



Lerøy Seafood Group ASA

Q2 2014

August 21th

Bergen

CEO Henning Beltestad
CFO Sjur Malm



Agenda

- 1 Highlights
- 2 Key financial figures
- 3 Outlook

Q2 2014: Best second quarter ever

- EBIT before FV adj. NOK 500 million
- EBIT/kg all inclusive NOK 12.2
- Harvest volume 40 944 GWT
- Contract share of 38%
- NIBD NOK 2,050 million at end Q2 2014
- Harvest guidance 2014 1 63 000 GWT



Q2: Farming highlights

- Pressure on spot prices
 - Average NOS price down NOK 7 compared to Q1/14
 - NOS Q2/14 NOK 39.5 vs NOK 41.5 in Q2/13 (-5%)
- Spot prices higher than contract prices
- Increase in costs
 - Cost increase both q-o-q and y-o-y
- Biomass at sea
 - End Q2/14 at 88,048 tons vs 83,385 tons end Q2/13 (+6%)
- Biology
 - High temperatures a challenge, but biology under control





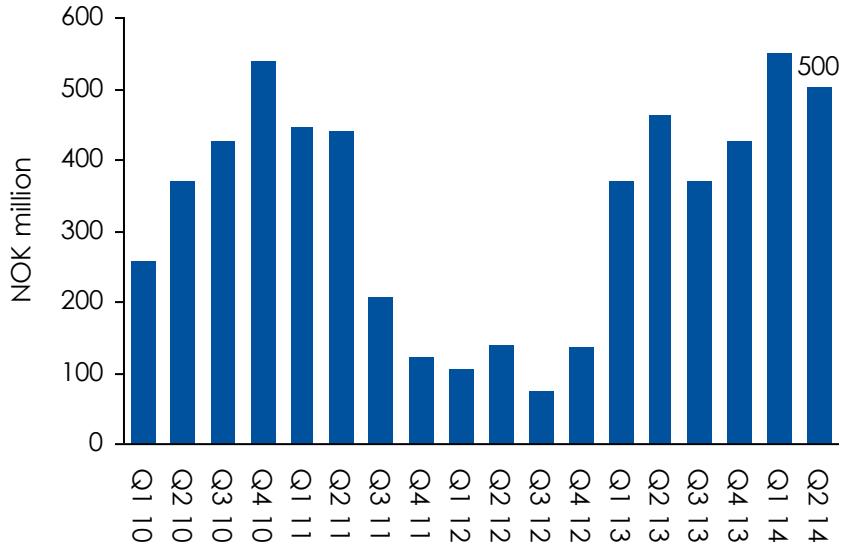
Q2: VAP and S&D highlights

- Value added processing (VAP)
 - Strong order flow
 - New capacity gradually filled
 - EBIT NOK 21m (5.3%) in Q2/14 vs. NOK 17m (5.9%) in Q2/13

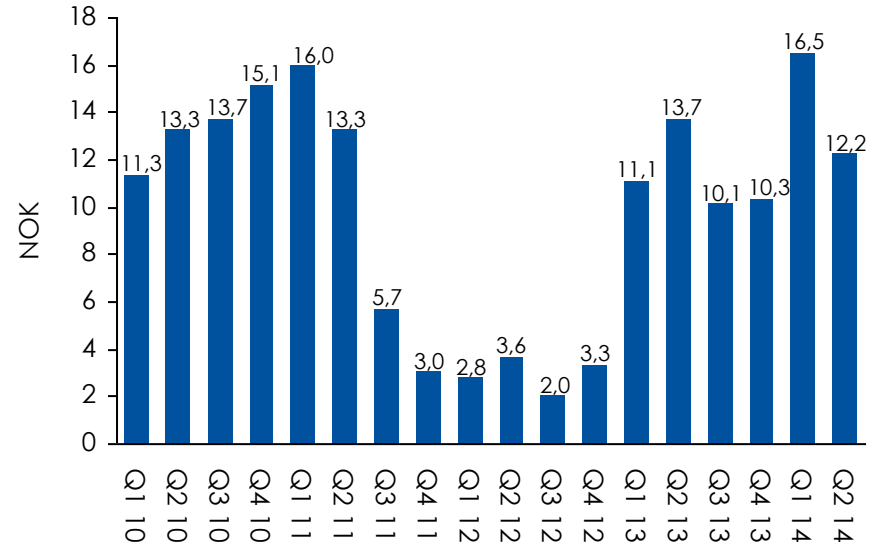
- Sales & Distribution
 - Positive development
 - Start-up costs related to several fish-cut operations
 - EBIT NOK 64m (2.1%) in Q2/14 vs. NOK 54m (2.3%) in Q2/13

Best second quarter ever

EBIT*



EBIT/kg*, all inclusive



*before biomass adjustment

Lerøy Seafood Group ASA

Farming

VAP

Sales &
Distribution

Farming segments Norway

- Lerøy Aurora (salmon)
 - Villa Organic (VO) split between two main shareholders July 2014
 - 25 licenses (8 added from VO)

- Lerøy Midt (salmon)
 - 54 licenses

- Lerøy Sjøtroll (salmon and trout)
 - 60 licenses

- In total 139 licenses in Norway



VAP segment

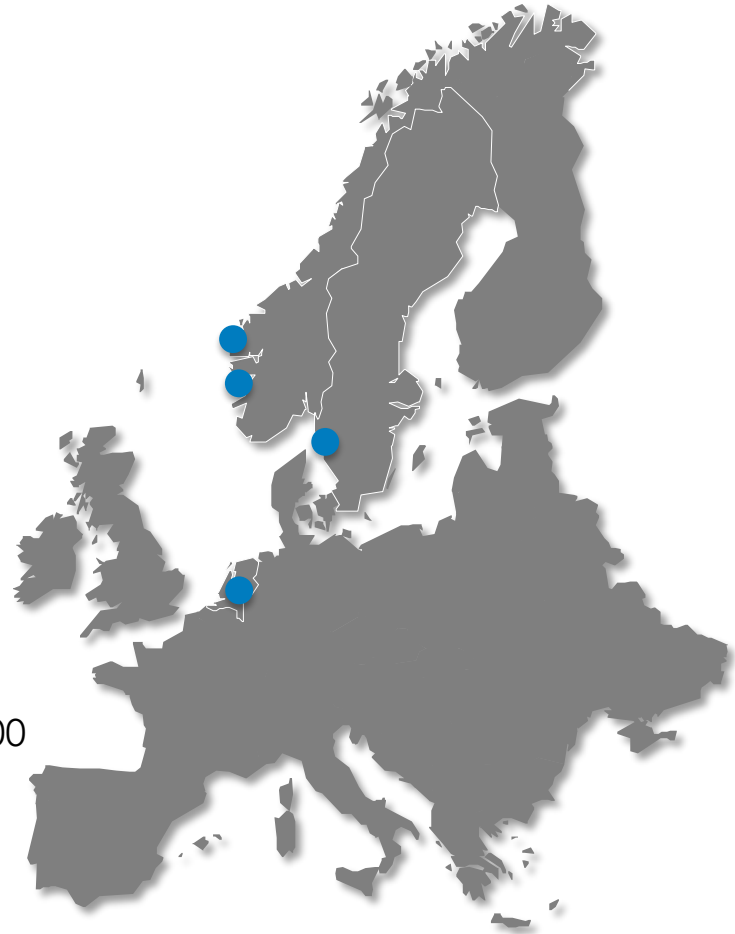
- Rode Beheer BV Group
 - 4 production facilities in Netherlands
 - Capacity of about 16-20,000 tons raw material

