QUARTERLY REPORT
Fourth quarter 2018





SALMAR

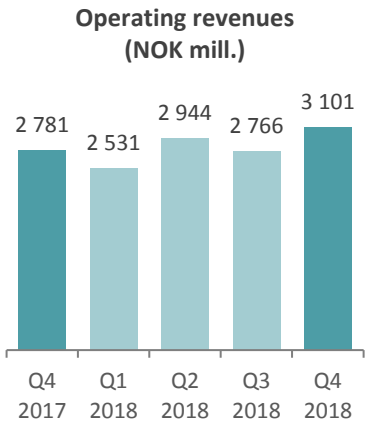
RESULTS FOR THE FOURTH QUARTER 2018

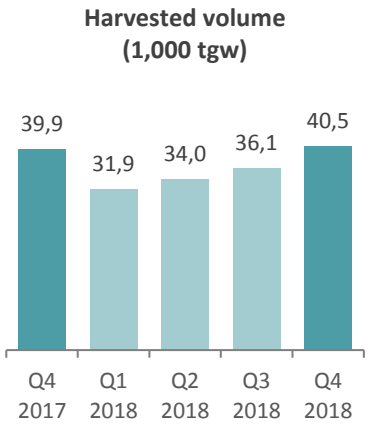
HIGHLIGHTS

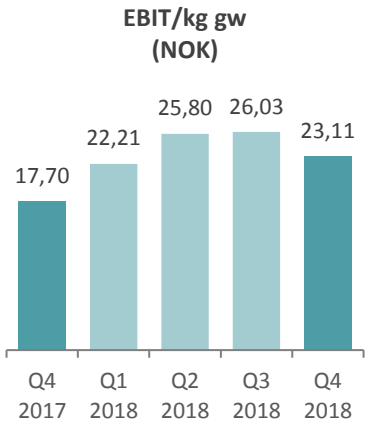
- Record high harvest volume in the quarter
- Total Operational EBIT of NOK 935 million
- SalMar maintains guiding to harvest 145,000 tonnes in 2019
- The Board of Directors proposes a dividend for 2018 of NOK 23.00 per share

KEY FIGURES – GROUP

NOK million	Q4 2018	Q4 2017	FY 2018	FY 2017
Operating revenue	3 101.1	2 780.6	11 342.6	10 817.2
Operational EBIT	934.9	707.2	3 460.8	3 162.2
Operational EBIT %	30.1 %	25.4 %	30.5 %	29.2 %
Fair value adjustments	413.7	-370.6	845.8	-370.0
Profit/loss from associates	82.3	19.0	252.9	208.9
Profit/loss before tax	1 366.3	294.7	4 452.6	2 856.2
EPS	10.34	2.66	31.60	20.18
NIBD	1 527.7	1 222.5	1 527.7	1 222.5
Equity ratio %	60.4 %	59.3%	60.4 %	59.3 %
Harvested volume (1,000 tgw)	40.5	39.9	142.5	135.2
EBIT/kg gw (NOK)	23.11	17.70	24.29	23.40







FINANCIAL PERFORMANCE

Revenues and results in the fourth quarter 2018

SalMar delivers a fourth quarter according to plan, with high harvest volume.

The Group as a whole harvested 40,500 tonnes of salmon in the fourth quarter 2018, compared with 36,100 tonnes in the previous quarter and 39,900 tonnes in the fourth quarter 2017.

In addition, Norskott Havbruk (Scottish Sea Farms) harvested a total of 6,700 tonnes, compared with 8,100 tonnes in the previous quarter and 7,200 tonnes in the fourth quarter 2017. SalMar owns 50 per cent of Norskott Havbruk.

In the fourth quarter 2018, the price of salmon (NASDAQ Salmon Index) averaged NOK 55.89 per kg, up NOK 1.07 per kg from the previous quarter. Compared with the fourth quarter 2017, the price of salmon was NOK 6.47 per kg higher.

SalMar generated gross operating revenues of NOK 3,101.1 million in the fourth quarter 2018, compared with NOK 2,766.4 million in the third quarter 2018 and NOK 2,780.6 million in the fourth quarter 2017.

The Group achieved an Operational EBIT of NOK 934.9 million in the period, compared with NOK 939.1 million in the previous quarter and NOK 707.2 million in the same period the year before.

For the Group as a whole, this gives an Operational EBIT of NOK 23.11 per kg, compared with NOK 26.03 per kg in the third quarter 2018 and NOK 17.70 per kg in the fourth 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 positively impacted the recognised operating profit by NOK 413.7 million in the period. The fair value of the standing biomass rose by NOK 478.2 million in the quarter, while unrealised losses on contracts, financial Fish Pool contracts and foreign currency position were negative by NOK 64.5 million. See Note 4 for further details.

SalMar made an operating profit of NOK 1,348.6 million in the fourth quarter 2018, compared with NOK 336.6 million in the same period the year before. Operating profit in the fourth quarter 2017 was negatively affected by fair value adjustments totalling NOK -370.6 million.

