charge.

The acquisition's effect on the balance sheet:	Book value	Fair value adjustments	Fair value
Deferred tax asset	6.6	0.8	7.4
Fixed assets	1.5	-1.5	0.1
Current assets	7.7	-1.8	5.9
Liquidity	0.2	-	0.2
Liabilities	-31.0	17.5	-13.5
Net identifiable assets and liabilities	**-14.9**	**14.9**	**0.0**
Goodwill			0.0
Cash Consideration			**0.0**

Note 6 - Exit of subsidiaries and non-controlling interests

Changes in non-controlling interests 2017 and 2018

During the period, the Group paid NOK 4.0 million to acquire a further tranche of shares in the subsidiary Ocean Farming AS. The transaction increases the Group's shareholding in the company from 91 per cent to 93.4 per cent.

In the second quarter 2018, SalMar enlarged its shareholding in Ocean Farming AS from 93.4 per cent to 96.3 per cent, an increase of 2.9 per cent. A total of NOK 5.0 million was paid for the share purchase.

Exit of subsidiaries 2017

Villa Smolt AS
With effect from 31 May 2017, the Group has sold 100 per cent of its shares in the subsidiary Villa Smolt AS. The fair value of the consideration, NOK 16.0 million, has been paid in cash. The subsidiary's exit produced a net gain for the Group of NOK 0.5 million, which is classified as an operating revenue in the 2017 financial statements.

SalMar Genetics AS
With effect from 31 May 2017, the Group has reduced its shareholding in the subsidiary SalMar Genetics AS from 100 per cent to 50 per cent. The reduction is a consequence of dilution in SalMar Genetics AS in combined with the sale of shares.

Following the transaction, the Group no longer has a controlling influence over the company. The entire investment is deemed to have been realised and a new cost price, based on the fair value of the investment in the shares, has been set. The fair value of the remaining investment in the company, NOK 25.9 million, is recognised as a financial asset in the balance sheet. The realisation of the subsidiary generated a gain for the Group of NOK 9.7 million, which is classified as an operating revenue in the 2017 financial statements.

Note 7 - Financial assets – investments where the equity method is applied

	Norskott Havbruk	*Arnarlax*	*Others*	*TOTAL*
Opening balance 01.01.2018	746,6	251,5	25,6	1 023,8
Addtions costs	-	159,2	-	159,2
Share of year's profit/loss	182,3	-10,3	-1,4	170,7
Other items in comprehensive income	-30,7	-16,5	-	-47,2
Dividend received	-242,2	-	-	-242,2
Closing balance 30.09.2018	**656,0**	**383,9**	**24,2**	**1 064,2**

2018

In Q3, Arnarlax completed an issue of MNOK 200. Salmus entered with its relative share of the issue. In the capitalization of Salmus, SalMar entered a higher proportion than the previous relative share indicates. Furthermore, SalMar has acquired and converted subscription rights in Salmus in 2018. After these transactions, SalMar owns 84.2% of Salmus. There is a process of splitting and dissolving Salmus as a joint ownership company, this will be completed in Q4 2018. As of 30.09.2018 SalMar owns and controls 41.95% of the shares in Arnarlax.

2017

The Group reduced its shareholding in SalMar Genetics AS to 50 per cent during in 2017, and no longer has a controlling influence over the company. The Group's 50 per cent shareholding has been recognised in accordance with the equity method, with effect from the date of realisation. See Note 6 for further details.

Note 8 - Other financial items

	3Q 2018	3Q 2017	YTD 2018	YTD 2017	FY 2017
Net interest expenses	-29,3	-24,4	-77,4	-69,2	-95,9
Other net financial items	6,1	15,9	35,0	-14,9	-49,1
Net financial items	-23,2	-8,4	-42,4	-84,1	-145,0