

# Lerøy Seafood Group

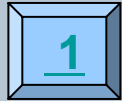
- Quarterly report
- 3rd Quarter 2005
- November 10<sup>th</sup> 2005

- Ole-Eirik Lerøy  
President & CEO
- Helge Singelstad  
Vice president & vice CEO



SEAFOOD INNOVATION SINCE 1899

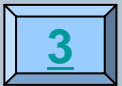
# Agenda



Considerations



Key financial figures Q3 2005



Lerøy at a glance



Lerøy Seafood Group – Company profile



Market glance



# Internal considerations Q3 2005

## Main figures

All figures in mill NOK

	Q3-05	Q3-04	Change	YTD-05	YTD-04	Change
Turnover	940	872	7,8 %	2 622	2 580	1,6 %
Operating profit	121	41	195,1 %	226	98	130,6 %
Affiliated comp.	28	15	86,7 %	47	20	135,0 %
Pre-tax profit	143	52	175,0 %	260	106	145,3 %

# Internal considerations 3rd Quarter 2005

## Financially Solid

- Well positioned for future organic and strategic growth

3.073 shareholders as of 31. October 2005

## Consolidated business areas

- Satisfactory operation in production
  - Considerable improvement potential in recent acquired business
- Difficult conditions for operations in sales and distribution, but improved earnings
- Trade barrier from EU is negative in the long run
- Acquired 100% of the shares in Alfheim & Nielsen AS

## Affiliated companies

- Improved earnings



# External considerations 3rd Quarter 2005

## Improved salmon and trout prices

- Prices continued to increase in Q3 05 as expected
- Prices in Q3 05 higher than comparable figures in Q3 04
- Prices so far in Q4 05 significantly higher than prices in Q4 04
- Strong market

## Currencies

- Future will bring great volatility

## Political issues / trade barriers

- Minimum import price to the EU for Norwegian salmon and trout
  - Process is unfair and based on faulty information
  - Damaging for all parties in the global seafood business

## IFRS

- Uncertainty in valuation of biological inventory
  - The Financial Supervisory Authority of Norway (Kredittilsynet) is discussing the matter



# Agenda



Key financial figures Q3 2005



Lerøy at a glance



Lerøy Seafood Group – Company profile



Market glance





# Resultatregnskap / Income Statement Q3 2005

Alle tall i NOK 1.000 / All figures in NOK 1,000

	Q3 - 2005	Q3 - 2004	YTD 2005	YTD 2004	2004
<b>Salgsinntekter / Operating revenue</b>	<b>940 458</b>	871 779	<b>2 621 525</b>	2 580 432	3 559 399
Vareforbruk / Cost of goods sold	<b>727 015</b>	740 533	<b>2 129 215</b>	2 207 805	3 033 920
Just. fisk i sjø > 4 kg / Ad. fish in sea > 4 kg	<b>-27 824</b>	-7 916	<b>-56 319</b>	-4 045	-207
Lønnskostnader / Salaries and wages	<b>59 381</b>	52 104	<b>160 477</b>	142 232	201 211
Andre driftskostnader / Other operating exp.	<b>47 385</b>	35 304	<b>128 255</b>	105 699	152 202
Ordinære avskrivninger / Ordinary depr.	<b>13 678</b>	10 639	<b>34 107</b>	30 287	39 598
<b>Driftsresultat / Operating profit</b>	<b>120 823</b>	41 115	<b>225 790</b>	98 454	132 675
Inntekt tilkn.selskap / Income from aff. Comp.	<b>27 888</b>	15 486	<b>46 664</b>	20 039	19 984
Netto finansposter / Net financial items	<b>-5 483</b>	-4 409	<b>-12 015</b>	-12 768	-15 958
<b>Resultat før skattekostnad / Profit before tax</b>	<b>143 228</b>	52 192	<b>260 439</b>	105 725	136 701
Beregnete skatter / Estimated taxation	<b>-33 843</b>	-16 351	<b>-61 464</b>	-29 691	-55 402
<b>Periodens resultat / Profit for the period</b>	<b>109 385</b>	35 841	<b>198 975</b>	76 034	81 299

# Balanse / Balance Sheet Q3 2005

Alle tall i NOK 1.000 / All figures in NOK 1,000

	<b>30.09.05</b>	30.09.04	31.12.04
Immaterielle eiendeler / Intangible assets	434 383	274 241	287 237
Varige driftsmidler / Tangible fixed assets	270 388	182 367	193 139
Finansielle anleggsmidler / Financial fixed assets	307 158	250 848	251 964
<b>Sum anleggsmidler / Total fixed assets</b>	<b>1 011 929</b>	<b>707 456</b>	<b>732 340</b>
Varer / Inventories	597 924	332 538	332 060
Fordringer / Receivables	516 687	470 170	482 232
Betalingsmidler / Cash and equivalents	263 982	271 874	260 236
<b>Sum omløpsmidler / Total current assets</b>	<b>1 378 593</b>	<b>1 074 582</b>	<b>1 074 528</b>
<b>Sum eiendeler / Total assets</b>	<b>2 390 522</b>	<b>1 782 038</b>	<b>1 806 868</b>