Associates contributed NOK 82.3 million in the period. This contribution derives primarily from SalMar's share of the profit/loss from Norskott Havbruk. Associates contributed NOK 19.0 million in the fourth quarter 2017.

Net interest expenses totalled NOK 27.7 million in the fourth quarter 2018. In addition, net other financial items totalled NOK -36.8 million, such that profit before tax came to NOK 1,366.3 million. Profit before tax in the fourth quarter 2017 totalled NOK 294.7 million.

A tax expense of NOK 207.7 million has been calculated for the period, such that the Group's net profit for the fourth quarter 2018 came to NOK 1,158.7 million. In the fourth quarter 2017, a tax refund of NOK 6.5 million was recognised, and the net profit came to NOK 301.3 million.

Revenues and results for 2018 as a whole

The SalMar Group generated gross operating revenues of NOK 11,342.6 million in 2018, compared with NOK 10,817.2 million in 2017.

Excluding Norskott Havbruk and Arnarlax, a total of 142,500 tonnes was harvested, compared with 135,200 tonnes the year before.

Operational EBIT for the year totalled NOK 3,460.8 million, compared with NOK 3,162.2 million in 2017.

This improvement is the result of reduced costs, good price achievement and a larger harvested volume. The spot price for the year as a whole came to NOK 59.97 per kg, unchanged from the year before.

Fair value adjustments positively impacted profits by NOK 845.8 million, such that the operating profit for the year came to NOK 4,306.6 million. Operating profit for 2017 totalled NOK 2,792.2 million, after fair value adjustments of NOK -370.0 million.

Associates contributed NOK 252.9 million in 2018, compared with NOK 208.9 million in 2017. Net interest expenses came to NOK 105.1 million, while net other financial items totalled NOK -1.9 million. As a result, profit before tax in 2018 came to NOK 4,452.6 million. In 2017, net interest expenses totalled NOK 95.9 million, while net other financial items came to NOK -49.1 million. Profit before tax in 2017 totalled NOK 2,856.2 million.

A tax expense of NOK 873.3 million has been calculated for 2018, such that net profit for 2018 as a whole totals NOK 3,579.2 million. In 2017, a tax expense of NOK 558.4 was recognised, with net profit totalling NOK 2,297.8 million.

Cash flow

(Figures in parentheses represent the corresponding period the year before)

Cash flow from operating activities in the SalMar Group came to NOK -37.1 million in the fourth quarter 2018 (NOK 526.2 million). During the period, the Group's working capital rose by NOK 403.6 million. In addition, tax totalling NOK 658.7 was paid.

Net cash flow from investing activities totalled NOK -144.2 million in the period (NOK -112.9 million). This relates primarily to investments in property, plant and equipment totalling NOK 119,3 million.

The Group's net cash flow from financing activity totalled NOK -76.6 million (NOK -436.2 million). Interest-bearing debt was reduced by NOK 49.2 million in the period (NOK -409.7 million).

This gave SalMar an overall net cash flow of NOK -258.3 million in the period (NOK -22.9 million). Adjusted for exchange rates, this reduced the Group's total holding of cash and cash equivalents by NOK 249.8 million, such that the total holding of cash and cash equivalents at the close of the year stood at NOK 239.6 million (NOK 177.1 million).

For the year as a whole, the SalMar Group achieved a positive net cash flow from operating activities of NOK 2,781.6 million (NOK 3,374.4 million). Net cash flow from investing activities came to NOK -833.8 million (NOK -758.0 million), with investments in licences accounting for NOK -454 million, a share issue in Arnarlax for NOK -112 million and investments operating assets for NOK 458 million. Overall, cash flow from financing activities totalled NOK -1,890.2 million (NOK -2,716.6 million). As a consequence, the Group's net cash flow for 2018 as a whole came to NOK 57.7 million (NOK -100.2 million).

Financial position

At the close of the fourth quarter 2018, SalMar's balance sheet totalled NOK 15,135.6 million, up from NOK 14,314.4 million three months before and NOK 12,926.2 million at the close of the fourth quarter 2017.

The book value of the Group's property, plant and equipment at the close of the period totalled NOK 3,591.5 million. Investments are being made in line with established plans. These relate largely to an expansion of smolt production capacity and general maintenance activities.

The book value of inventory increased during the fourth quarter by NOK 738.2 million. During the period, the fair value of the biomass rose by NOK 478.2 million. This was due to an increase in the standing biomass and a switch from application of a growth model to a present value model when calculating fair value. See Note 3 for further details. The increase in the standing biomass also explains the rise in production costs during the period.

Trade receivables rose by NOK 101.6 million in the quarter, while other current receivables rose by NOK 85.7 million. Consequently, the Group's combined trade receivables at the close of the period totalled NOK 630.1 million, while combined other current receivables totalled NOK 289.4 million.

At the close of the quarter, the SalMar Group had cash holdings of NOK 239.6 million, down from NOK 489.4 million three months before.

As at 31 December 2018, the Group's combined equity totalled NOK 9,139.8 million, which corresponds to an equity ratio of 60.4 per cent. For further details, see the table showing movements in equity in the period.

