

# Lerøy Seafood Group

## Quarterly report Second quarter 2007

August 21<sup>st</sup> 2007

Ole-Eirik Lerøy

President & CEO

Helge Singelstad

Vice president & vice CEO



SEAFOOD INNOVATION SINCE 1899

# Agenda



Considerations



Key financial figures Q2 2007



Lerøy at a glance



Market glance



# Internal considerations Q2 2007

All figures in mill NOK

	<b>Q2 - 07</b>	Q2 - 06	Change	<b>YTD Q2 07</b>	YTD Q2 06	Change
<b>Turnover</b>	<b>1 592</b>	1 342	19 %	<b>3 083</b>	2 456	26 %
<b>EBIT bef adj biom</b>	<b>91</b>	149	-39 %	<b>216</b>	270	-20 %
<b>Operating profit</b>	<b>-77</b>	262	-129 %	<b>11</b>	473	-98 %
<b>Affiliated comp.</b>	<b>14</b>	57	-75 %	<b>31</b>	76	-59 %
<b>PTP bef adj biom</b>	<b>90</b>	173	-48 %	<b>219</b>	301	-27 %
<b>Pre-tax profit</b>	<b>-83</b>	312	-127 %	<b>5</b>	536	-99 %





# Internal considerations Q2 2007

## Financially Solid

- Well positioned for future organic and strategic growth
- Ex dividend 22 May 2007
- Dividend NOK 4.0 per share paid 1 June 2007

## Production

- Biological issues in Lerøy Austevoll AS
  - Reduced volumes
  - Higher costs
- Major volumes sold in June
  - Low prices
- Low volumes from Lerøy Hydrotech AS
  - Full utilization from August
- Remaining operation is satisfactory







## Internal considerations Q2 2007

### Sales and distribution

- Satisfactory operation
- Higher volumes
- More stability

### Affiliated companies

- Satisfactory operation
  - Increased margins
  - Good market conditions



## External considerations Q2 2007

### Strong salmon market

- Prices down 8,99% from Q107, difficult conditions in July
- Big spreads between different sizes
  - Good growth, large fish
  - Biological issues, small fish
    - Price pressure
  - Situation normalized
- Prices in Q207 37,06% lower than Q206
- Prices YTD 25,8% lower than comparable figures in 2006

### Political issues / trade barriers

- Positive signals from EU ?
- 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
  - WTO

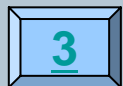
# Agenda



Considerations



Key financial figures Q2 2007



Lerøy at a glance



Market glance



# Resultatregnskap / Income Statement Q2 2007

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

	<u>Q2 2007</u>	Q2 2006	<u>YTD 2007</u>	YTD 2006	<u>2006</u>
<b>Salgsinntekter / Operating revenues</b>	<b>1 591 555</b>	1 342 152	<b>3 082 633</b>	2 455 971	5 616 592
Vareforbruk / Cost of goods sold	<b>1 217 801</b>	1 018 055	<b>2 334 865</b>	1 860 724	4 105 186
Lønnskostnader / Salaries and wages	<b>124 247</b>	77 944	<b>249 513</b>	158 983	399 999
Andre driftskostnader / Other operating costs	<b>119 480</b>	77 591	<b>212 355</b>	132 161	342 943
Ordinære avskrivninger / Ordinary depreciation	<b>38 615</b>	19 444	<b>69 500</b>	34 101	84 707
<b>EBIT før verdijustering biomasse / EBIT before fair value adjustment biomass</b>	<b>91 412</b>	149 118	<b>216 400</b>	270 002	683 757
Verdijustering biomasse / Fair value adjustment biomass	<b>-168 578</b>	113 009	<b>-205 091</b>	203 126	85 938
<b>Driftsresultat / operating profit</b>	<b>-77 166</b>	262 127	<b>11 309</b>	473 128	769 695
Inntekt fra tilknyttede selskaper / Income from affiliated companies	<b>14 333</b>	57 078	<b>31 076</b>	75 702	128 982
Netto finansposter / Net financial items	<b>-20 122</b>	-6 885	<b>-37 417</b>	-12 598	-40 294
<b>Resultat før skattekostnad / Profit before tax</b>	<b>-82 955</b>	312 320	<b>4 968</b>	536 232	858 383
<b>Resultat før skattekostnad og før just biomasse/Profit before tax bef adj biom</b>	<b>89 839</b>	172 529	<b>219 112</b>	300 803	757 917
Beregnete skatter / Estimated taxation	<b>27 175</b>	-72 024	<b>6 235</b>	-129 641	-205 938
<b>Periodens resultat / Profit for the period</b>	<b>-55 780</b>	240 296	<b>11 203</b>	406 591	652 445





# Balanse / Balance Sheet Q2 2007

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

	<u>30.06.07</u>	<u>30.06.06</u>	<u>31.12.06</u>
Immaterielle eiendeler / Intangible assets	2 810 484	653 444	1 922 348
Varige driftsmidler / Tangible fixed assets	1 034 784	442 504	695 062
Finansielle anleggsmidler / Financial fixed assets	370 777	415 711	314 933
<b>Sum anleggsmidler / Total fixed assets</b>	<b>4 216 045</b>	1 511 659	2 932 343
Varer / Inventories	1 397 649	922 684	1 241 645
Fordringer / Receivables	921 356	741 687	922 215
Betalingsmidler / Cash and equivalents	597 913	481 297	509 872
<b>Sum omløpsmidler / Total current assets</b>	<b>2 916 918</b>	2 145 668	2 673 732
<b>Sum eiendeler / Total assets</b>	<b>7 132 963</b>	3 657 327	5 606 075



# Balanse / Balance Sheet Q2 2007

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

	<u>30.06.07</u>	<u>30.06.06</u>	<u>31.12.06</u>
Innskutt egenkapital / Equity contributions	2 654 896	1 269 412	1 282 539
Opptjent egenkapital / Earned equity	836 797	771 327	1 038 008
Minoritetsinteresser / Minority interests	18 919	10 031	20 172
<b>Sum egenkapital / Total equity</b>	<b>3 510 612</b>	<b>2 050 770</b>	<b>2 340 719</b>
Avsetning for forpliktelser / Accrued liabilities	11 308	4 401	8 869
Langsiktig gjeld / Long-term liabilities	2 324 418	779 654	2 029 169
Kortsiktige kreditter / Short-term loans	459 308	94 938	382 003
Annen kortsiktig gjeld / Other short-term liabilities	827 317	727 564	845 315
<b>Sum gjeld / Total liabilities</b>	<b>3 622 351</b>	<b>1 606 557</b>	<b>3 265 356</b>
<b>Sum egenkapital og gjeld / Total equity and liabilities</b>	<b>7 132 963</b>	<b>3 657 327</b>	<b>5 606 075</b>