# Balanse / Balance Sheet Q3 2005

Alle tall i NOK 1.000 / All figures in NOK 1,000

	<b>30.09.05</b>	30.09.04	31.12.04
Innskutt egenkapital / Equity contributions	852 887	656 113	656 103
Opptjent egenkapital / Earned equity	309 880	144 563	152 056
Minoritetsinteresser / Minority interests	3 713	7 579	4 106
<b>Sum egenkapital / Total equity</b>	<b>1 166 480</b>	<b>808 255</b>	<b>812 265</b>
Avsetning for forpliktelser / Accrued liabilities	2 762	4 348	4 363
Langsiktig gjeld / Long-term liabilities	589 107	367 949	403 307
Kortsiktige kreditter / Short-term loans	152 961	202 030	207 137
Annen kortsiktig gjeld / Other short-term liabilities	479 212	399 456	379 796
<b>Sum gjeld / Total liabilities</b>	<b>1 224 042</b>	<b>973 783</b>	<b>994 603</b>
<b>Sum egenkapital og gjeld / Total equity and liabilities</b>	<b>2 390 522</b>	<b>1 782 038</b>	<b>1 806 868</b>

## Key figures – Lerøy Seafood Group Q3 2005

<b>Nøkkeltall / Key figures</b>	<b>Q3 - 2005</b>	Q3 - 2004	<b>YTD 2005</b>	YTD 2004
Resultatmargin / Profit margin	<b>15,23 %</b>	5,99 %	<b>9,93 %</b>	4,10 %
Driftsmargin / Operating margin	<b>12,85 %</b>	4,72 %	<b>8,61 %</b>	3,82 %
Resultat per aksje / Earnings per share	<b>2,83</b>	1,04	<b>5,40</b>	2,21
Utvannet resultat per aksje / Diluted earnings per share	<b>2,82</b>	1,04	<b>5,37</b>	2,20
Avk på syssels kapital (annualisert) / ROCE	<b>45,24 %</b>	20,69 %	<b>27,63 %</b>	14,44 %
Egenkapitalandel / Equity ratio	<b>48,80 %</b>	45,36 %	<b>48,80 %</b>	45,36 %
Netto rentebærende gjeld / Net interest bearing debt	<b>374 182</b>	262 339	<b>374 182</b>	262 339
Kontantstrøm per aksje / Cash-flow per share	<b>1,49</b>	0,14	<b>4,06</b>	4,36
Utv kontantstrøm per aksje / Dil cash-flow per share	<b>1,48</b>	0,14	<b>4,05</b>	4,36

## Lerøy Seafood Group segment information Q3 2005


	Book value	Operating profit
Sales and distribution	231	56
Production	569	176
Elimination / Others	63	-6*
<b>Total</b>	<b>863</b>	<b>226</b>
Finance		-12
Affiliates	303	47
<b>Total equity LSG group / pre tax</b>	<b>1 166</b>	<b>260</b>

\* See note 5, options



# Lerøy Seafood Group - salmon farming

Company	Ownership share	Licences	Million smolt individuals	Salmon volume gwt 2006E	
				Total	LSG share
Lerøy Midnor AS	100 %	28	7	25 000	25 000
Lerøy Aurora AS	100 %	16	3	13 000	13 000
Hydrotech Gruppen AS	39 %	17	5	14 000	5 500
Total Norway		61	15	52 000	43 500
Norskott Havbruk AS (UK)	50 %		6	21 000	10 500
Total			21	73 000	54 000

 Consolidated, farming

 Affiliated, farming



## Affiliated companies, LSG-share profit after tax

All figures in mill NOK

	<b>Q3 - 2005</b>	Q3 - 2004	<b>YTD 2005</b>	YTD 2004
Hydrotech-Gruppen AS (39%)	8 971	5 116	17 038	2 606
Egersund Fisk AS (27%)	184	-19	1 624	1 076
Norskott Havbruk AS (50%)	18 567	10 389	27 487	16 357
Andre / Others	166	0	515	0
<b>Sum / Total</b>	<b>27 888</b>	<b>15 486</b>	<b>46 664</b>	<b>20 039</b>

# Lerøy Seafood Group Consolidated

## Key figures 30.09.05

Total equity (48,8 %)	1.166 mill NOK
Net interest bearing debt	374 mill NOK
Total intangible assets	434 mill NOK
• Licences smolt / fish farming Norway 307 mill	
• Goodwill / def. tax 127 mill	
Total LSG-shares January 2005:	37.884.767
Share issue July 2005, share price 48,88 NOK	1.432.079
<hr/>	
New total:	39.316.846



# Agenda



Lerøy at a glance



Lerøy Seafood Group – Company profile



Market glance





# Lerøy Seafood Group

## Global distribution network

- Global distribution from Head Office in Bergen
- Local distribution and processing in Sweden, France, Portugal and Turkey
- Local representative offices in some key markets (France, Japan, China, USA)