At the close of the quarter, the SalMar Group had an overall net interest-bearing debt of NOK 1,767.3 million. Of this amount, long-term debt to credit institutions accounted for NOK 690.0 million, ordinary leasing liabilities for NOK 13.9 million and leasing liabilities relating to InnovaMar for NOK 314.8 million. Short-term interest-bearing debt to credit institutions totalled NOK 748.2 million. Other non-current liabilities came to NOK 0.4 million.

Other current liabilities were reduced by NOK 423.0 million in the quarter. This relates largely to tax payable, which was reduced by NOK 528.8 million in the period.

At the close of the fourth quarter 2018, the SalMar Group's net interest-bearing debt totalled NOK 1,527.7 million, an increase of NOK 200.7 million compared with three months before.

OPERATIONAL PERFORMANCE

Fish Farming Central Norway

NOK million	Q4 18	Q4 17	2018	2017
Operating revenue	1 577	1 362	5 962	5 199
Operational EBIT	637	358	2 533	1 892
Operational EBIT%	40.3%	26.3%	42.5%	36.4%
Harvested volume (1 000 tgw)	28.2	26.9	100.1	87.5
EBIT/kg gw (NOK)	22.53	13.30	25.31	21.63

In the fourth quarter 2018, Fish Farming Central Norway harvested a total of 28,200 tonnes of salmon, compared with 26,900 tonnes in the corresponding period the year before. In 2018 as a whole, the segment harvested 100,100 tonnes, compared with 87,500 tonnes in 2017.

The bulk of the volume harvested in the fourth quarter were fish transferred to the sea in the autumn of 2017. As previously indicated, the costs associated with this generation were somewhat raised due to an increase in lice pressure compared with the spring 2017 generation, which was harvested out in the third quarter 2018. However, compared with the fish harvested in the fourth quarter 2017, the costs were lower.

The segment generated gross operating revenues of NOK 1,577.4 million in the fourth quarter 2018, up from NOK 1,362.0 million in the same quarter in 2017. This rise can be ascribed to a combination of higher harvested volume and higher prices. Price achievement in the quarter was negatively affected by a low average weight for the biomass harvested towards the end of the period.

Fish Farming Central Norway achieved an EBIT per kg gutted weight of NOK 22.53 in the fourth quarter 2018. This is down from NOK 26.45 per kg in the previous quarter, but up from NOK 13.30 per kg in the fourth quarter 2017.

SalMar expects the Central Norway segment's costs to be at the same level in the first quarter 2019.

Fish Farming Central Norway is expected to harvest around 95,000 tonnes of salmon in 2019. This is 5,100 tonnes less than the volume in 2018 and is due to no harvestable volume being contributed by Ocean Farm 1.

Fish Farming Northern Norway

NOK million	Q4 18	Q4 17	2018	2017
Operating revenue	701	629	2 645	2 865
Operational EBIT	291	228	1 154	1 376
Operational EBIT%	41.6%	36.3%	43.6%	48.0%
Harvested volume (1 000 tgw)	12.2	13.1	42.4	47.7
EBIT/kg gw (NOK)	23.86	17.50	27.24	28.84

In the fourth quarter 2018, Fish Farming Northern Norway harvested 12,200 tonnes of salmon. This is marginally down from the 13,100 tonnes harvested in the same period in 2017, but a substantial 9,000 tonne increase from the previous quarter. Volume in the third quarter 2018 was affected by changes in harvesting plans to optimise MAB utilisation and the volume potential for fish held at sea. The segment harvested a total of 42,400 tonnes of salmon in 2018 as a whole, compared with 47,700 tonnes in 2017.

As expected, and previously indicated, the segment's costs in the fourth quarter were lower than in the third. The volume harvested by the segment in the fourth quarter were fish transferred to the sea in the spring of 2017. Although this generation has grown more slowly than planned, it made good process in the last period. This resulted in high average harvest weights and good price achievement.

The segment generated gross operating revenues of NOK 700.5 million in the fourth quarter 2018, compared with NOK 628.7 million in the corresponding period in 2017. The rise in revenues was driven primarily by a substantially higher price achievement.

Fish Farming Northern Norway achieved an EBIT per kg gutted weight of NOK 23.86 in the fourth quarter 2018. This is up from NOK 16.18 per kg in the previous quarter and up from NOK 17.50 per kg in the fourth quarter 2017.

SalMar expects the Northern Norway segment's costs to be at the same level in the first quarter 2019.

Fish Farming Northern Norway is expected to harvest around 50,000 tonnes of salmon in 2019.

Sales and Processing

NOK million	Q4 18	Q4 17	2018	2017
Operating revenue	3 078	2 767	11 432	10 925
Operational EBIT	79	176	-13	48
Operational EBIT%	2.6%	6.3%	-0.1%	0.4%

SalMar's sales and processing activities generated gross operating revenues of NOK 3,077.9 million in the fourth quarter 2018, up from NOK 2,766.7 million in the corresponding period in 2017.

The segment sells the Group's entire harvested volume.