# Key figures - Lerøy Seafood Group Q2 2007

## Nøkkeltall / Key figures

	<b>Q2 2007</b>	Q2 2006	<b>YTD 2007</b>	YTD 2006	2006
Resultatmargin / Profit margin <sup>1)</sup>	<b>-5,21 %</b>	23,27 %	<b>0,16 %</b>	21,83 %	15,28 %
Driftsmargin før just.biomasse./ Operating margin before adj.biomass.	<b>5,74 %</b>	11,11 %	<b>7,02 %</b>	10,99 %	12,17 %
Driftsmargin / Operating margin <sup>2)</sup>	<b>-4,85 %</b>	19,53 %	<b>0,37 %</b>	19,26 %	13,70 %
Resultat per aksje før just.biomasse/ Earnings per share before adj.biomass	<b>1,32</b>	3,20	<b>3,52</b>	5,54	14,00
Resultat per aksje / Earnings per share <sup>3)</sup>	<b>-1,02</b>	5,83	<b>0,27</b>	9,89	15,86
Utvannet resultat per aksje / Diluted earnings per share	<b>-1,01</b>	5,75	<b>0,26</b>	9,79	15,70
ROCE før just.biomasse (annualisert) / ROCE before adj.biomass (annualised)	<b>8,96 %</b>	42,01 %	<b>11,95 %</b>	35,82 %	31,06 %
ROCE (annualisert) / ROCE (annualised) <sup>4)</sup>	<b>-4,99 %</b>	66,11 %	<b>1,91 %</b>	56,65 %	32,94 %
Egenkapitalandel / Equity ratio	<b>49,22 %</b>	56,07 %	<b>49,22 %</b>	56,07 %	41,75 %
Netto rentebærende gjeld / Net interest bearing debt	<b>1 592 312</b>	124 290	<b>1 592 312</b>	124 290	1 450 128
Kontantstrøm per aksje / Cash-flow per share <sup>5)</sup>	<b>-2,82</b>	3,67	<b>0,61</b>	9,12	13,31
Utvannet kontantstrøm per aksje / Diluted cash-flow per share	<b>-2,81</b>	3,62	<b>0,61</b>	9,02	13,18

<sup>1)</sup> Resultatmargin = Resultat før skatt/salgsinntekter

Profit maring = Profit before tax/revenues

<sup>2)</sup> Driftsmargin = Driftsresultat/salgsinntekter

Operating margin = Operating profit/revenues

<sup>3)</sup> Resultat per aksje = Majoritetens andel resultat/Gjennomsnittlig antall aksjer

Earnings per share = Majority interests/Average number of shares

<sup>4)</sup> ROCE = [Resultat før skatt+netto finansposter]/[netto rentebærende gjeld+sum egenkapital]

ROCE = [Profit before tax+net financial items]/[net interest bearing debt+total equity]

<sup>5)</sup> Kontantstrøm fra drift

Cash-flow from operations



# Affiliated companies, LSG-share profit after tax

All figures in mill NOK

	Q2 2007	Q2 2006	YTD 2007	Korr.varer / adj.inventory	YTD 2006	Korr.varer / adj.inventory
Norskott Havbruk AS (50%)	10 275	36 084	26 643	-9 053	40 933	20 422
Egersund Fisk AS (38,3%)	3 791	-1 381	4 053		486	
Lerøy Hydrotech AS (100%)		22 405			33 702	11 882
Andre / Others	267	-30	380		581	
<b>Sum / Total</b>	<b>14 333</b>	<b>57 078</b>	<b>31 076</b>	<b>-9 053</b>	<b>75 702</b>	<b>32 304</b>