- Lerøy Smøgen Seafood AB
 - Capacity of about 12,000 tons raw material

- Lerøy Fossen AS
 - Capacity of about 12,000 tons raw material

- Bulandet Fiskeindustri AS(white fish)

- Total VAP capacity in these factories 40-45,000 tons raw material



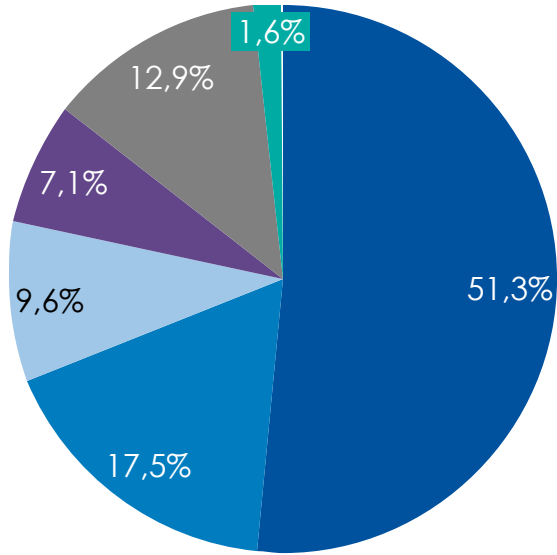
Sales & Distribution

- Significant investments in fish cuts recent years
- A significant industrial activity within trading, processing, sales and distribution of fish
- Processing and fresh distribution facilities:
 - Norway
 - Sweden
 - Finland
 - France
 - Spain
 - Portugal
 - Denmark (reported as associate)
 - Turkey (reported as associate)
 - Netherlands (reported in VAP)

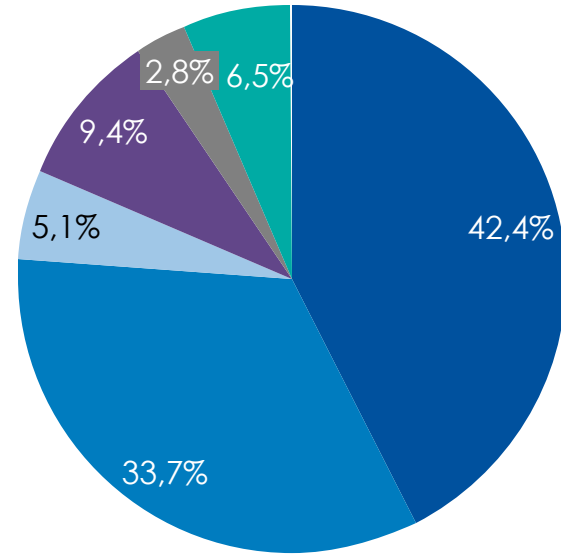


● Fish-cuts/fresh distribution facilities

Sales per market and product Q2 2014



- EU
- Norway
- Asia Pacific
- USA & Canada
- Rest of Europe
- Others



- Whole salmon
- Processed salmon
- Whitefish
- Salmontrout
- Shellfish
- Others

Farming: Guiding

	Licences	Smolt cap.	2011 GWT	2012 GWT	2013 GWT	2014E GWT
Lerøy Aurora AS*	25	7,5	18 100	20 000	24 200	28 000
Lerøy Midt AS	54	22,0	62 300	61 900	58 900	68 000
Lerøy Sjøtroll	60	22,6	56 200	71 600	61 700	67 000
Total Norway	139	52,1	136 600	153 400	144 800	163 000
Villa Organic AS**						6 000
Norskott Havbruk (UK)***			10 900	13 600	13 400	12 500
Total			147 500	167 100	158 200	181 500

- Ongoing discussions in Norway regarding change in MAB-license limits to lessen impact from Russian import ban
- Lerøy is positive to such change, giving more flexibility. If it materialises volumes would be transferred from 2014 to 2015

*) Included harvested volume from Villa Organic after split (around 3,000 gwt)

**) LSG's share of Villa Organic's volume in H1 2014, not consolidated

***) LSG's share, not consolidated



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Key financial figures Q2

(NOKm)	Q2 2014	Q2 2013	▲%
Revenue	3 177	2 513	26 %
EBITDA	589,7	538,2	
Depreciation & amortisation	89,4	76,0	
EBIT*	500,3	462,2	8 %
Income from associates*	39,8	25,4	
Net finance	-23,4	-26,9	
Pre-tax*	516,7	460,7	12 %
EPS (NOK)*	6,6	5,5	19 %
Harvested Volume (GWT)	40 994	33 708	21 %
EBIT*/kg all inclusive (NOK)	12,2	13,7	
ROCE* (%)	24,4%	24,3%	

* Before biomass adjustment

Key financial figures YTD

(NOKm)	YTD 2014	YTD 2013	▲%
Revenue	6 356	4 845	31 %
EBITDA	1 229	982	
Depreciation & amortisation	178	150	
EBIT*	1 051	832	26 %
Income from associates*	117	40	
Net finance	-39	-54	
Pre-tax*	1 129	818	38 %
EPS (NOK)*	14,7	10,1	45 %
Harvested Volume (GWT)	74 280	66 939	11 %
EBIT*/kg all inclusive (NOK)	14,1	12,4	
ROCE* (%)	26,7%	21,6%	

* Before biomass adjustment

Balance sheet

(NOKm)	Q2/14	Q2/13	End 2013
Intangible assets	4 011	3 975	3 999
Tangible fixed assets	2 442	2 230	2 377
Financial non-current assets	829	593	767
Total non-current assets	7 282	6 799	7 143
Biological assets at cost	2 535	2 256	2 617
Fair value adjustment	428	652	1 111
Other inventory	344	317	358
Receivables	1 520	1 349	1 803
Cash and cash equivalents	766	804	873
Total current assets	5 592	5 379	6 761
Total assets	12 875	12 178	13 904
NIBD	2 050	2 256	2 117
Equity	7 231	6 428	7 549
Equity ratio	56,2%	52,8%	54,3%

Funding

NOK million	2014	2015	2016	2017	2018	Later	Total
To be paid	218	318	587	270	253	994	2 640
Total	428	318	587	270	253	994	2 850