Sales and Processing made a profit of NOK 79.4 million in the period, corresponding to an Operational EBIT margin of 2.6 per cent. This is marginally up from the NOK 73.1 million achieved in the previous quarter, but down from NOK 175.5 million in the fourth quarter 2017

The large volume of fish harvested increased efficiency for both harvesting and secondary processing activities. A total of 38,700 tonnes was harvested at InnovaMar during the quarter, compared with around 44,400 tonnes in the previous quarter and 32,700 tonnes in the fourth quarter 2017.

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

Around 35 per cent of the volume was sold under contract at average prices above the average spot price. The contract portfolio has therefore made a positive contribution to the segment's results.

In coming quarters, activity level is expected to be slightly lower. This is due to seasonal variations in the supply of raw materials.

As at 14 February, the contract rate for the first quarter 2019 comes to around 30 per cent; for the year as a whole it stands at around 20 per cent. The contracts have been closed at prices slightly above the average price in 2018, which reflects a good market with strong demand.

Eliminations

Research and development (R&D) costs are included as eliminations in the segments' reported results. Of a total harvested volume of 40,500 tonnes in the fourth quarter 2018, R&D costs accounted for NOK 1.04 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	Q4 18	Q4 17	2018	2017
Operating revenues	512	485	2 057	2 088
Operational EBIT	158	115	661	669
Operational EBIT%	30.8%	23.8%	32.1%	32.1%
Fair value adj. biomass	50	-26	-10	9
Profit before tax	202	87	640	670
SalMar's share after tax	83	38	265	273
Harvested volume (1 000 tgw)	6.7	7.2	27.5	31.0
EBIT/kg gw (NOK)	23.70	16.00	24.06	21.59

Norskott Havbruk generated gross operating revenues of NOK 511.8 million in the fourth quarter 2018, compared with NOK 485.0 million in the fourth quarter 2017. The increase was driven by higher spot prices in the quarter.

Norskott Havbruk harvested approx. 6,700 tonnes in the quarter. This is 1,400 tonnes less than in the previous quarter and 600 tonnes less than in the corresponding period in 2017. In 2018 as a whole, the company harvested 27,500 tonnes, which is 3,500 tonnes less than the year before.

The company delivered a good result in the fourth quarter 2018, and underlying operations in the quarter were good. This has resulted in high average harvest weights, good price achievement and reduced costs.

Contract sales accounted for 45 per cent of the quarter's volume.

EBIT per kg gutted weight came to NOK 23.70 in the quarter, compared with NOK 16.00 in the same period in 2017. In the third quarter 2018, EBIT per kg came to NOK 19.25.

The company harvested a total of 27,500 tonnes in 2018 as a whole, slightly more than was expected at the close of the third quarter. EBIT per kg for the year as a whole totalled NOK 24.06.

Norskott Havbruk expects to harvest around 30,000 tonnes in 2019.

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	Q4 18	Q4 17	2018	2017
Operating revenues	114	172	400	625
Operational EBIT	-10	4	-79	60
Operational EBIT %	-8.4 %	2.5 %	-19.7 %	9.6%
Fair value adj. biomass	23	-53	83	-186
Profit/loss before tax	0.3	-58	-40	-165
SalMar's share after tax	-1	-16	-12	-56
Harvested volume (1 000 tgw)	2.0	3.2	6.7	9.7
EBIT/kg gw (NOK)	-4.82	1.35	-11.82	6.23

Arnarlax harvested around 2,000 tonnes in the fourth quarter 2018, compared with 3,200 tonnes in the same period the year before. In 2018 as a whole, the company harvested 6,700 tonnes, compared with 9,700 tonnes in 2017. The company generated gross operating revenues of NOK 113.5 million in the quarter, compared with NOK 171.7 million in the corresponding period in 2017.

Operational EBIT for the period totalled NOK -9.5 million, which corresponds to an EBIT per kg of NOK -4.82. In the corresponding period in 2017, Arnarlax achieved an Operational EBIT of 4.3 million, corresponding to an EBIT per kg of NOK 1.35.

The company's results were negatively affected by high period costs. The harvesting of the 2017 generations started during the quarter, and currently these generations have a better biological status than the previous generation.

Bjørn Hembre has been appointed the company's new CEO with effect from January 2019. Mr Hembre has previously worked for SalMar and brings substantial expertise from several management positions at SalMar to his new appointment.

The company expects to harvest around 10,000 tonnes in 2019.

MARKETS

Supply and biomass

The global supply of Atlantic salmon in the fourth quarter 2018 came to around 688,200 tonnes, an increase of around 5 per cent on the same period the year before.

The increase was largely driven by higher output in Chile, which harvested 189,500 tonnes in the quarter, 17 per cent more than in the same period in 2017. At 356,700 tonnes, Norway's output in the fourth quarter 2018 was unchanged from the year before. Measured in tonnes, there were only minor changes in output from the other regions.

At the close of the fourth quarter 2018, the standing biomass in Norway was estimated to be 1.6 per cent higher than at the same point the year before, with Chile up by 3 per cent, the Faeroes by 11 per cent and the UK by 20 per cent, according to estimates from Kontali.