Lerøy Hydrotech AS affiliated until 31.08.06

Egersund Fisk AS, increased shareholding in Q1-07 from 26,8% til 38,3%



# Agenda



Considerations



Key financial figures Q2 2007



Lerøy at a glance

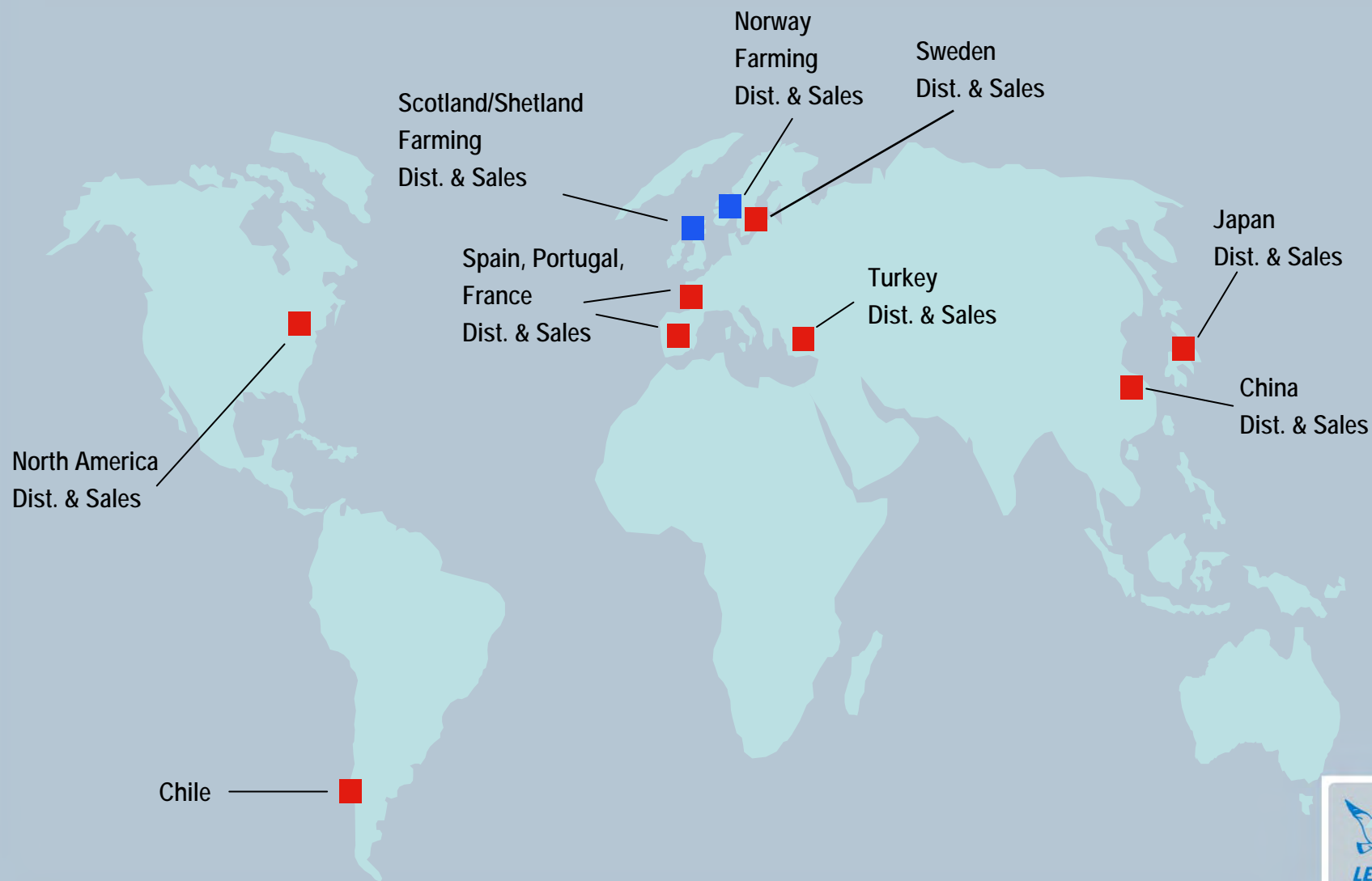


Market glance

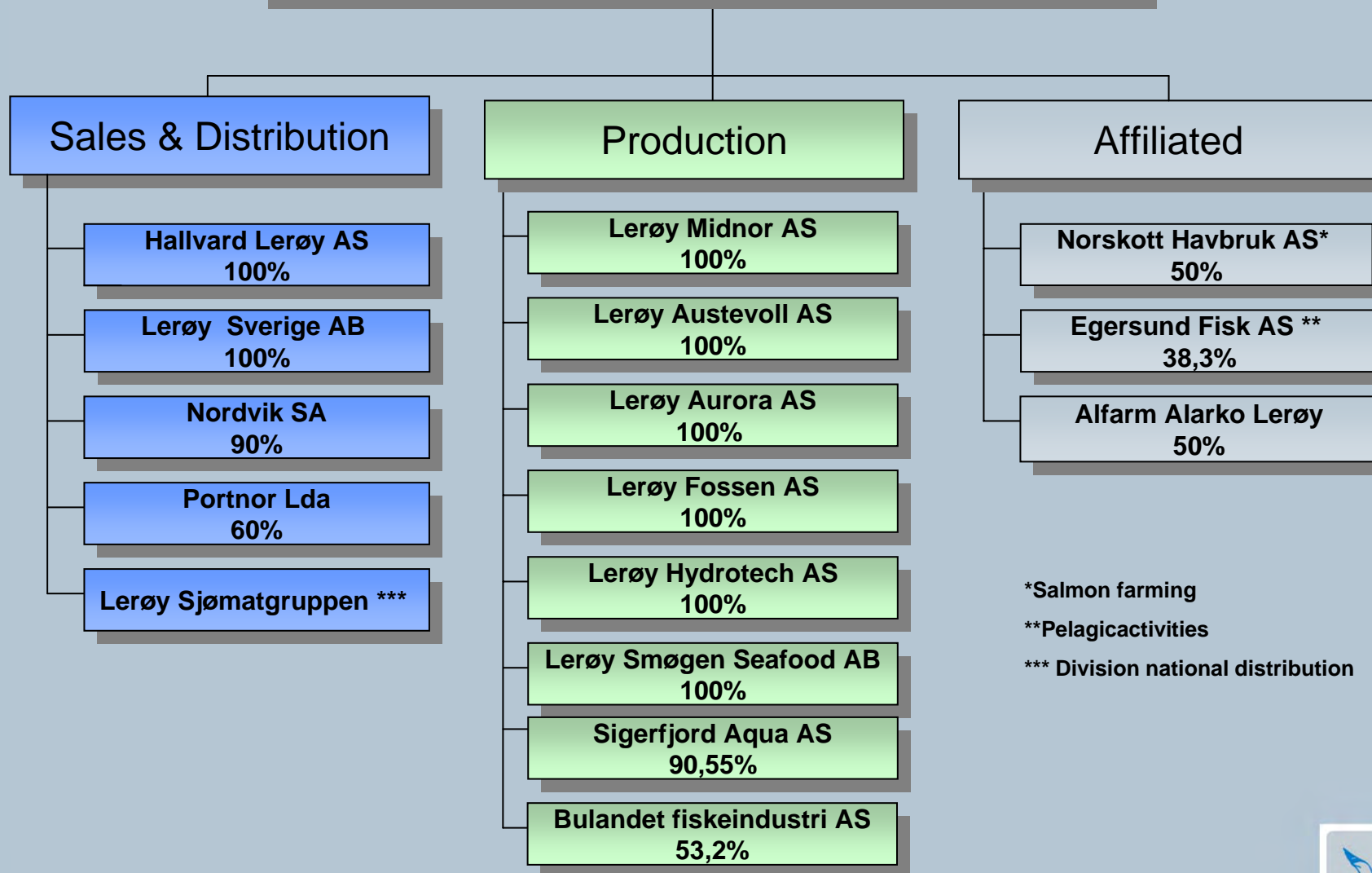




# Lerøy Seafood Group - Global organization



# Lerøy Seafood Group ASA



# Lerøy Seafood Group

Employees, June 2007

Sales and distribution	464
Production and farming	855
<b>Total Group</b>	<b>1319</b>
Affiliates	360
<b>Total included affiliates</b>	<b>1679</b>





# Lerøy Seafood Group

## Norway's largest seafood exporter in 2006

- 11,7 % share of Norwegian Seafood tot exports value
- 17,8 % of Norwegian salmon export (15,4%, 14,6%)
- 36,0 % of Norwegian value added salmon export