PELAGIC

WHITEFISH

FARMED FISH

# HALLVARD LERØY AS

DISTRIBUTION FRANCE  
NORDVIK

DISTRIBUTION UK  
SFF / LERØY

DISTRIBUTION PORTUGAL  
PORTNOR

DISTRIBUTION TURKEY  
ALFARM ALARKO LERØY

DIRECT EXPORT

LERØY  
FRANCE

LERØY  
PORTUGAL

LERØY  
CHINA

LERØY  
JAPAN

LERØY  
USA

DISTRIBUTION  
NORWAY

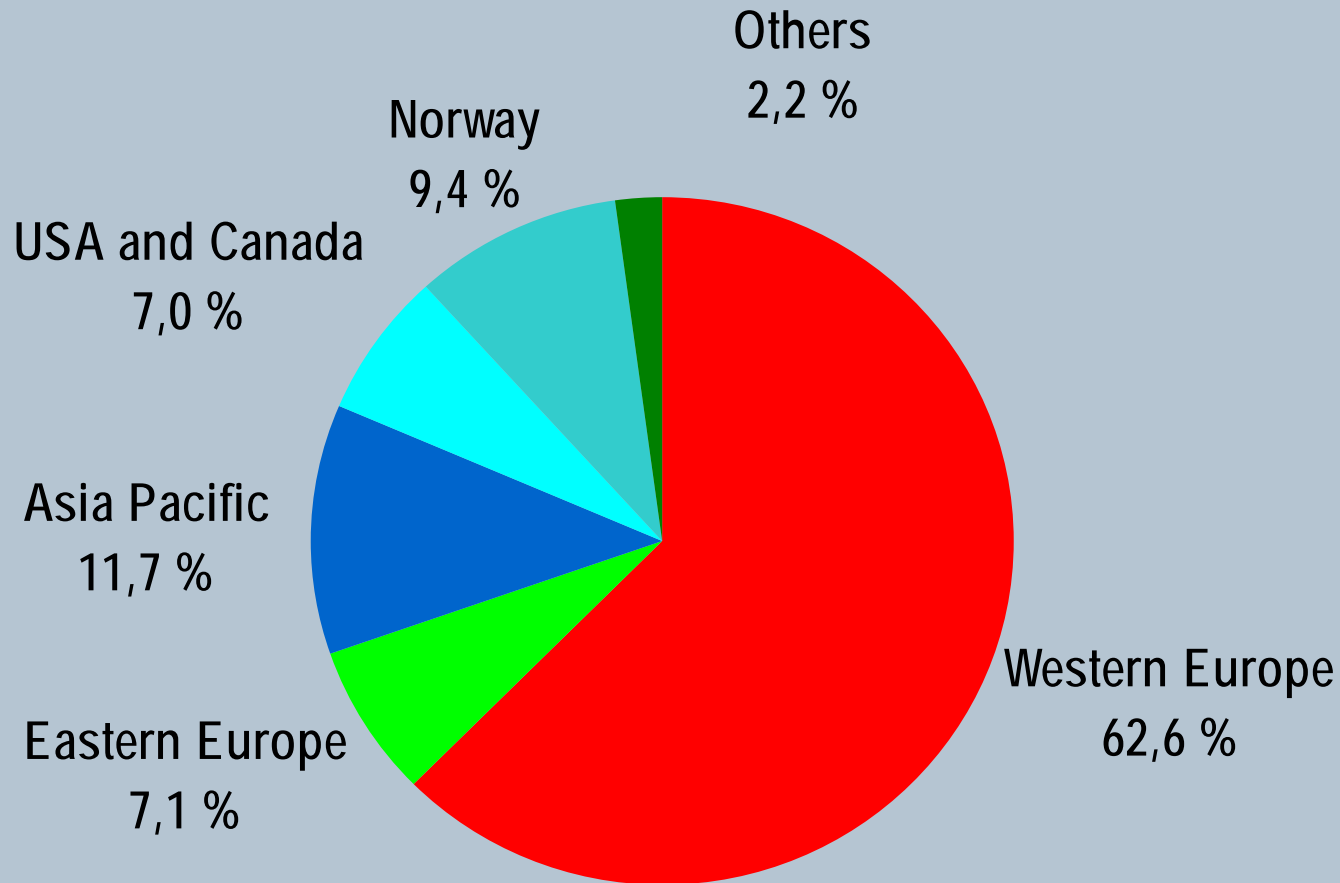
DISTRIBUTION  
LERØY SWEDEN

PROCESSING  
LERØY SWEDEN

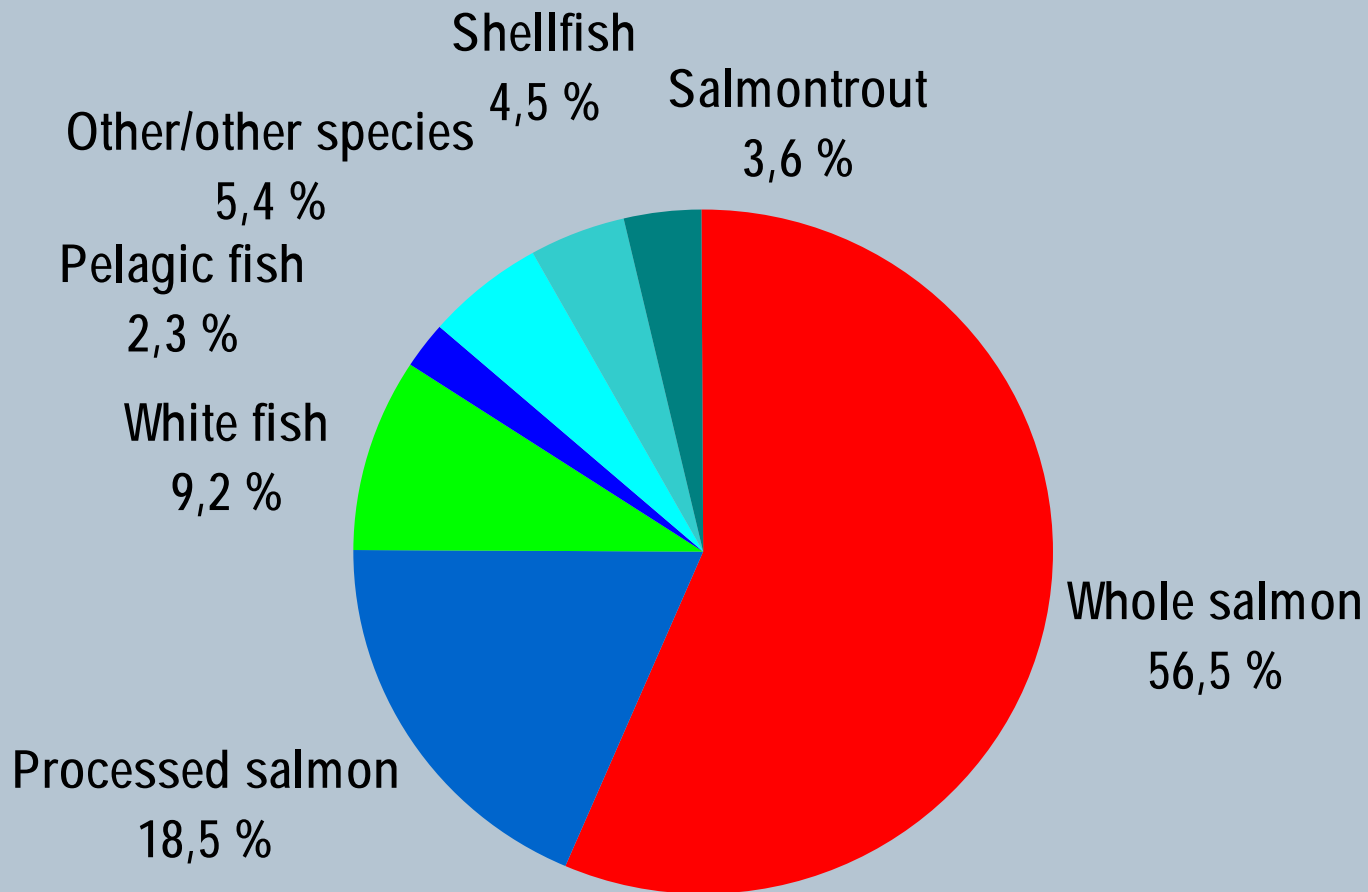
FARMING / PROCESSING  
NORWAY



# Lerøy Seafood Group - Sales per market Q3 2005



# Lerøy Seafood Group - Sales per product Q3 2005



# Lerøy Seafood Group

Norway's largest seafood exporter in 2004

- 10,6 % share of Norwegian Seafood tot exports value
- 14,6 % of Norwegian salmon export
  - 11,9 % of Norwegian salmon export in 2003
- 27,6 % of Norwegian value added salmon export

Major shareholder in fish farming operations

- Lerøy Midnor AS (100%)
- Lerøy Aurora AS (100%)
- Scottish Sea Farms (50%), 2<sup>nd</sup> largest Scottish salmon producer
- Hydrotech-Gruppen AS (39%)
- Sigerfjord Aqua AS (90,55 %)



# Lerøy Seafood Group

Steady growth in operating profit and strong balance sheet

- Satisfactory earnings
- Growth potential within recently acquired businesses
- Satisfactory liquidity