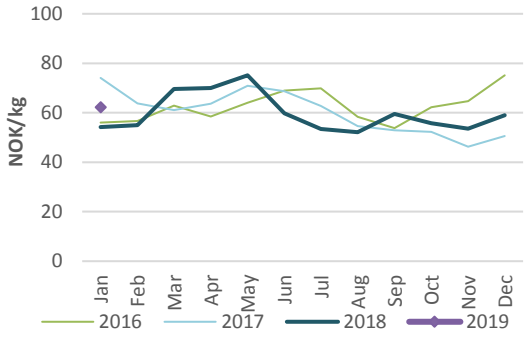
Prices and exchange rates

Atlantic salmon prices remained relatively stable through most of the quarter, before rising sharply in the last week of the year to end at NOK 65.73 per kg.

The average price of salmon (NASDAQ Salmon Index) in the period came to NOK 55.89 per kg, up NOK 1.07 per kg from the previous quarter and NOK 6.47 per kg from the fourth quarter 2017.

For 2018 as a whole, the average price came to NOK 59.97 per kg, up just NOK 0.05 per kg from 2017.

NASDAQ Salmon Index NOK/kg



During the quarter, the value of the NOK fell against the most important trading currencies for salmon. It was down by 5 per cent against the EUR, 4 per cent against the GBP and 6 per cent against the USD.

Norwegian exports

The steady rise in Norwegian salmon exports flattened out in the fourth quarter 2018 and ended at the same level as in the fourth quarter 2017. However, a strong rise in prices resulted in the value of exports measured in NOK ending 9 per cent up year on year.

Its substantial secondary processing industry makes Poland the largest individual market for Norwegian salmon. In the fourth quarter 2018, around 50,700 tonnes of salmon were exported to this market. This is an increase of 16 per cent compared with the fourth quarter 2017. The period also saw good growth in export volumes to the UK, which rose by 7 per cent compared with the same period in 2017.

The value and volume of Norwegian exports rose by around 5 per cent in 2018 as a whole compared with 2017. Europe accounts for practically the entire increase in the export volume, while there has been a downturn in Asian markets. Measured in volume, there were only minor changes in Norwegian exports to other regions.

EVENTS AFTER THE BALANCE SHEET DATE

On 30 January 2019, SalMar announced that Trine Sæther Romuld had been appointed CFO and COO at SalMar, with effect from 1st of July 2019.

Ms Romuld has extensive experience from several management positions within the seafood, oil service,

consulting and auditing sectors. She has worked with seafood in a variety of roles: as CFO with Pan Fish (now MOWI) and as a member of the boards of Bakkafrost and what used to be Aker Seafoods/Havfisk.

Ms Romuld takes over from Trond Tuvstein, who leaves the company at his own request.

SHARES AND SHAREHOLDERS

At the close of the fourth quarter 2018, SalMar had a total of 113,299,999 shares outstanding, divided between 5,082 shareholders.

The company's major shareholder, Kverva Industrier AS, owns 52.46 per cent of the shares. The 20 largest shareholders own a total of 74.44 per cent of the shares. SalMar ASA is the 20th largest shareholder with 561,003 shares, corresponding to 0.50 per cent of the total number of shares outstanding as at 31 December 2018.

During the fourth quarter 2018, SalMar's shares fluctuated between NOK 417.20 and NOK 510.00. The final price at the close of the quarter was NOK 428.00, compared with NOK 406.20 at the close of the previous quarter. This means that the share price rose by 5 per cent during the quarter. For the year as a whole, the share price rose by 73 per cent.

A total of 17.4 million shares were traded during the quarter, just over 15 per cent of the total number of shares outstanding. The average daily volume traded was just under 281 000 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

Markets

The global supply of Atlantic salmon is expected to rise steadily, with estimates of a growth of 5 per cent in the first quarter of 2019 and 4 per cent in the second quarter, according to estimates from Kontali.

Growth in Norway and Chile in the first quarter is estimated at 5 per cent and 3 per cent respectively, while growth in the UK and North America is estimated at 12 per cent and 8 per cent respectively.

For 2019 as a whole, the total supply of Atlantic salmon is expected to rise by 6 per cent or approx. 134,000 tonnes. Some 56 per cent of this will come from Norway.

The prospect of continued strong demand, combined with moderate growth in supply is expected to result in good market prices for Norwegian salmon going forward. This is supported by forward prices from Fish Pool as of 1 February 2019, which indicate an average price per kg for February and March of NOK 60.50 and NOK 63.20 respectively, and of NOK 64.85 per kg for the second quarter. The price estimate for 2019 as a whole comes to NOK 61.85 per kg.

Company

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

In January 2019, production from the pilot phase of the Ocean Farm 1 came to an end. The project has produced promising results despite unfortunate incidents. After 15 months' production at sea, it can be concluded that the fish achieved good growth and overall high quality. Few salmon lice have been observed, and it has not been necessary to carry out a single delousing treatment. The pilot phase has provided experience that SalMar will exploit in further development of its ocean farming strategy. The biological results strengthen the company's confidence that farming salmon further out to sea is the right way to go.