	Covenants	Q2 2014
NIBD/EBITDA	<5	0,9
Adj. Equity ratio	>30%	61,8%

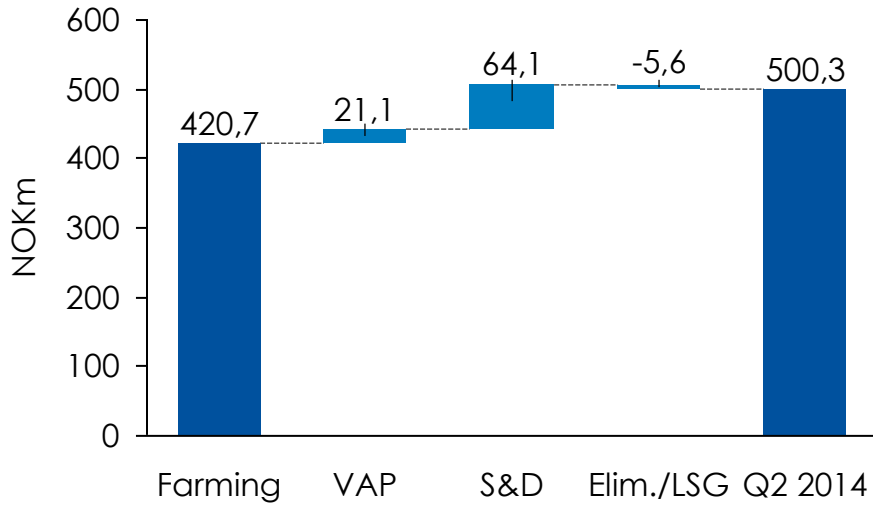
Cash flow

	Q2 2014	Q2 2013	YTD 2014	YTD 2013	FY 2013
EBITDA	590	538	1 229	982	1 938
Paid tax	-278	-40	-330	-88	-100
Working capital *	88	-155	96	-48	-535
Other	-4	20	-5	-5	-46
Cash from operating activities	397	363	989	841	1 259
Net investments in capex	-145	-131	-247	-271	-564
Acquisitions, divestments and other	18	-180	1	-134	-135
Cash from investing activities	-128	-311	-245	-405	-699
Net financial cost	-25	-28	-53	-56	-110
Dividends	-549	-394	-579	-394	-394
Cash from financing activities *	-574	-422	-632	-450	-503
Other changes (incl.currency effects)	3	-10	-47	-10	59
Net cash flow / change in NIBD	-302	-379	66	-24	115
NIBD at beginning	1 748	1 877	2 117	2 232	2 232
Change in NIBD	302	379	-66	24	-115
NIBD at end	2 050	2 256	2 050	2 256	2 117

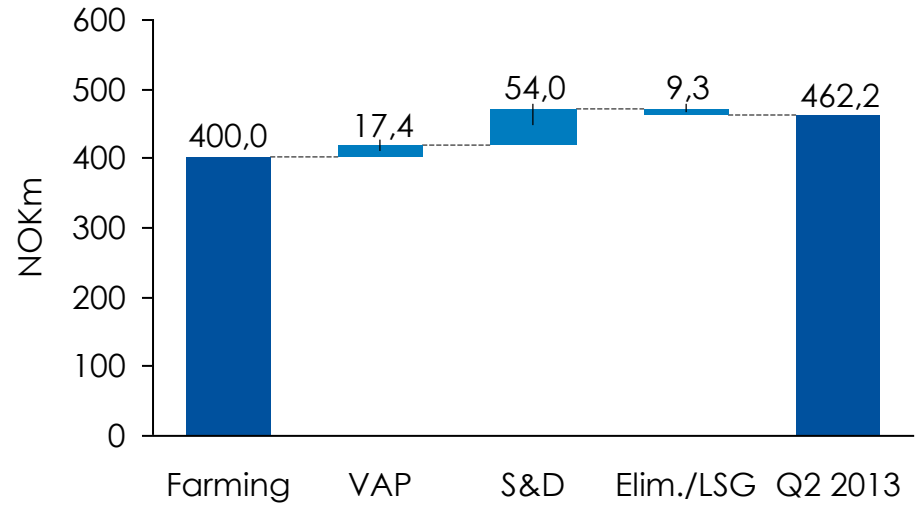
* Before change in interest- bearing debt

EBIT per segment

EBIT* Q2 2014



EBIT* Q2 2013



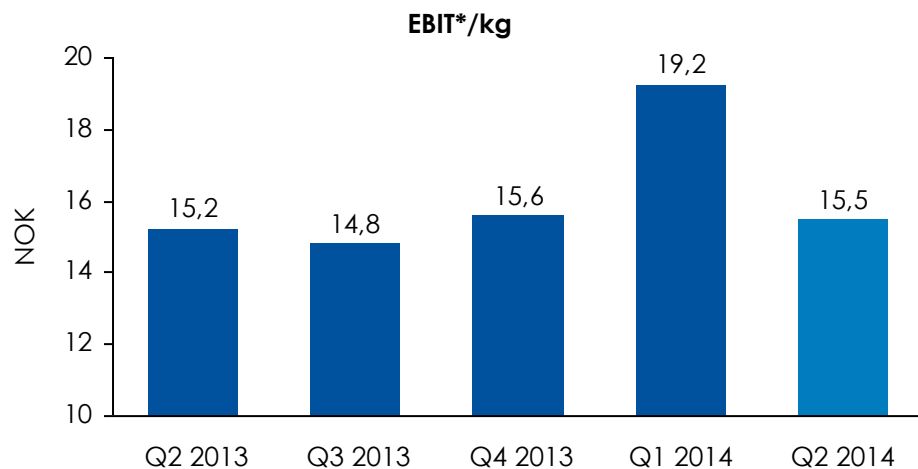
* Before biomass adjustment

Lerøy Aurora

	Q2 2014	Q2 2013
Revenue (NOKm)	244	260
EBIT* (NOKm)	77,4	96,1
Harvested volume (GWT)	5 006	6 317
EBIT/kg* (NOK)	15,47	15,21

*before biomass adj

- Another strong quarter
- Villa Organic AS split in July 2014. 8 new licenses will give significant volume growth from 2015
- Costs in line with 2013
- Marginally higher costs expected in H2



* Before biomass adjustment

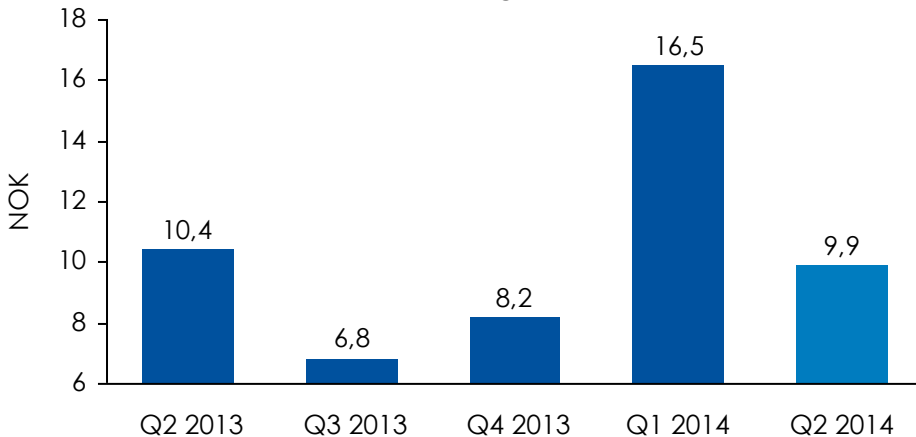
Lerøy Midt

	Q2 2014	Q2 2013
Revenue (NOKm)	728	479
EBIT* (NOKm)	184	112
Harvested volume (GWT)	18 606	10 795
EBIT/kg* (NOK)	9,9	10,4

*before biomass adj

- Strong volumes
- Cost increase q-o-q and y-o-y
 - Weaker performing sites harvested Q2/14 vs. Q1/14
- Lowest realised price among farming segments
- Slight cost improvements expected for H2