Professional and highly motivated employees

Strong partnerships / Network of alliances



# Lerøy Seafood Group

## Market strategy:

Quality

Diversity in product range

Diversity in customer base

Market-oriented solutions

Geographical spread

Continuity in deliveries

Cost efficiency





# Shareholders 31.10.05

Shareholder	No. of shares	Ownership share
Profond AS*	6 788 040	17,26 %
Ferd Invest AS	3 000 000	7,63 %
Morgan Stanley & Co	2 521 922	6,41 %
Odin Norge	1 868 150	4,75 %
Skagen Vekst	1 842 000	4,69 %
MP Pensjon	1 655 984	4,21 %
Credit Suisse First	1 392 400	3,54 %
Goldman Sachs & Co.	1 372 731	3,49 %
Pareto Aksje Norge	1 344 000	3,42 %
Odin Norden	985 550	2,51 %
Lime AS*	960 573	2,44 %
Pareto Aktiv	697 000	1,77 %
Vital Forsikring ASA	579 273	1,47 %
DnB Nor Norge	550 400	1,40 %
Alsaker Fjordbruk AS	483 240	1,23 %
George Harald Lerøy	465 000	1,18 %
SalMar AS	446 826	1,14 %
KOS Bergen AS	406 640	1,03 %
Inma AS*	400 000	1,02 %
Fidelity Funds Nordic	384 300	0,98 %
Total 20 largest share owners	28 144 029	71,58 %
Others	11 172 817	28,42 %
<b>Total shares</b>	<b>39 316 846</b>	<b>100,00 %</b>

\*controlled by CEO Ole-Eirik Lerøy

The company has a total of 3.073 shareholders.



# Agenda



Lerøy Seafood Group – Company profile



Market glance



# Lerøy Seafood Group ASA

## Sales & Distribution

Hallvard Lerøy AS  
100%

Lerøy Sverige AB  
100%

Nordvik SA  
90%

Portnor Lda  
60%

Alfarm Alarko Lerøy  
50%

Lerøy Alfheim AS\*\*\*  
100%

## Production

Lerøy Midnor AS  
100%

Lerøy Aurora AS  
100%

Lerøy Smøgen Seafood AB  
100%

Sigerfjord Aqua AS  
100%

## Affiliated

Norskott Havbruk AS\*  
50%

Hydrotech Gruppen AS\*  
39%

Egersund Fisk AS\*\*  
27%

\*Salmon farming

\*\*Pelagic activities

\*\*\*Acquired in October 2005



# Lerøy Midnor AS

## Smolt:

- 7,0 mill. smolt per year (salmon/trout)

## Farming:

- 28 licences (salmon/trout)
- 2004: 18.000 gwt
- 2005E: 21.000 gwt
- 2006E: 25.000 gwt

## Processing:

- Capacity of 100 tonnes per shift

## Value adding:

- Capacity of appr. 4.000 t per year
- Production of skin and bone free portions and fillets



# Lerøy Midnor AS

<b>NOKm</b>	<b>Q3 - 2005</b>	Q3 - 2004	<b>YTD 2005</b>	YTD - 2004	31.12.2004
Revenues	163,0	106,7	418,8	296,7	413,0
EBITDA*	74,5	24,5	160,4	50,2	61,2
EBIT	66,5	16,7	138,3	28,4	33,3
Pre tax	63,9	13,5	129,4	18,9	20,6
Volumes (gwt)	6,0	6,5	16,1	14,5	18,3
<i>*Effect IFRS-adjustment</i>	6,9	7,9	35,4	4,0	0,2

## Balance sheet

	<b>30.09.2005</b>	30.09.2004	31.12.2004
Licences, Goodwill	72,4	62,4	72,4
Fixed assets	123,3	109,1	121,0
Inventories	299,7	264,4	262,6
Other current assets	75,1	56,2	128,2
<b>Total assets</b>	<b>570,5</b>	<b>492,1</b>	<b>584,2</b>
Equity	193,6	48,2	100,0
Debt	376,9	443,9	484,2
<b>Total equity and debt</b>	<b>570,5</b>	<b>492,1</b>	<b>584,2</b>
Net interest bearing debt	261,1	380,3	382,2



# Lerøy Aurora AS

## Smolt:

- 3,0 mill. smolt per year

## Farming:

- 16 licences
- 2005E: 9.000 gwt
- 2006E: 13.000 gwt

## Slaughtering station:

- Capacity of 60 – 65 tonnes per shift



# Lerøy Aurora AS

<b>NOKm</b>	<b>Q3 - 2005</b>	Q3 - 2004	<b>YTD 2005</b>	YTD - 2004	31.12.2004
Revenues	48,8	71,3	112,6	218,1	287,8
EBITDA*	31,0	3,4	44,9	12,2	6,9
EBIT	28,0	0,2	35,5	2,1	-6,3
Pre tax	25,6	-2,6	28,4	-6,4	-17,4
Volumes (gwt)	1,6		4,6		
<i>*Effect IFRS-adjustment</i>	20,9	0,0	20,9	0,0	0,0

<b>Balance sheet</b>	<b>30.09 2005</b>	30.09 2004	31.12.2004
Licences, Goodwill	10,7	0,0	8,7
Fixed assets	75,1	68,5	64,5
Inventories	225,4	154,3	122,2
Other current assets	26,9	14,6	15,8
<b>Total assets</b>	<b>338,1</b>	<b>237,4</b>	<b>211,2</b>
Equity	30,9	10,7	8,3
Debt	307,2	226,7	202,9
<b>Total equity and debt</b>	<b>338,1</b>	<b>237,4</b>	<b>211,2</b>
Net interest bearing debt	275,0	217,7	188,6