## Fish farming operations

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





# Lerøy Seafood Group

## Global distribution network

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







# 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

## Markets strategy:

- Quality
- Branding
- Diversity in product range
- Diversity in customer base
- Market-oriented solutions
- Geographical spread
- Continuity in deliveries
- Cost efficiency



PELAGIC

WHITEFISH

FARMED FISH

# HALLVARD LERØY AS

DISTRIBUTION  
FRANCE

DIRECT EXPORT

DISTRIBUTION  
NORWAY

DISTRIBUTION  
UK

LERØY  
FRANCE

LERØY  
PORTUGAL

DISTRIBUTION  
SWEDEN

DISTRIBUTION  
PORTUGAL

LERØY  
CHINA

LERØY  
JAPAN

PROCESSING  
SWEDEN

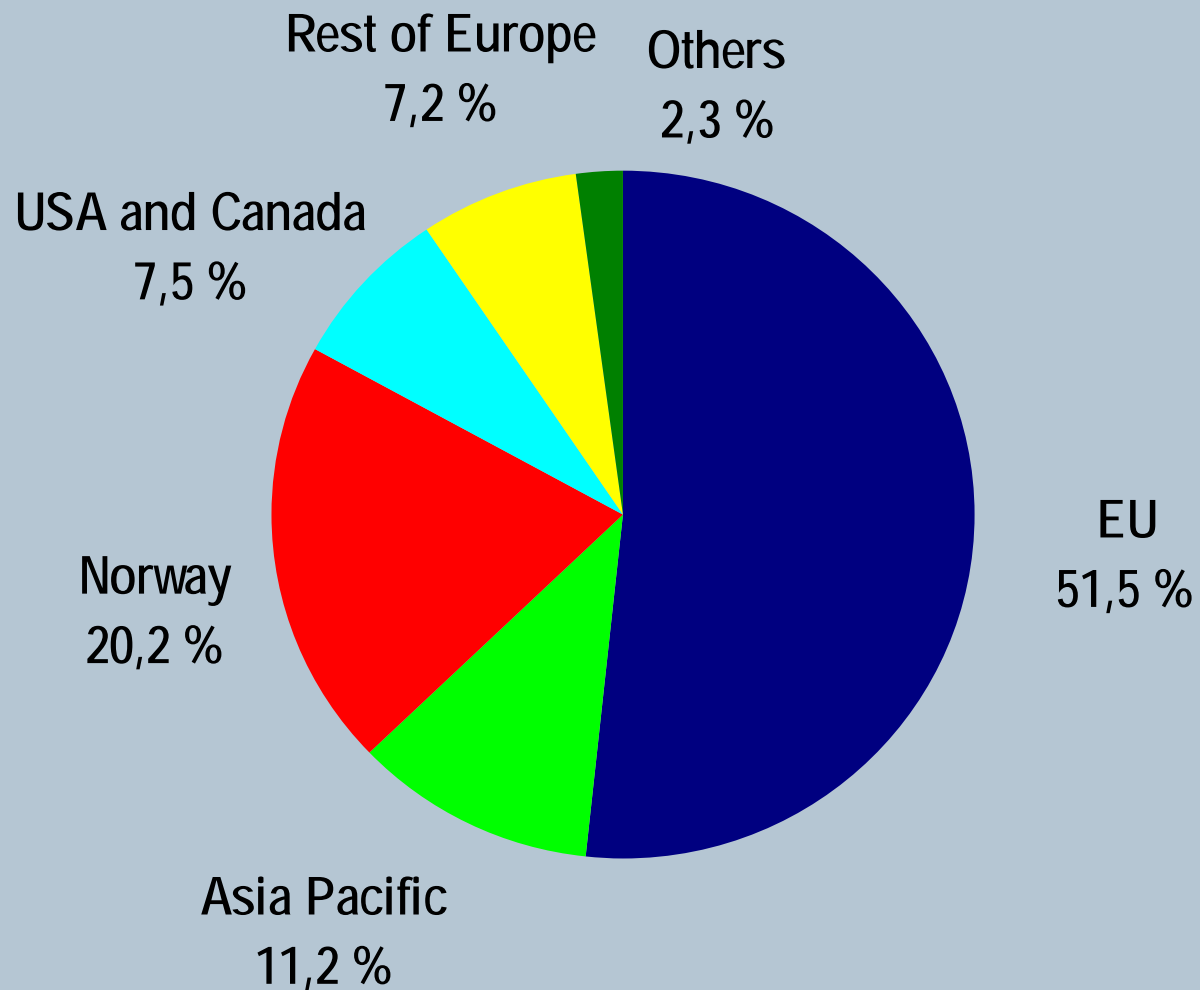
DISTRIBUTION  
TURKEY

LERØY  
USA

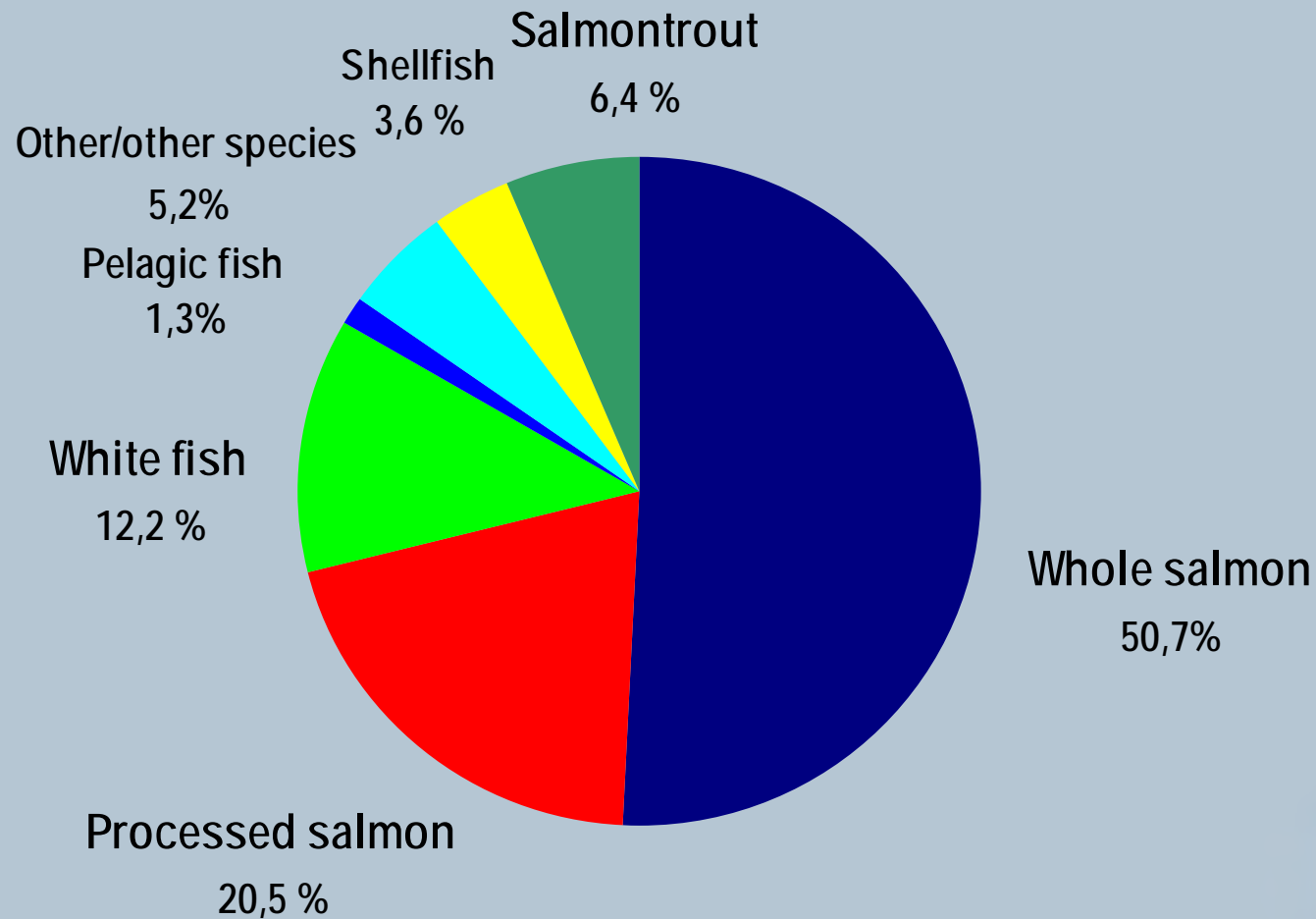
FARMING / PROCESSING  
NORWAY



# Lerøy Seafood Group - Sales per market Q2-07



# Lerøy Seafood Group - Sales per product Q2-07





# Lerøy Sweden

Lerøy Allt i Fisk

Lerøy Fiskgrossisterna

Lerøy Smøgen Seafood

Lerøy Nordhav



**Kallrökt norsk lax**



Hel sida, skivad



Hel sida / bit med skinn

Skivad	100 g
	200 g
	400 g
	500 g
	1000 g



**RÅKOP**  
SMÖGEN

**KRÄFTSTÄRTAR**  
SMÖGEN

**ISHAVSMIX**  
SMÖGEN

**MUSSLÖK**  
SMÖGEN



# New factory opened in first quarter 2007



Site 26.000 kvm, Base 6.500 kvm



# Farming Norway

Lerøy Aurora AS

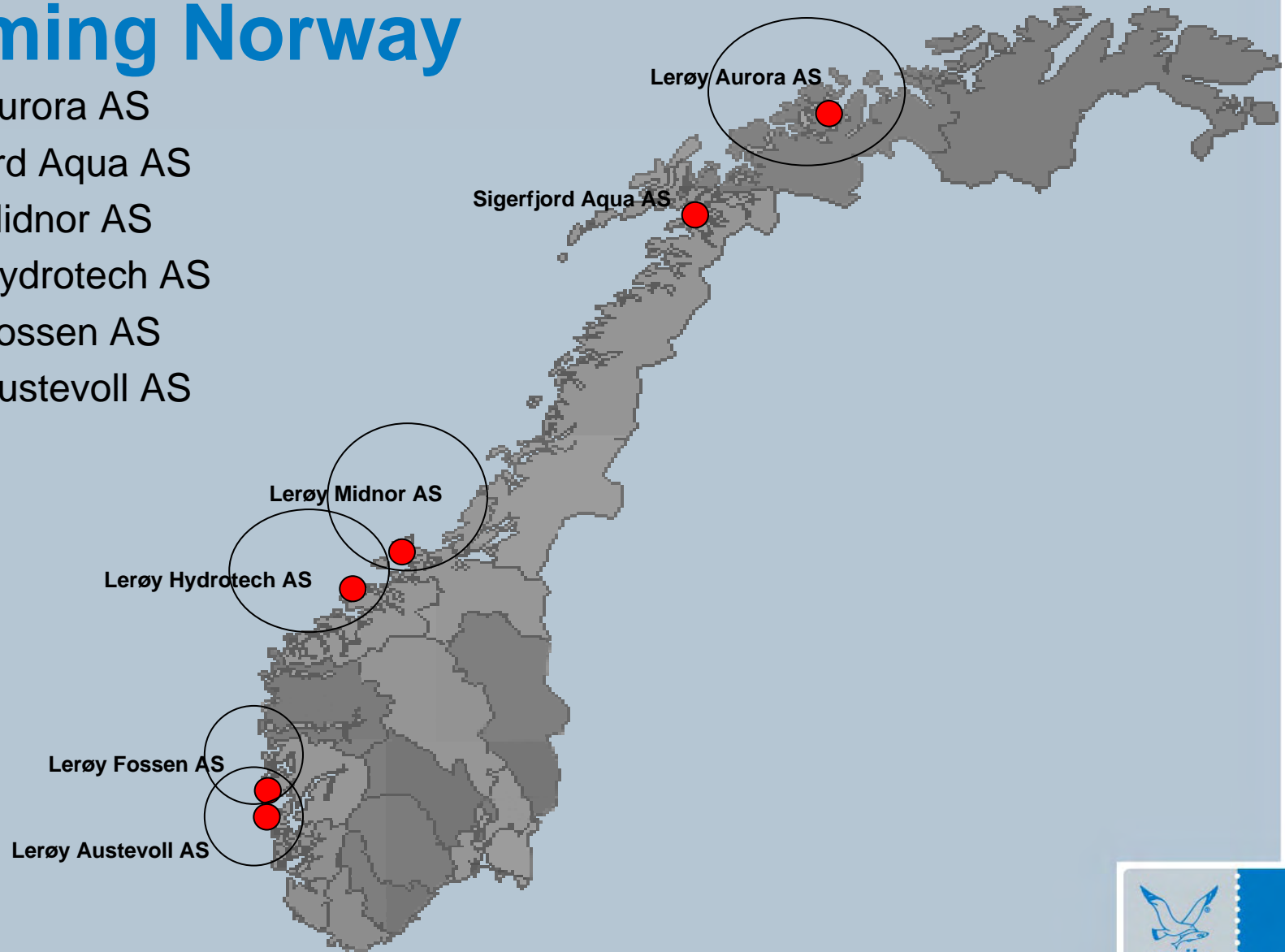