To further develop ocean farming, SalMar acquired 51 per cent of the shares in MariCulture AS in April 2018. SalMar entered into a collaboration with the company's existing owner to develop offshore fish farming installations that can operate in the open ocean. In December 2018, the company was awarded up to 8 development licences to further develop the "Smart Fish Farm" concept. This is a specially designed deep-water installation for fish farming in the open ocean.

Despite partial rejection for the 16 development licences it had applied for, the company decided not to appeal the decision, but to go forward with the project to realise its ocean farming strategy. This strategy is important for Norway and the Norwegian aquaculture industry, at a time when there is a shortage of sustainable inshore sites and growing competition from onshore fish farms that can be set up anywhere in the world.

The planned deep-water installation will be capable of operating in areas subject to harsh weather conditions, 20–30 nautical miles off the Norwegian coast in the open ocean. This could therefore help to resolve the pressing shortage of suitable sites that the industry is facing.

Going forward, the construction of a new harvesting and processing plant (InnovaNor) and the expansion of the smolt facility will be important strategic investments for SalMar in Northern Norway. They form key elements in the Group's ambition to establish a complete supply chain in the region. Groundwork is already underway for the construction of InnovaNor, and the plant is expected to be completed in the second half of 2020.

At the same time, SalMar continues its ongoing investment programme to maintain and upgrade its existing infrastructure. The Group expects to invest some NOK 272 million in projects of this type in 2019. Overall, SalMar is planning to invest around NOK 896 million in 2019 to build a strong platform for future growth.

Over time, SalMar has invested heavily in competence and capacity to enable it to handle biological challenges in the best possible way. The results for 2018 show that the biological situation in Central Norway has improved, with a corresponding reduction in costs. Over time, similar results are expected in Northern Norway.

Around 30 per cent of the harvested volume will be sold under contract in the first quarter 2019. The contract rate for 2019 as a whole is around 20 per cent. Prices are somewhat higher than the average for 2018.

Costs in the first quarter of 2019 are expected to be at the same level as in fourth quarter 2018. SalMar maintains guiding to harvest 145,000 tonnes in 2019, where around 45 per cent of which will come in the first half.

Financially, 2018 was a good year for SalMar. The Board of Directors considers SalMar's financial position to be strong and proposes a dividend of NOK 23.00 per share. In the opinion of the board, SalMar's financial capacity for further growth is strong.

INCOME STATEMENT

NOK million	Q4 2018	Q4 2017	FY 2018	FY 2017
Operating income	**3 101.1**	**2 780.6**	**11 342.6**	**10 817.2**
Cost of goods sold	1 257.0	1 263.0	4 585.5	4 722.5
Payroll expenses	279.1	241.6	1 040.4	929.1
Other operating expenses	507.8	447.7	1 768.0	1 584.8
EBITDA	1 057.2	828.2	3 948.6	3 580.8
Depreciations and write-downs	122.3	121.0	487.8	418.6
Operational EBIT	**934.9**	**707.2**	**3 460.8**	**3 162.2**
Fair value adjustment	413.7	-370.6	845.8	-370.0
Operational profit	**1 348.6**	**336.6**	**4 306.6**	**2 792.2**
Income from investments in associates	82.3	19.0	252.9	208.9
Net interest costs	-27.7	-26.6	-105.1	-95.9
Other financial items	-36.8	-34.2	-1.9	-49.1
Profit before tax	**1 366.3**	**294.7**	**4 452.6**	**2 856.2**
Tax	207.7	-6.5	873.3	558.4
Net profit for the period	**1 158.7**	**301.3**	**3 579.2**	**2 297.8**
Items to be reclassified to profit and loss in subsequent periods:				
Change in translation diff. associates	41.6	33.7	-5.6	41.7
Change in translation diff. subsidaries	8.5	6.4	4.9	3.5
Cash flow hedge, net tax	-	-	-	-11.5
Total comprehensive income	**1 208.8**	**341.4**	**3 578.5**	**2 331.6**
Allocation of the periods net profit:				
Non-controlling interests	-8.8	2.2	10.8	23.8
Shareholders in SalMar ASA	1 167.5	299.1	3 568.4	2 274.0
Earnings per share (NOK)	10.36	2.66	31.70	20.24
Earnings per share - diluted	10.34	2.66	31.60	20.18