# Norskott Havbruk (Scottish Sea Farms Ltd.)

## Smolt:

- Self sufficient with high quality smolt

## Farming:

- 2005E: 20.000 – 21.000 gwt
- 2006E: 21.000 gwt
- Additional processing and sales

## Processing:

- 2 processing plants
  - Scotland mainland
  - Shetland



# Norskott Havbruk

<b>NOKm</b>	<b>Q3 - 2005</b>	Q3 - 2004	<b>YTD - 2005</b>	YTD - 2004	31.12.2004
Revenues	184,6	169,6	543,4	486,2	706,1
EBITDA	54,6	40,4	93,5	80,0	96,3
EBIT*	48,4	34,5	74,5	61,7	73,5
Pre tax	42,6	26,7	55,2	39,4	43,6
Volumes (gwt)	5,2	6,1	15,2	15,6	24,1
<i>*Effect IFRS-adjustment</i>	18,4	19,7	0,7	22,2	18,1

## Balance sheet

	<b>30.09 2005</b>	30.09 2004	31.12.2004
Licences, Goodwill	379,3	379,3	379,3
Fixed assets	96,8	80,6	92,1
Inventories	295,5	378,2	330,7
Other current assets	86,0	99,8	84,4
<b>Total assets</b>	<b>857,6</b>	<b>937,9</b>	<b>886,5</b>
Equity	333,3	280,0	279,1
Debt	524,3	657,9	607,4
<b>Total equity and debt</b>	<b>857,6</b>	<b>937,9</b>	<b>886,5</b>
Net interest bearing debt	338,8	456,2	406,6



# Hydrotech Gruppen AS (39%)

## Smolt:

- 5,0 mill. smolt per year

## Farming:

- 17 licences (salmon/trout)
- 2005E: 12.000 gwt
- 2006E: 14.000 gwt

## Processing plant

## Well-boat shipping co.



# Hydrotech Gruppen AS

<b>NOKm</b>	<b>Q3 - 2005</b>	Q3 - 2004	<b>YTD 2005</b>	YTD - 2004	31.12.2004
Revenues	118,7	71,6	261,4	203,7	318,6
EBITDA	38,2	22,9	82,7	31,8	37,9
EBIT*	33,5	18,3	68,7	18,1	19,3
Pre tax	31,2	15,7	61,6	9,9	9,4
Volumes (gwt)	3,5	3,0	8,8	7,5	11,6
* Effect IFRS-adjustment	-0,5	6,6	2,8	6,6	0,0

<b>Balance sheet</b>	<b>30.09 2005</b>	30.09 2004	31.12.2004
Licences, Goodwill	140,2	140,2	139,9
Fixed assets	148,6	156,3	149,6
Inventories	141,6	160,6	130,5
Other current assets	46,2	21,1	29,2
<b>Total assets</b>	<b>476,6</b>	<b>478,2</b>	<b>449,2</b>
Equity	156,4	110,6	111,4
Debt	320,2	367,9	337,8
<b>Total equity and debt</b>	<b>476,6</b>	<b>478,5</b>	<b>449,2</b>
Net interest bearing debt	209,8	241,9	247,1

# Egersund Fisk AS (27%)

## Shareholder structure

- Lerøy Seafood Group ASA 27%
- SalMar AS 27%
- Egersund Fiskeriinvestering AS 9%
- Others 37%  
(less than 4% each)

## Pelagic activity

- Fish oil, fish meal
- Pelagic fish for consumption
- Ownership in vessels for wild catch

Part ownership acquired in 2001



<b>Nøkkeltall / Key figures</b>	<b>Q3 - 2005</b>	Q3 - 2004	<b>YTD 2005</b>	YTD 2004	2004
Turnover	104,3	102,7	266,1	283,0	388,2
EBIT	0,8	4,1	10,5	12,1	24,6
Pre tax profits	0,8	0,8	7,9	5,0	13,2