Sigerfjord Aqua AS

Lerøy Midnor AS

Lerøy Hydrotech AS

Lerøy Fossen AS


Lerøy Austevoll AS





# Lerøy Seafood Group – salmon/trout farming

Company	Ownership share	Licences No individuals	Mill. smolt	2006 GWT	2007E GWT	2008E GWT
Lerøy Midnor AS	100 %	28,0	7,0	27 200	30 000	32 000
Lerøy Aurora AS	100 %	16,0	5,0	13 700	18 000	18 000
Lerøy Fossen AS	100 %	7,0	4,2	4 900	8 000	9 000
Lerøy Hydrotech AS	100 %	22,5	7,0	17 600	22 000	23 000
Lerøy Austevoll AS*)	100 %	27,0	10,0	11 000	13 000	17 000
Total Norway		100,5	33,2	74 400	91 000	99 000
Norskott Havbruk AS (UK)**)	50 %		6,0	20 100	12 500	14 000
Total			39,2	94 500	103 500	113 000

 Consolidated, farming

 Affiliated, farming


\*) Acquisition March 2007, consolidated from 010407

\*\*\*) LSG's share



# Lerøy Seafood Group – salmon/trout farming

Company	Ownership share	Volume 2007E	Volume H1-07	Share%	Rest 2007	Share%
Lerøy Midnor AS	100 %	30,0	13,1	44 %	16,9	56 %
Lerøy Aurora AS	100 %	18,0	7,4	41 %	10,6	59 %
Lerøy Fossen AS	100 %	8,0	2,9	36 %	5,1	64 %
Lerøy Hydrotech AS	100 %	22,0	4,7	21 %	17,3	79 %
Lerøy Austevoll AS*)	100 %	13,0	6,0	46 %	7,0	54 %
Total Norway		91,0	34,1	37 %	56,9	63 %
Norskott Havbruk AS (UK) **)	50 %	12,5	6,3	50 %	6,2	50 %
Total		103,5	40,4	39 %	63,1	61 %

 Consolidated, farming

 Affiliated, farming

\*) Acquisition March 2007, consolidated from 010407

\*\*) LSG's share



# Key Figures Production Q2 2007

<i>Figures MNOK</i>	Lerøy Midnor	Lerøy Hydrotech*)	Lerøy Aurora	Lerøy Fossen	Lerøy Austevoll**)	Others	Total