EBIT*/kg



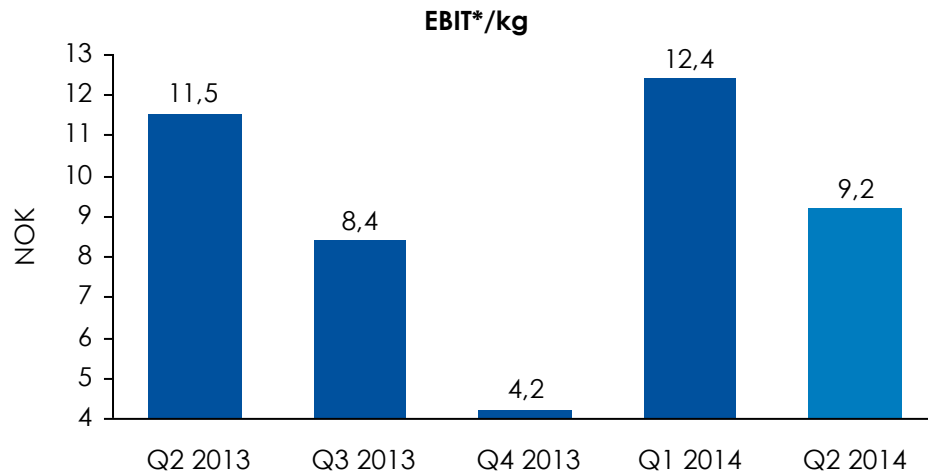
* Before biomass adjustment

Lerøy Sjøtroll

	Q2 2014	Q2 2013
Revenue (NOKm)	768	657
EBIT* (NOKm)	159	192
Harvested volume (GWT)	17 332	16 596
EBIT/kg* (NOK)	9,2	11,5

*before biomass adj

- Marginal cost increase since Q1/14
- High temperatures over the summer a challenge
- Expect higher costs in H2 2014 compared to H1 2014



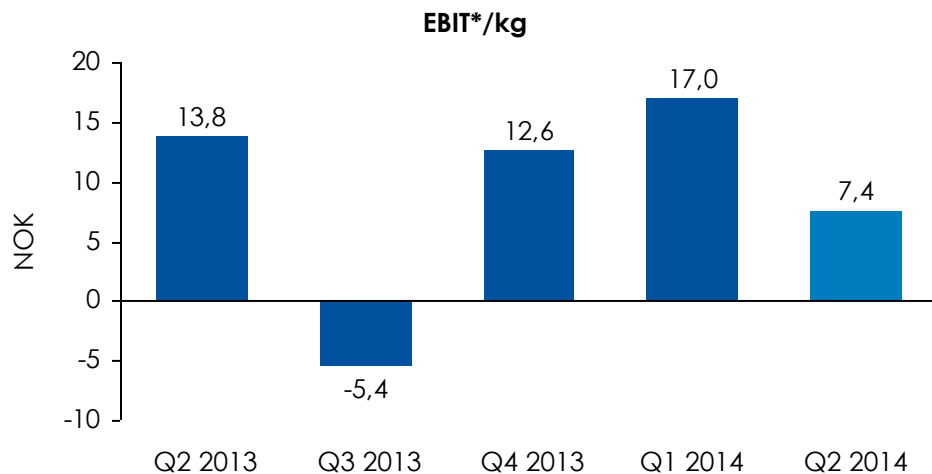
* Before biomass adjustment

Villa Organic (associate)

	Q2 2014	Q2 2013
Revenue (NOKm)	215	125
EBIT* (NOKm)	37	34
Harvested volume (GWT)	5 074	2 427
EBIT/kg* (NOK)	7,4	13,8

*before biomass adj

- Company was split July 2014. Lerøy's share to be reported on 100% basis in H2 2014
- Q2/14 includes several one-off cost in connection with the split of the company



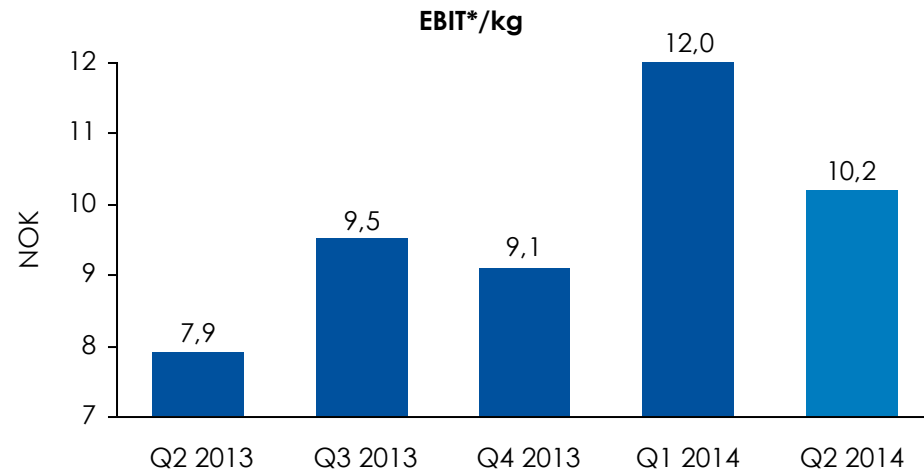
* Before biomass adjustment

Norskott Havbruk (associate)

	Q2 2014	Q2 2013
Revenue (NOKm)	332	211
EBIT* (NOKm)	68	40
Harvested volume (GWT)	6 638	5 104
EBIT/kg* (NOK)	10,2	7,9

*before biomass adj

- High contract share
- Negative cost impact y-o-y:
 - Higher feed costs
- Biological health status good
- Expected harvest in 2014 25 000 GWT
- NIBD end Q2 2014 NOK 187m



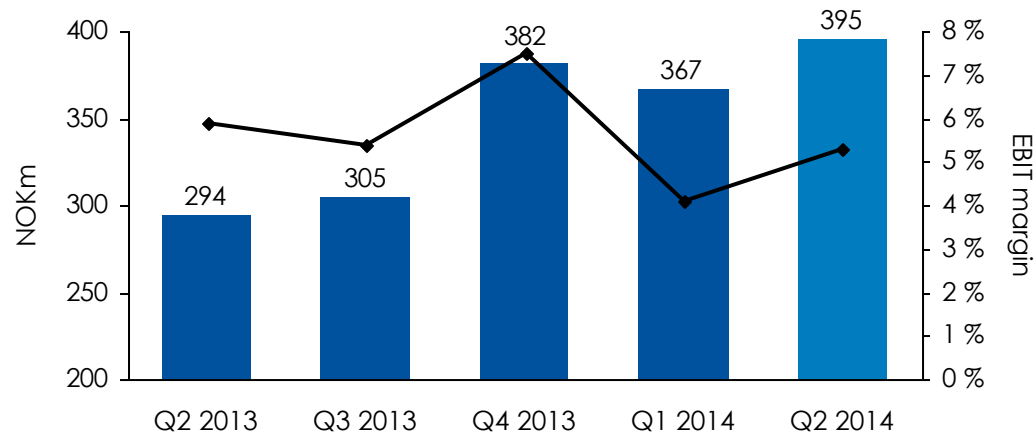
* Before biomass adjustment

VAP – value added processing

	Q2 2014	Q2 2013	▲%
Revenue (NOKm)	395	294	+34 %
EBIT (NOKm)	21	17	+21 %
EBIT margin	5,3 %	5,9 %	

- Positive development
- Gradually filling new capacity
- Lerøy Fossen expansion finished in Q3/14