# Agenda



Market glance



**Fresh Atlantic Salmon Norway (4-5 kgs)**  
 – price development week 01-1997 – week 44-2005 (FHL/NSL)



Figures per 31.10.05

Source: FHL/NSL

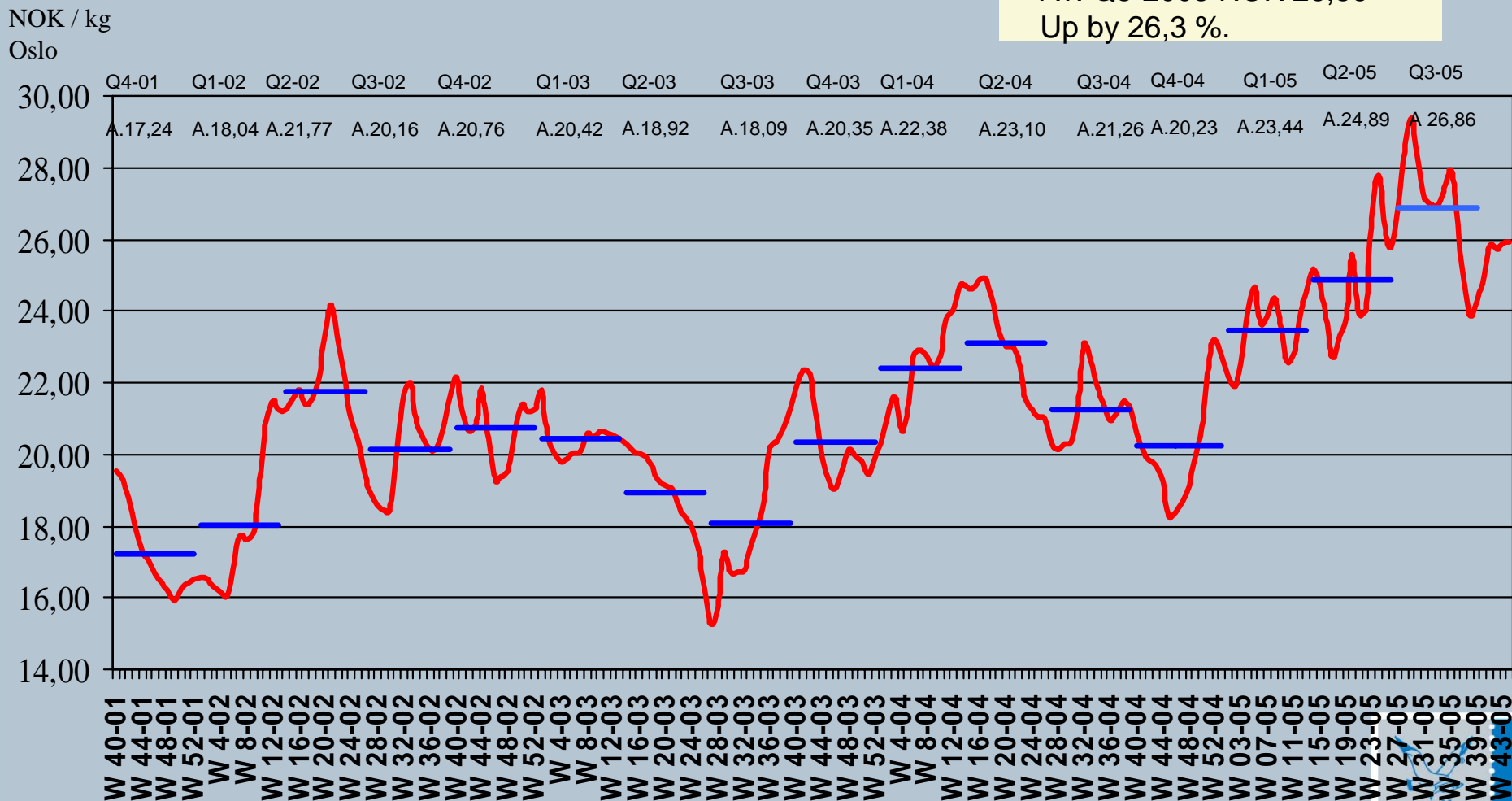




# Salmon export from Norway as of week 44-05. Fresh atlantic salmon, cross-section, FCA Oslo.

Av. Q1-Q3 2004 NOK 22,25  
Av. Q1-Q3 2005 NOK 25,06  
Up by 12,6 %.

Av. Q3-2004 NOK 21,26  
Av. Q3-2005 NOK 26,86  
Up by 26,3 %.



## Market development for Atlantic Salmon from Norway Jan - Sep 2004 vs Jan - Sep 2005

	Volume 2004	Volume 2005	Change	Value 2004	Value 2005	Change
EU	264 594	282 732	7 %	5 753 850	6 868 017	19 %
Japan	26 271	21 432	-18 %	657 228	552 287	-16 %
USA	9 277	6 203	-33 %	290 309	213 914	-26 %
Others	58 960	65 076	10 %	1 276 068	1 540 070	21 %
In total	359 102	375 443	5 %	7 977 455	9 174 288	15 %

Volume in tons round weight.  
Value in thousand NOK.

Figures per 30.09.05.  
Source: NSEC



# Atlantic salmon – supply

		Change		Change		Change		Change
	2004	03-04	2005 E	04-05E	2006 E	05E-06E	2007 E	06E-07E
<b>Norway</b>	537 000	6 %	571 400	6 %	570 100	0 %	578 000	1 %
<b>Chile</b>	346 200	23 %	383 900	11 %	406 500	6 %	431 000	6 %
<b>UK</b>	159 800	-2 %	121 800	-24 %	113 800	-7 %	129 000	13 %
<b>Canada</b>	89 000	-3 %	103 000	16 %	107 000	4 %	107 000	0 %
<b>Faroe Islands</b>	36 800	-22 %	16 100	-56 %	7 600	-53 %	11 000	45 %
<b>Ireland</b>	12 100	-34 %	12 460	3 %	15 000	20 %	18 000	20 %
<b>USA</b>	13 300	-26 %	9 600	-28 %	11 700	22 %	13 000	11 %
<b>Others</b>	24 200	24 %	24 900	3 %	25 900	4 %	26 000	0 %
<b>In total</b>	1 218 400	6,3 %	1 243 160	2 %	1 257 600	1 %	1 313 000	4 %