Revenues	160,5	100,0	86,7	66,7	146,3	81,0	641,1
EBIT before biom.adj.	43,7	10,8	16,1	11,5	-20,0	8,3	70,5
EBIT	-36,3	-28,8	-22,9	6,3	-24,7	8,3	-98,1
Volumes (gwt)	6,1	3,7	3,5	1,9	5,1	0,0	20,3

\*) Low volumes

\*\*) Biological issues





# Key Figures Production YTD Q2 2007

<i>Figures MNOK</i>	Lerøy Midnor	Lerøy Hydrotech*)	Lerøy Aurora	Lerøy Fossen	Lerøy Austevoll**)	Others	Total
Revenues	360,8	141,0	193,0	110,2	146,3	144,9	1096,2
EBIT before biom.adj.	119,2	6,4	48,2	21,3	-20,0	10,1	185,2
EBIT	15,3	-14,6	-19,0	13,0	-24,7	10,1	-19,9
Volumes (gwt)	13,1	4,7	7,4	2,9	6,0	0,0	34,1

\*) Processing station completely renovated in Q1, extra costs, low volumes

\*\*\*) Included from 1.4.2007, volumes from 1.1.2007, biological issues



# Norskott Havbruk

<b>NOKm</b>	<b>Q2 - 2007</b>	Q2 - 2006	<b>YTD 2007</b>	YTD 2006	2006
Revenues	218	177	465	367	791
EBITDA	54	45	127	79	238
EBIT bef adj biom	45	38	110	67	212
EBIT	33	108	84	125	237
Pre tax	30	104	76	116	220
Volumes (gwtt)	5,7	3,6	12,5	7,8	20,1
<b>Balance sheet</b>			<b>30.06.2007</b>	30.06.2006	31.12.2006
Licences, Goodwill			399	388	379
Tangible fixed assets			184	114	140
Inventories			450	441	500
Other current assets			98	93	107
<b>Total assets</b>			<b>1 131</b>	1 035	1 126
Equity			568	438	523
Debt			563	597	603
<b>Total equity and debt</b>			<b>1 131</b>	1 035	1 126
Net interest bearing debt			271	280	286