Revenue and EBIT margin

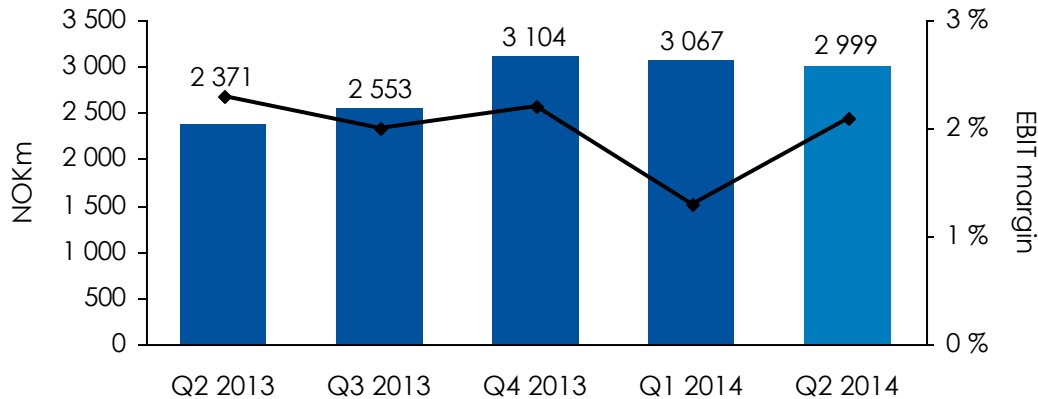


Sales & Distribution

	Q2 2014	Q2 2013	▲%
Revenue (NOKm)	2 999	2 371	+26 %
EBIT (NOKm)	64	54	+19 %
EBIT margin	2,1 %	2,3 %	

- Positive development, but start-up cost in some fish-cut operations
- Overtime, fish-cut operations will add to margin level and profitability

Revenue and EBIT margin





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Atlantic Salmon – Supply WW

	2009	2010	Change 09-10	2011	Change 10-11	2012	Change 11-12	2013	Change 12-13	2014	Change 13-14	2015	Change 14-15
Norway	855 700	944 600	10,4 %	1 005 600	6,5 %	1 183 100	17,7 %	1 143 600	-3,3 %	1 216 300	6,4 %	1 249 100	2,7 %
United Kingdom	144 300	142 900	-1,0 %	154 700	8,3 %	159 400	3,0 %	157 800	-1,0 %	164 600	4,3 %	163 600	-0,6 %
Faroe Islands	47 100	41 800	-11,3 %	56 300	34,7 %	70 300	24,9 %	72 600	3,3 %	80 300	10,6 %	77 300	-3,7 %
Ireland	14 800	17 800	20,3 %	16 000	-10,1 %	15 600	-2,5 %	10 600	-32,1 %	12 000	13,2 %	13 000	8,3 %
Iceland	500	1 000	100,0 %	1 000		2 900		3 100	6,9 %	4 000	29,0 %	5 000	25,0 %
Total Europe	1 062 400	1 148 100	8,1 %	1 233 600	7,4 %	1 431 300	16,0 %	1 387 700	-3,0 %	1 477 200	6,4 %	1 508 000	2,1 %
Chile	239 100	129 600	-45,8 %	221 000	70,5 %	364 000	64,7 %	468 100	28,6 %	528 800	13,0 %	504 600	-4,6 %
Canada	121 900	122 000	0,1 %	119 500	-2,0 %	136 500	14,2 %	115 100	-15,7 %	114 400	-0,6 %	129 000	12,8 %
Australia	32 200	33 000	2,5 %	36 000	9,1 %	39 000	8,3 %	40 500	3,8 %	42 000	3,7 %	44 000	4,8 %
USA	16 400	18 000	9,8 %	18 300	1,7 %	19 600	7,1 %	20 300	3,6 %	21 000	3,4 %	20 500	-2,4 %
Others	2 800	4 500	60,7 %	5 000	11,1 %	8 500	70,0 %	11 100	30,6 %	14 100	27,0 %	18 500	31,2 %
Total America	412 400	307 100	-25,5 %	399 800	30,2 %	567 600	42,0 %	655 100	15,4 %	720 300	10,0 %	716 600	-0,5 %
Total World-wide	1 474 800	1 455 200	-1,3 %	1 633 400	12,2 %	1 998 900	22,4 %	2 042 800	2,2 %	2 197 500	7,6 %	2 224 600	1,2 %

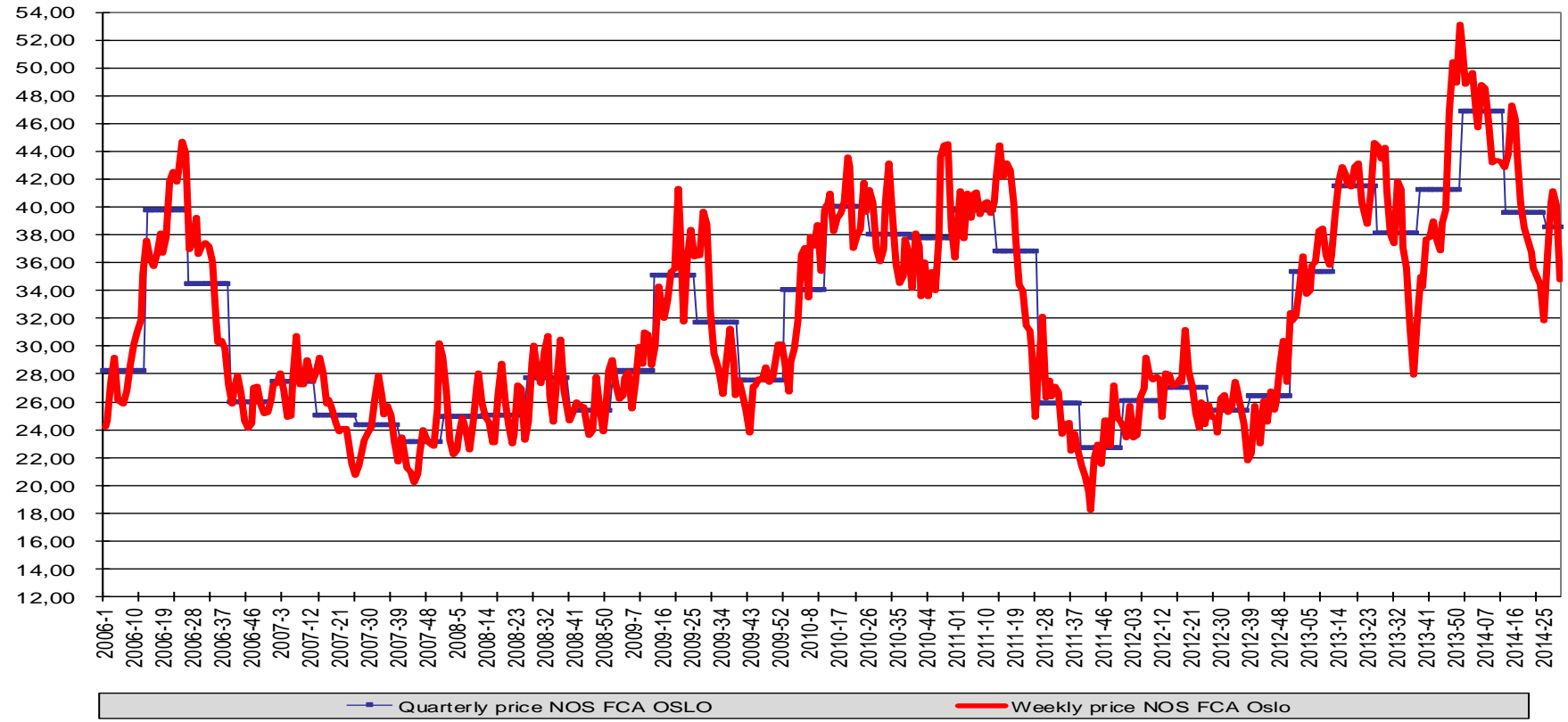
543.700 † (37 %)