Figures per 03.11.05

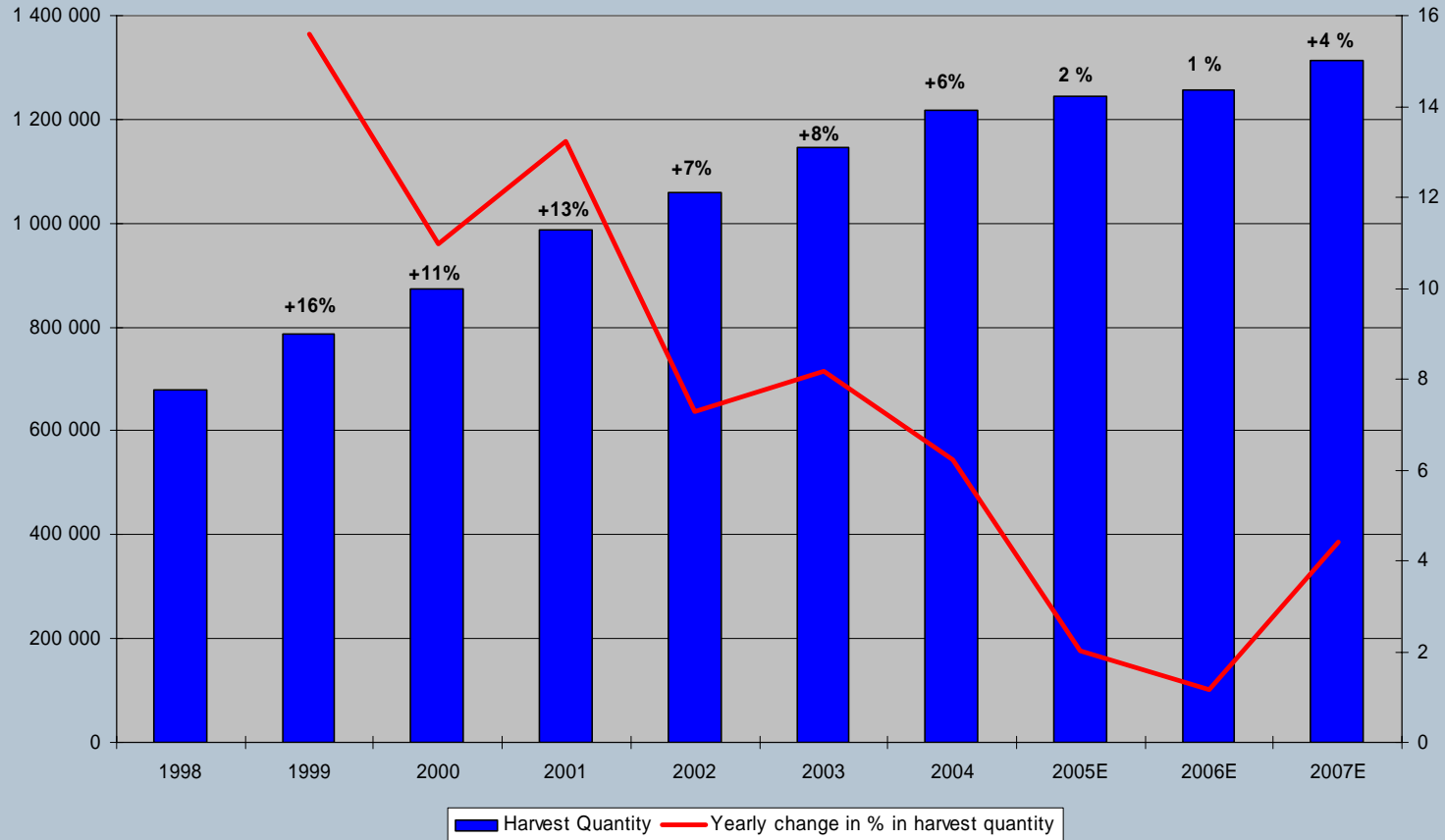
Source: Kontali / SSPO / CE / HL



# Harvest quantities Atlantic Salmon World Wide

Volumes in tons

Yearly change in %



Figures per 03.11.05

Source: Kontali / SSPO / CE / HL



## Drivers Salmon per 30.09.2005

Norway total export volume of Atlantic Salmon (375.443 mt)	+ 5 %
Norway – EU (volume Atlantic Salmon) (282.732 mt)	+ 7 %
Norway – EU (value Atlantic Salmon) (6.868.017 TNOK)	+ 19 %
Norway – Russia (volume Atlantic Salmon) (34.652 mt)	+ 40 %
Norway – Feed sales (645.100 mt)	+ 8 %
Norway – Biomass of Atlantic Salmon (377.300 mt)	+ 3 %



# Thank you