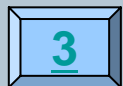
# Agenda



Considerations



Key financial figures Q2 2007



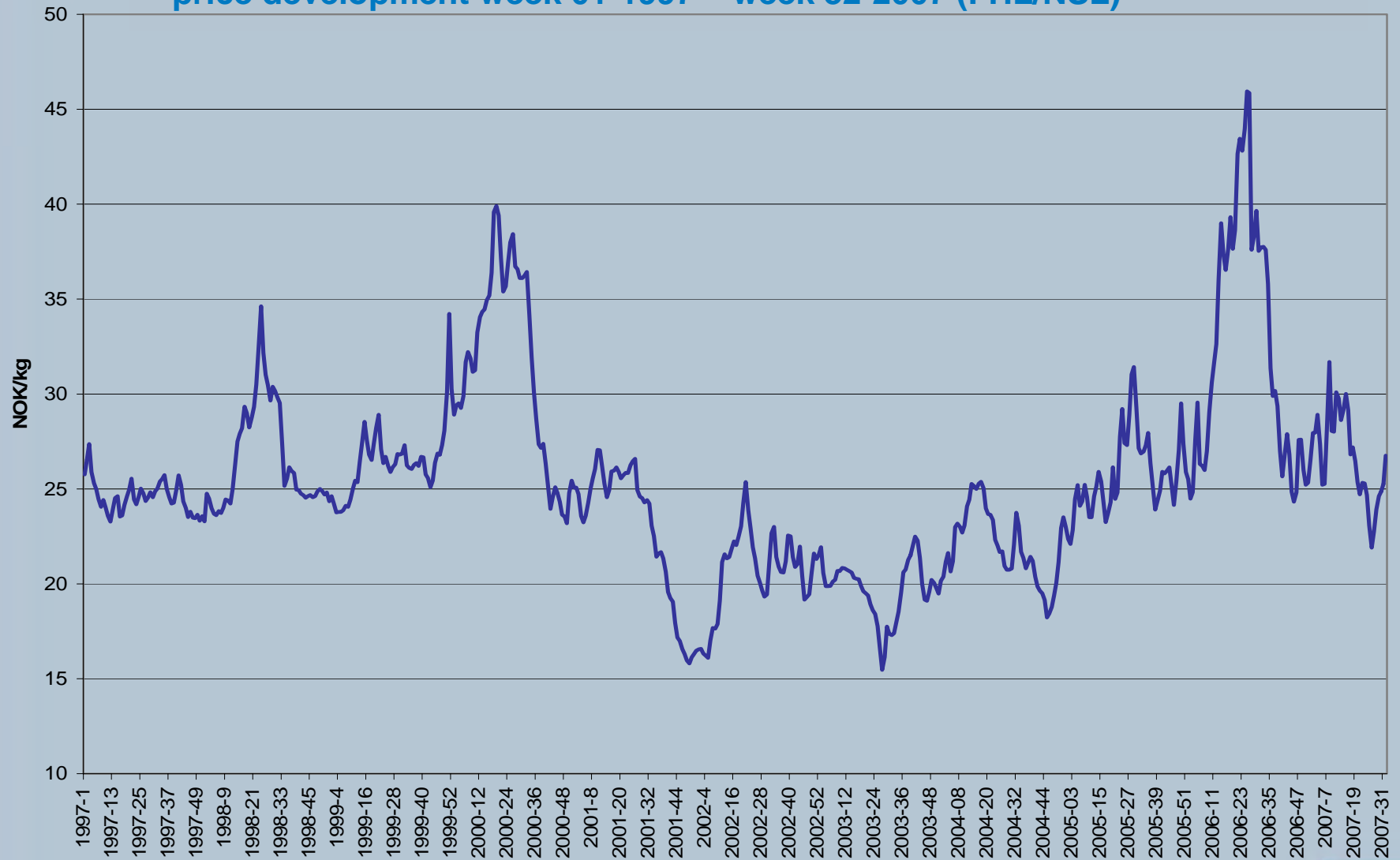
Lerøy at a glance



Market glance



## Fresh Atlantic Salmon Norway (4-5 kgs) – price development week 01-1997 – week 32-2007 (FHL/NSL)



Figures per 07.08.07

Source: FHL/NSL



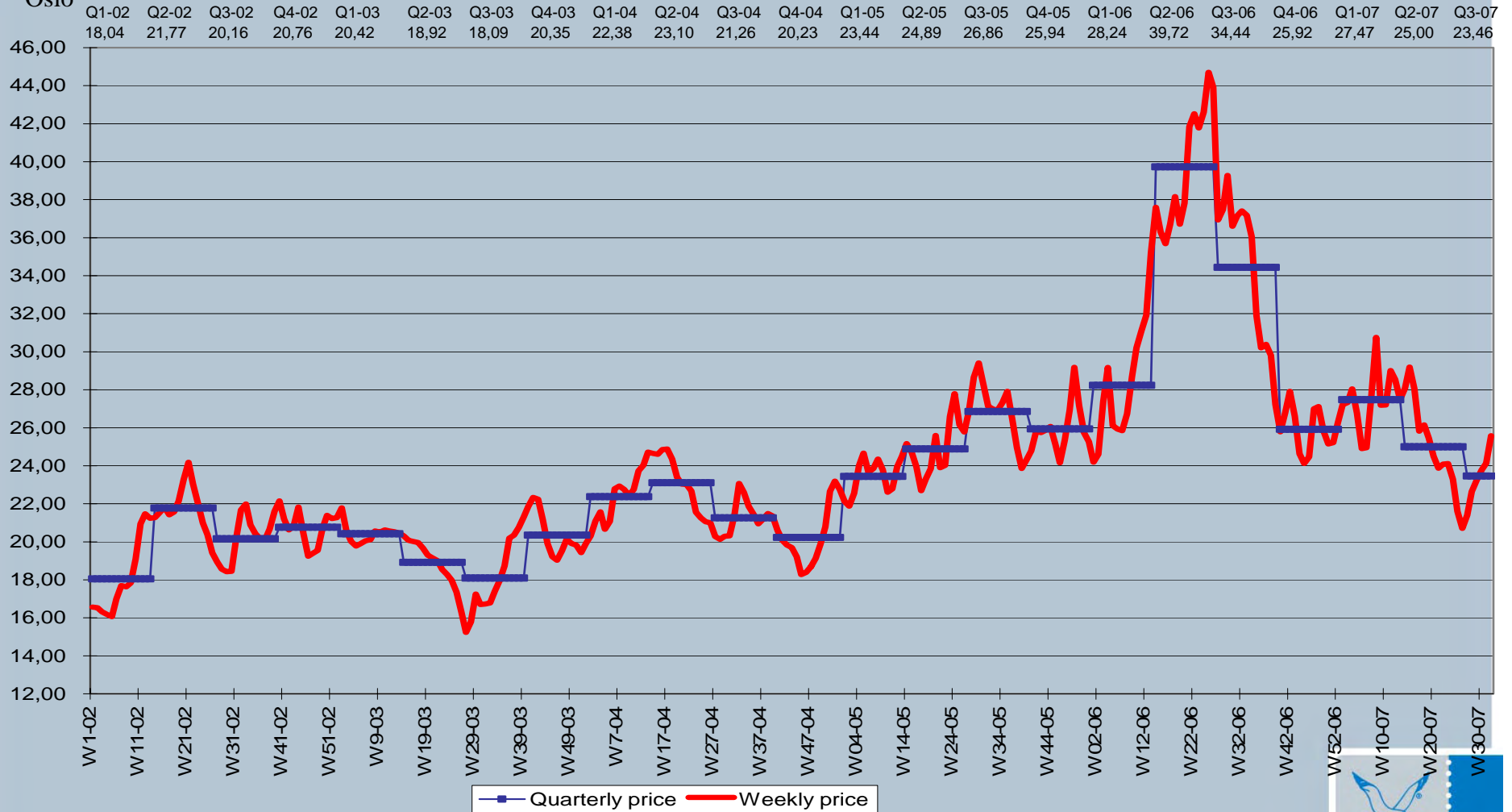
# Oslo Salmon export from Norway as of week 32-2007