181.800 † (9%)

Spot prices fresh Atlantic salmon

Avrg Q2 14 NOK 39,54 vs avrg Q2 13 NOK 41,53 (-4.8%)
 Avrg YTD Q2 2014 NOK 43,19 vs avrg YTD Q2 2014 NOK 38,44 (+12.4%)

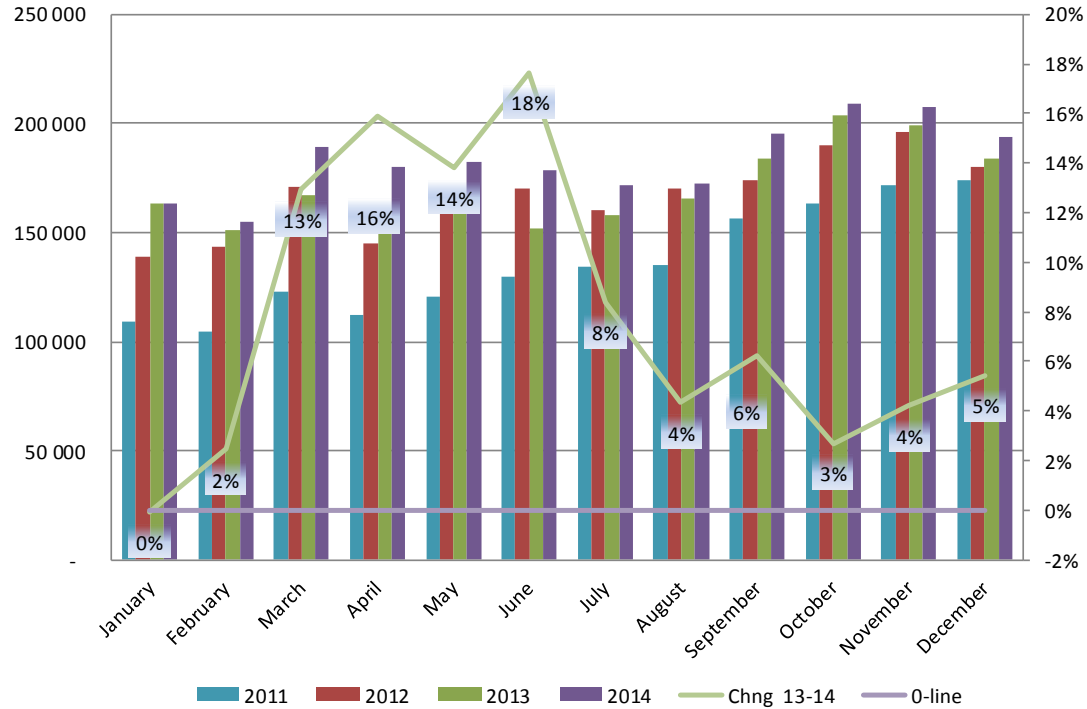
	Q1-06	Q2-06	Q3-06	Q4-06	Q1-07	Q2-07	Q3-07	Q4-07	Q1-08	Q2-08	Q3-08	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14
NOS FCA Oslo	28,24	39,72	34,44	25,92	27,47	25,00	24,34	23,10	24,94	25,02	27,72	25,33	28,22	35,09	31,72	27,52	34,00	40,00	38,02	37,77	39,78	36,77	25,84	22,67	26,03	27,03	25,32	26,41	35,36	41,53	38,12	41,27	46,83	39,54	38,58



Figures as per 05.08.14
 Source: NOS/Lerøy

Atlantic salmon - Harvest Quantities WW 2014

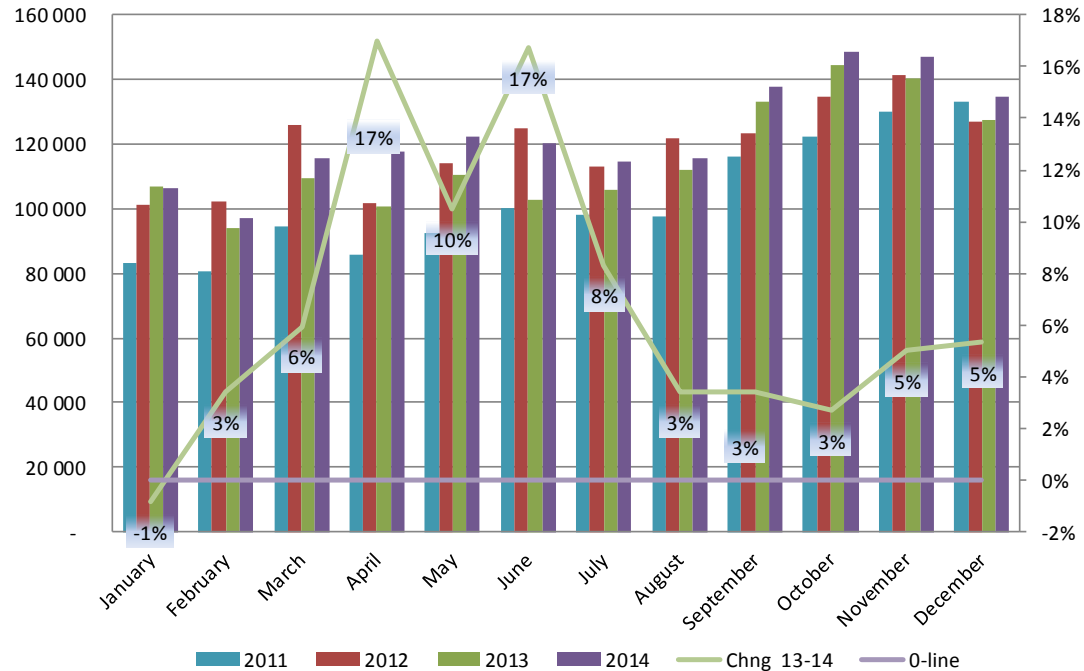
Harvest estimates Atlantic Salmon World Wide