BALANCE SHEET – GROUP

NOK million	31.12.2018	30.09.2018	31.12.2017
ASSETS			
Intangible fixed assets	3 404.0	3 388.9	2 925.0
Tangible fixed assets	3 591.5	3 590.7	3 604.8
Financial fixed assets	1 215.5	1 085.9	1 080.9
Total fixed assets	**8 210.9**	**8 065.5**	**7 610.6**
Inventory	5 765.5	5 027.3	4 394.6
Accounts receivables	630.1	528.5	501.1
Other short-term receivables	289.4	203.7	242.9
Cash and cash equivalents	239.6	489.4	177.1
Total current assets	**6 924.6**	**6 249.0**	**5 315.6**
TOTAL ASSETS	**15 135.6**	**14 314.4**	**12 926.2**
EQUITY AND LIABILITIES			
Paid-in equity	597.4	589.12	557.6
Reserves	8 450.7	7 230.07	7 022.4
Minority interests	91.7	100.52	88.1
Total equity	**9 139.8**	**7 919.72**	**7 668.1**
Provisions for liabilities	1 533.3	1 460.1	1 362.2
Int. bearing long-term liabilities	1 019.1	1 081.6	1 156.0
Total long-term liabilities	**2 552.4**	**2 541.7**	**2 518.2**
Int. bearing short-term liabilities	748.2	734.9	243.6
Other short-term liabilities	2 695.1	3 118.1	2 496.3
Total short-term liabilities	**3 443.3**	**3 853.0**	**2 739.9**
TOTAL EQUITY AND LIABILITIES	**15 135.6**	**14 314.4**	**12 926.2**
Net interest bearing debt	**1 527.7**	**1 327.1**	**1 222.5**
Equity share	**60.4 %**	**55.3 %**	**59.3 %**

CASH FLOW

NOK million	Q4 2018	Q4 2017	FY 2018	FY 2017
Profit before tax	1 366,3	294,7	4 452,6	2 856,2
Tax paid in period	-658,7	-403,4	-672,8	-423,2
Depreciation	122,3	121,0	487,8	418,6
Share of profit/loss from associates	-82,3	-19,0	-252,9	-208,9
Gains exit subsidiaries	-	0,7	-	-10,2
Change in fair value adjustments	-413,7	370,6	-845,8	370,0
Change in working capital	-403,6	132,0	-500,5	196,6
Other changes	32,5	29,5	113,4	175,4
Net cash flow from operating activities	**-37,1**	**526,2**	**2 781,6**	**3 374,4**
Net cash flow from investing activities	**-144,2**	**-112,9**	**-833,8**	**-758,0**
Change in interest-bearing debt	-49,2	-409,7	367,1	-1 250,9
Dividend paid out	-	-	-2 147,2	-1 366,0
Interest paid	-27,7	-26,6	-105,1	-95,9
Other changes	-	0,2	-5,0	-3,8
Net cash flow from financing activities	**-76,9**	**-436,2**	**-1 890,2**	**-2 716,6**
Net change in cash for the period	**-258,3**	**-22,9**	**57,7**	**-100,2**
Foreign exchange effects	8,5	6,4	4,8	3,5
Cash in the beginning of the period	489,4	193,6	177,1	273,7
Cash at the end of the period	**239,6**	**177,1**	**239,6**	**177,1**

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						3 568.4	10.8	3 579.2
Comprehensive income					4.9	-5.6		-0.7
Total comprehensive income for the year	0.0	0.0	0.0	0.0	4.9	3 562.8	10.8	3 578.5
Transactions with shareholders								
Dividend paid						-2 138.4	-8.8	-2 147.2
Options granted				39.7				39.7
Deffered tax options						3.2		3.2
Redeemed options treasury shares		0.0				0.0		0.0
Other changes						-4.1	1.7	-2.5
Sum transactions with shareholders	0.0	0.0	0.0	39.7	0.0	-2 139.4	-7.2	-2 106.8
Equity as at 31.12.2018	**28.3**	**-0.1**	**415.3**	**153.9**	**15.5**	**8 435.2**	**91.7**	**9 139.8**

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

NOK million	Farming Central-Norway	Farming Northern-Norway	Sales and Processing	Eliminations	Group
Q4 2018					
Operating income (NOK mill.)	1 577.4	700.5	3 077.9	-2 254.8	3 101.1
Operational EBIT (NOK mill.)	636.5	291.3	79.4	-72.2	934.9
Operational EBIT %	40.3 %	41.6 %	2.6 %		30.1 %
Harvested volume (1,000 tgw)	28.2	12.2			40.5
EBIT/ kg gw (NOK)	22.53	23.86			23.11
4Q 2017					
Operating income (NOK mill.)	1 362.0	628.7	2 766.7	-1 976.7	2 780.6
Operational EBIT (NOK mill.)	357.7	228.4	175.5	-54.4	707.2
Operational EBIT %	26.3 %	36.3 %	6.3 %		25.4 %
Harvested volume (1,000 tgw)	26.9	13.1			39.9
EBIT/ kg gw (NOK)	13.30	17.50			17.70
FY 2018					
Operating income (NOK mill.)	5 962.0	2 645.0	11 432.0	-8 696.5	11 342.6
Operational EBIT (NOK mill.)	2 533.3	1 153.9	-12.8	-213.6	3 460.8
Operational EBIT %	42.5 %	43.6 %	-0.1 %		30.5 %
Harvested volume (1,000 tgw)	100.1	42.4			142.5
EBIT/ kg gw (NOK)	25.31	27.24			24.29
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