## Fresh atlantic salmon, cross-section, FCA.

**Avrg. wk 1-32 '06 NOK 34.64**  
**Avrg. wk 1-32 '07 NOK 25.71**  
**Down by 25.8 %.**  
**Avrg. 2005 NOK 25.28.**  
**Avrg. Q2 06 NOK 39.72, avrg. Q2 07 NOK 25.00.**

NOK / kg

Oslo



Figures per 07.08.07

Source: FHL/NSL



## Market development for Atlantic Salmon from Norway Jan-July 2006 vs Jan-July 2007

	Volume 2006	Volume 2007	Change	Value 2006	Value 2007	Change
EU	228 641	276 555	21 %	7 052 782	7 119 026	1 %
Others	29 356	51 599	76 %	925 164	1 269 853	37 %
Japan	14 892	17 268	16 %	479 608	487 985	2 %
Russia	16 874	28 933	71 %	510 041	674 859	32 %
USA	6 532	8 313	27 %	249 204	290 430	17 %
In total	296 295	382 668	29 %	9 216 799	9 842 153	7 %

(volume in tons round weight, value in thousand NOK)

### Russia

For the period January – July 2007 Russia is compared with January – July 2005 up by 12.5% in volume.

”Others” is specified on the following slide





## Market development for Atlantic Salmon from Norway Jan-July 2006 vs Jan-July 2007

### Others:

"Others"	Volume 2006	Volume 2007	Change	Value 2006	Value 2007	Change
Hong Kong	5 796	6 918	19 %	176 714	162 956	-8 %
Ukraina	3 652	6 709	84 %	117 089	106 295	-9 %
Sør Korea	2 374	4 530	91 %	70 028	119 241	70 %
Kina	2 778	5 347	92 %	82 228	119 468	45 %
Israel	1 700	3 559	109 %	49 750	93 888	89 %
Sveits	2 190	2 016	-8 %	81 594	65 369	-20 %
Thailand	1 533	4 339	183 %	45 062	112 055	149 %
Singapore	1 534	2 033	33 %	48 704	55 072	13 %
Taiwan	952	4 007	321 %	25 185	93 826	273 %
Tyrkia	1 298	1 694	31 %	36 676	43 295	18 %
Vietnam	529	2 205	317 %	14 089	36 650	160 %
Sør Afrika	589	716	22 %	17 543	20 935	19 %
Australia	530	1 024	93 %	22 178	44 114	99 %
Other countries	3 901	6 502	67 %	138 324	196 689	42 %
<b>Sum "Others"</b>	<b>29 356</b>	<b>51 599</b>	<b>76 %</b>	<b>925 164</b>	<b>1 269 853</b>	<b>37 %</b>

(volume in tons round weight, value in thousand NOK)

Figures per 07.08.07.  
Source: NSEC



# Atlantic salmon – supply

In tons WFE

	2002	2003	Change 02-03	2004	Change 03-04	2005	Change 04-05	2006	Change 05E-06	2007 E	Change 06-07E
Norway	443 900	508 400	14,5 %	537 000	6 %	572 200	7 %	597 400	4 %	706 300	18,2 %
United Kingdom	140 100	162 300	15,8 %	149 800	-8 %	119 700	-20 %	127 500	7 %	138 400	8,5 %
Faroe Islands	42 100	47 100	11,9 %	36 800	-22 %	17 200	-53 %	11 900	-31 %	17 600	47,9 %
Ireland	22 300	18 400	-17,5 %	12 400	-33 %	12 400	0 %	14 500	17 %	16 000	10,3 %
Iceland	1 500	3 700	146,7 %	6 600	78 %	6 500	-2 %	4 000	-38 %	2 000	-50,0 %
<b>Total Europe</b>	<b>649 900</b>	<b>739 900</b>	<b>13,8 %</b>	<b>742 600</b>	<b>0 %</b>	<b>728 000</b>	<b>-2 %</b>	<b>755 300</b>	<b>4 %</b>	<b>880 300</b>	<b>16,5 %</b>
Chile	268 300	280 800	4,7 %	346 200	23 %	385 200	11 %	368 700	-4 %	398 500	8,1 %
Canada	112 000	92 000	-17,9 %	89 000	-3 %	107 500	21 %	115 000	7 %	116 000	0,9 %
Australia	13 000	14 000		15 200	9 %	16 000	5 %	17 000	6 %	17 500	2,9 %
USA	13 200	18 000	36,4 %	13 300	-26 %	9 600	-28 %	10 000	4 %	11 800	18,0 %
Others	2 000	1 800	-10,0 %	2 400	33 %	2 400	0 %	2 400	0 %	2 400	0,0 %
<b>Total America</b>	<b>408 500</b>	<b>406 600</b>	<b>-0,5 %</b>	<b>466 100</b>	<b>14,6 %</b>	<b>520 700</b>	<b>12 %</b>	<b>513 100</b>	<b>-1 %</b>	<b>546 200</b>	<b>6,5 %</b>
<b>Total World-wide</b>	<b>1 058 400</b>	<b>1 146 500</b>	<b>8,3 %</b>	<b>1 208 700</b>	<b>5,4 %</b>	<b>1 248 700</b>	<b>3 %</b>	<b>1 268 400</b>	<b>1,6 %</b>	<b>1 426 500</b>	<b>12,5 %</b>

Figures per 07.08.07  
Source: Kontali / SSPO / CE / HL



# Drivers Salmon per 31.07.2007

Norway total export volume of Atlantic Salmon (382 668 MT WFE)	+ 29 %
Norway – EU (volume Atlantic Salmon) (276 555 MT WFE)	+ 21 %
Norway – EU (value Atlantic Salmon) (7 119 MNOK)	+ 1 %
Norway – Russia (volume Atlantic Salmon) (28 933 MT WFE)	+ 71 %
Sales of fish-feed in Norway 1H 07 (415 200MT)	+ 30%
Sales of fish-feed in Norway May – June 07 (171 000MT)	+ 13%

Figures per 07.08.07  
Sources: NSEC / Kontali / FHL



Thank you!

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