Figures as per 04.08.14
Source: Kontali

Atlantic salmon - Harvest Quantities Europe 2014

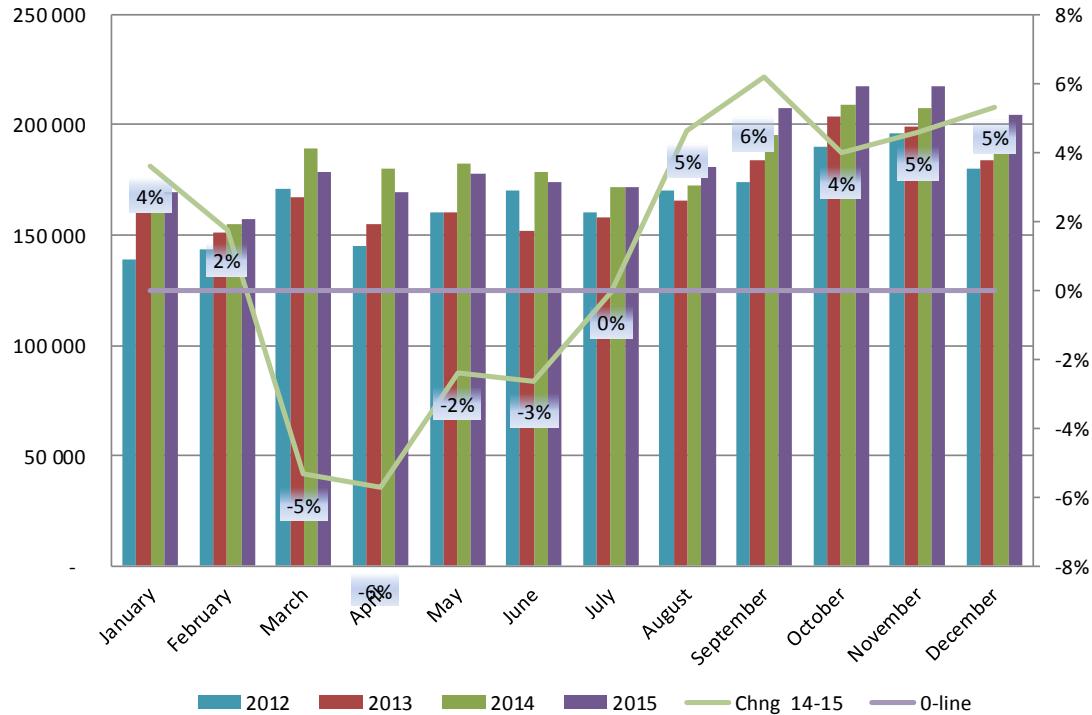
Harvest estimates Atlantic Salmon Europe



Figures as per 04.08.14
Source: Kontali

Atlantic Salmon – Harvest Quantities WW 2015

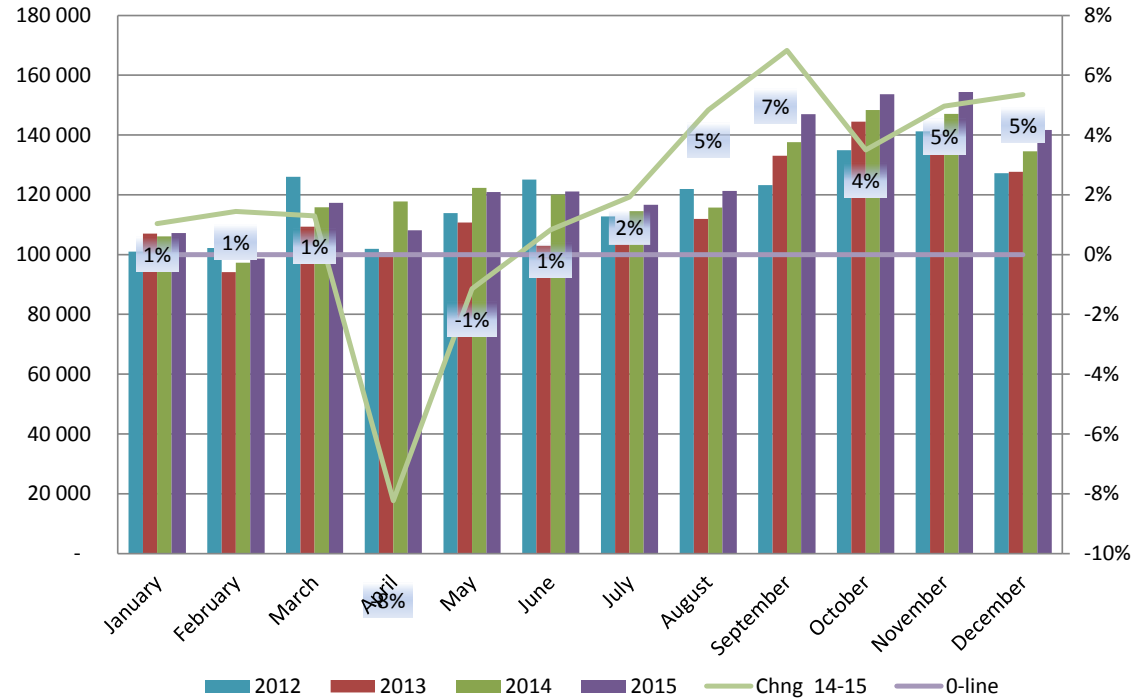
Harvest estimates Atlantic Salmon World Wide



Figures as per 04.08.14
Source: Kontali

Atlantic Salmon – Harvest Quantities Europe 2015

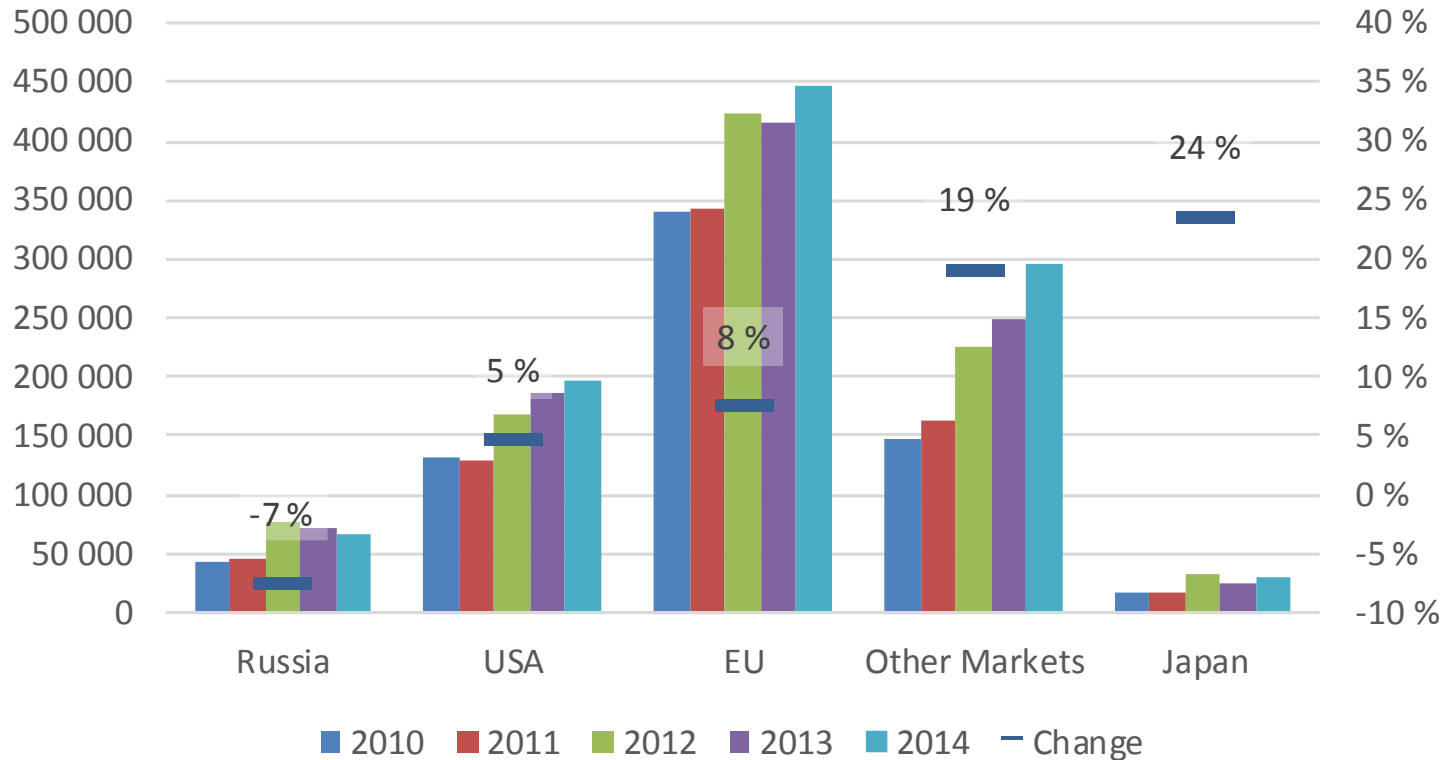
Harvest estimates Atlantic Salmon Europe