	Q4 2018	Q4 2017	FY 2018	FY 2017
Number of shares (diluted) - end of period (mill.)	112.9	112.6	112.9	112.7
Earnings per share (NOK)	10.36	2.66	31.70	20.24
Earnings per share - diluted (NOK)	10.34	2.66	31.60	20.18
EBITDA %	34.1 %	29.8 %	34.8 %	33.1 %
Operational EBIT %	30.1 %	25.4 %	30.5 %	29.2 %
EBIT %	43.5 %	12.1 %	38.0 %	25.8 %
Profit before tax %	44.1 %	10.6 %	39.3 %	26.4 %
Cash flow per share - diluted (NOK)	-0.3	4.7	24.6	29.9
Net interest bearing debt (mill.)	1 527.7	1 222.5	1 527.7	1 222.5
Equity ratio %	60.4 %	59.3 %	60.4 %	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

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	2 474 294	2.18 %
State Street Bank and Trust Comp	2 186 226	1.93 %
Euroclear Bank S.A./N.V.	1 363 891	1.20 %
LIN AS	1 174 620	1.04 %
State Street Bank and Trust Comp	1 153 536	1.02 %
J.P. Morgan Bank Luxembourg S.A.	1 129 973	1.00 %
CLEARSTREAM BANKING S.A.	1 119 712	0.99 %
INVESCO FUNDS	1 111 621	0.98 %
The Bank of New York Mellon SA/NV	961 319	0.85 %
J.P. Morgan Bank Luxembourg S.A.	942 394	0.83 %
JPMorgan Chase Bank, N.A., London	787 419	0.69 %
JPMorgan Chase Bank, N.A., London	787 110	0.69 %
The Bank of New York Mellon SA/NV	718 085	0.63 %
OLD WESTBURY LARGE CAP STRATS FD	653 647	0.58 %
JPMorgan Chase Bank, N.A., London	650 673	0.57 %
State Street Bank and Trust Comp	593 491	0.52 %
AB SIC I LOW VOL EQU PORTF	587 338	0.52 %
SALMAR ASA	561 003	0.50 %
Top 20	**84 341 388**	**74.44 %**
Others	28 958 611	25.56 %
Total	**113 299 999**	**100.00 %**

Note 3 - Inventory and Biological Assets (biomass)

Book value of inventory	-	31.12.2018	30.09.2018	31.12.2017
Raw materials	-	135,5	120,7	121,0
Biological assets	-	5 305,6	4 706,6	4 135,5
Finished goods	-	324,3	200,0	138,1
Total	-	5 765,5	5 027,3	4 394,6

Fair value adjustment of biological assets	-	31.12.2018	30.09.2018	31.12.2017
Historic cost	-	3 269,9	3 149,1	3 034,6
Fair value adjustment of the biomass	-	2 035,7	1 557,5	1 100,9
Book value	-	5 305,6	4 706,6	4 135,5

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 company's stock of live fish is in accordance with IAS 41 measured at fair value. During the period a change in technical model for measurement of fair value has occurred, where a present value model is now used compared to previously a growth model. The effect of modification of the model is for accounting purposes treated as an estimate deviation.

The present value is calculated based on estimated revenues minus remaining costs to fish ready for harvest for each site. Fish ready for harvest have estimated weight for the fish at the time of harvest according to company's budget and plans. Estimated value is discounted to present value on the balance sheet date.

When calculating the fair value, the forward prices from Fish Pool at the balance sheet date are used as the estimate for price at the time of harvesting. The prices are calculated on a quarterly basis, as harvesting of fish takes place over several periods. Forward prices are adjusted for additions from exporter, freight, sales costs and harvest costs. In addition, an adjustment is made according to the expected quality distribution of the fish.

Discount rate used is 7% per month and reflects the capital cost of the biomass, risk and hypothetical rent of license and site.

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:

	Q4 2018	Q4 2017	FY 2018	FY 2017
Change in fair value of the biomass	478,2	-471,8	934,8	-927,8
Change in provisions for onerous contracts	53,1	145,7	30,0	407,6
Unrealised change in value of Fish Pool contracts	2,3	44,5	-31,4	143,6
Unrealised changes in the value of currency and forward currency contracts	-119,9	-88,9	-87,6	6,6
Fair value adjustments recognised in profit and loss	413,7	-370,6	845,8	-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 offshore in the open ocean. 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	265,0	-11,7	-0,4	252,9
Other items in comprehensive income	-8,4	2,8	-	-5,6
Dividend received	-242,2	-	-	-242,2
Closing balance 31.12.2018	**761,0**	**401,8**	**25,2**	**1 188,1**

2018

Arnarlax completed an isse of MNOK 200 in 2018. 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 in 2018, SalMar has acquired and converted subscription rights in Salmus. In Q4 2018 Salmus has been dissolved as a joint ownership company, and SalMar owns after this 100% of Salmus. After the completed transaction 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

	Q4 2018	Q4 2017	FY 2018	FY 2017
Net interest expenses	-27,7	-26,6	-105,1	-95,9
Other net financial items	-36,8	-34,2	-1,9	-49,1
Net financial items	-64,6	-60,9	-107,0	-145,0