Figures as per 04.08.14
Source: Kontali

Consumption Atlantic Salmon WW H1 2010 to H1 2014

NOK/KG (3-6):
43,66 +13% (38,71)
(NSI -0,75 vs NOS)



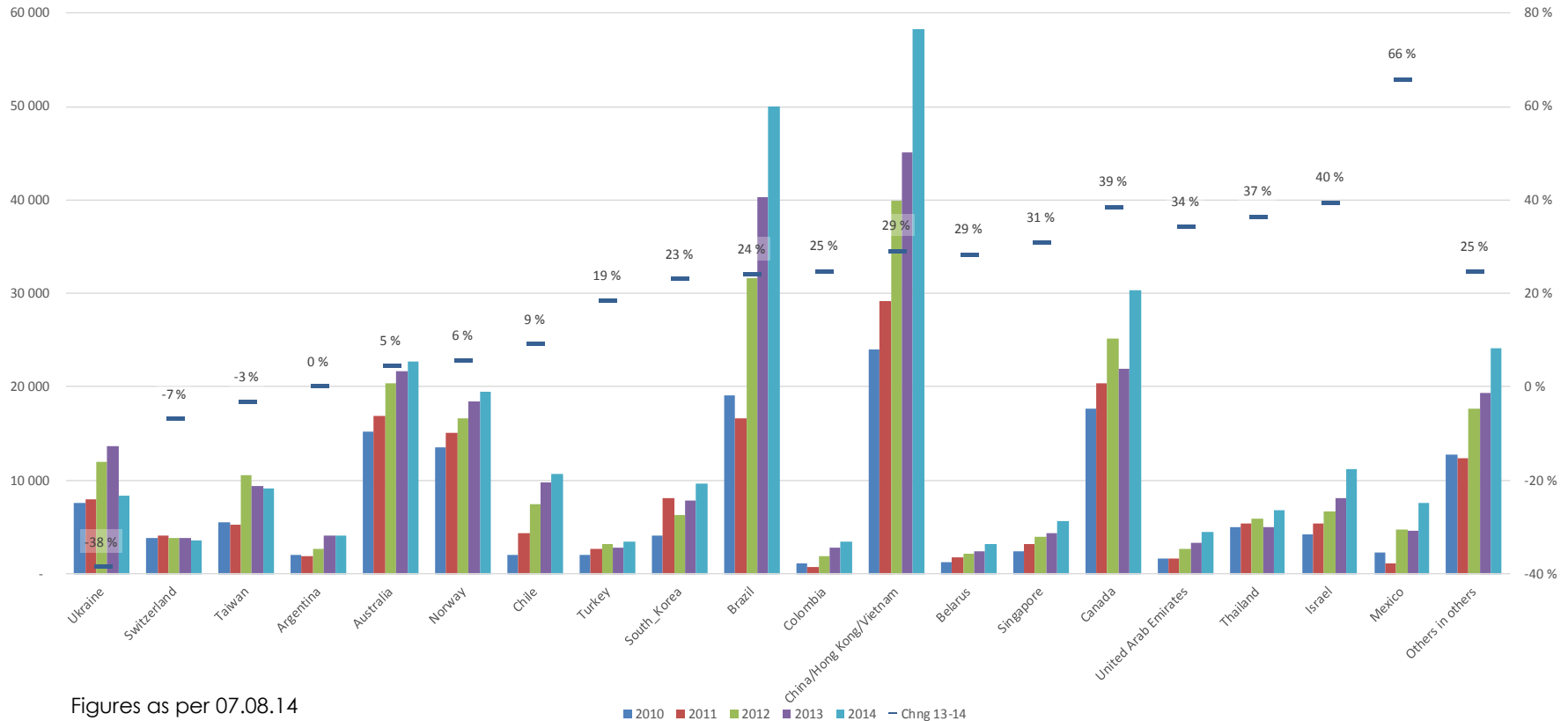
Figures as per 07.08.14
Source: Kontali

Russia – import ban imposed from 7 August 2014

- Russia represent among the world's largest market for Atlantic salmon and trout
- Import ban imposed 7 August
- Actively working to reallocate volumes to other markets
- Contract portfolio and significant industrial activity gives some protection towards negative implications
- Still, a significant set-back for the Norwegian farming industry
- A flexible MAB solution will lessen the consequences of the import ban. Lerøy is positive to such change

Consumption Atlantic Salmon «Other markets» H1 2010 to 2014

NOK/KG (3-6):
43,66 +13% (38,71)
(NSI -0,75 vs NOS)



Figures as per 07.08.14
Source: Kontali

Outlook

- Market outlook
 - Russian situation a challenge
 - Good demand growth in new markets
 - Global supply growth ~8% 2014, ~1% 2015
- Strong potential in VAP and S&D segments
- Harvest guidance 2014 163.000 GWT
- Expected contract share Q3 ~35-40%



In 1899 a fisherman-farmer started selling live fish on the Bergen fish market. He towed the fish to the market in a wooden crate behind his rowing boat, a journey which could take between 6 and 12 hours, depending on the prevailing winds and currents.



Thank
You!

Appendix

Historical figures, current reporting structure

	2014		2013					2012	2011
	Q1	Q2	Q1	Q2	Q3	Q4	FY	FY	
Revenue									
Farming	1 420,4	1 660,2	1 165,1	1 307,7	1 317,9	1 585,6	5 376,3	4 376,5	4 592,0
VAP	367,1	395,1	254,9	294,1	305,5	381,9	1 236,3	1 027,0	783,0
S&D	3 066,7	2 998,8	2 229,2	2 371,2	2 552,6	3 104,0	10 257,0	9 098,2	9 067,9
LSG/Elim	-1 674,5	-1 877,4	-1 317,4	-1 460,0	-1 485,7	-1 841,8	-6 105,0	-5 398,8	-5 266,0
Operating revenue	3 179,7	3 176,6	2 331,8	2 513,0	2 690,2	3 229,6	10 764,7	9 102,9	9 176,9
EBIT									
Lerøy Aurora	98,3	77,4	80,8	96,1	66,3	115,9	359,0	83,1	155,1
Lerøy Midt	228,3	184,1	131,7	112,2	109,4	154,4	507,7	147,3	519,6
Lerøy Sjøtroll	179,1	159,2	71,8	191,7	134,2	62,7	460,3	7,7	303,1
Farming	505,7	420,7	284,2	400,0	309,8	332,9	1327,0	238,1	977,7
VAP	15,1	21,1	9,1	17,4	16,5	28,7	71,6	49,7	33,5
S&D	38,7	64,1	29,0	54,0	52,1	69,0	204,1	192,5	237,5
LSG/Elim	-9,2	-5,6	47,0	-9,3	-8,7	-6,0	23,0	-30,2	-35,8
EBIT before biomass adj.	550,4	500,3	369,4	462,2	369,7	424,6	1625,8	450,1	1212,9