



Lerøy Seafood Group ASA

# Q4 2016

February 21th  
Oslo

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## Agenda

- 1 Highlights
- 2 Key financial figures
- 3 Outlook

## Q4 2016

- EBIT before FV adj. NOK 1,017 million
- Harvest volume 39 143 GWT
- EBIT/kg all incl. (excl. EBIT Havfisk & NWS) of NOK 24.0
- Contract share of 44%
- NIBD NOK -3 433 million at end 2016
- Harvest guidance 165 000 GWT for 2017
- Proposed dividend payment of NOK 13 per share





## Q4: Farming highlights

- Spot prices above last year
  - NOS Q4/16 NOK 66.4 vs NOK 45.0 in Q4/15 (+47%)
  - Up NOK 6.7/kg q-o-q, and up NOK 21.4/kg y-o-y
  - Trout prices below salmon prices
- Contract prices well below spot prices
- Cost in decrease from Q3/16
  - Salmon: Cost decrease q-o-q
  - Trout: Cost increase q-o-q
- Biomass at sea
  - End Q4/16 at 108,413 tons vs 108,270 tons end Q4/15 (0%)

## Q4: NWS/Havfisk highlights

- Record profitability in 2016 for Havfisk
  - Catch volume based on annual quotas, time of catch may vary from year to year
    - Catch volume in 2016 of 63,764MT up from 58,214MT in 2015.
    - Q4/16 catch volume at 13,387MT down from 16,786MT in Q4/15
  - Cod quota for 2016 fully harvested. Saithe and haddock quota received at entry of year fully harvested
- Significant changes made in Norway Seafoods Group (NWS)
  - Sales and logistics transferred and merged with Lerøy's operation in Bergen
  - Operations in Denmark divested
  - Norway Seafood to change name to Lerøy Norway Seafoods
- Webjørn Barstad (CEO Havfisk) and Thomas Farstad (CEO NWS) will join Lerøy's Group management team



## Q4: VAP and S&D highlights

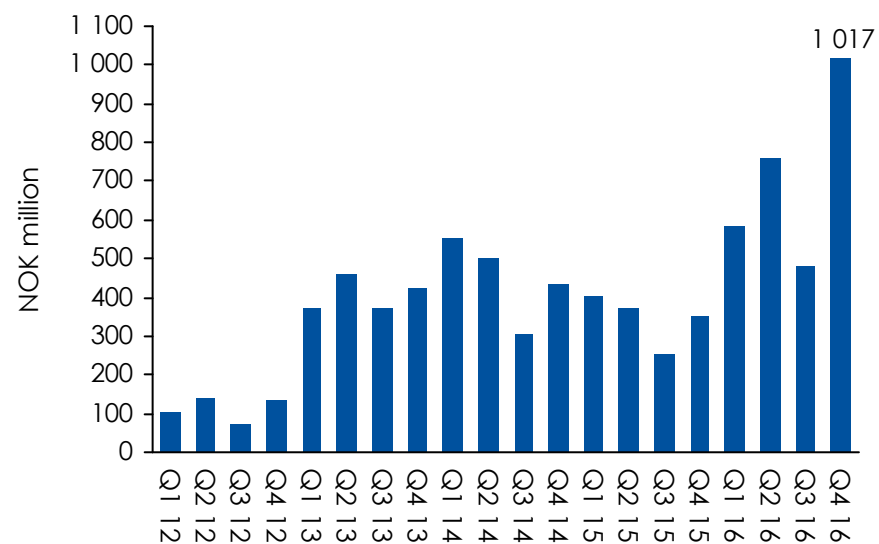
- Value added processing (VAP)
  - Revenue NOK 595m, up 9% y-o-y
  - High raw material prices is a challenge
  - EBIT NOK 27.5m (4.6%) in Q4/16 vs. NOK 39m (7.1%) in Q4/15
- Sales & Distribution
  - Revenue NOK 4 086m, up 25%
  - High raw material prices is a challenge, but consumers willingness to pay has been higher than expected
  - EBIT NOK 114m (2.8%) in Q4/16 vs. NOK 97m (3.0%) in Q4/15



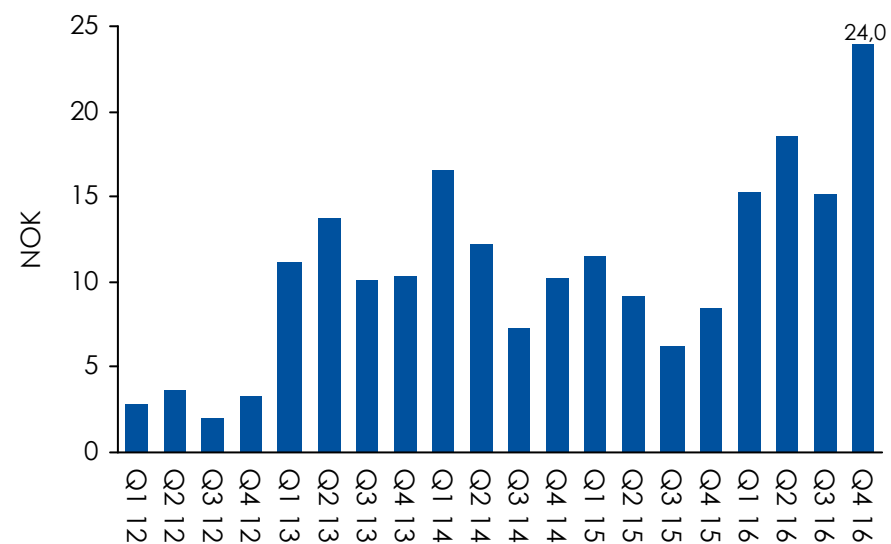


# Quarterly historic figures

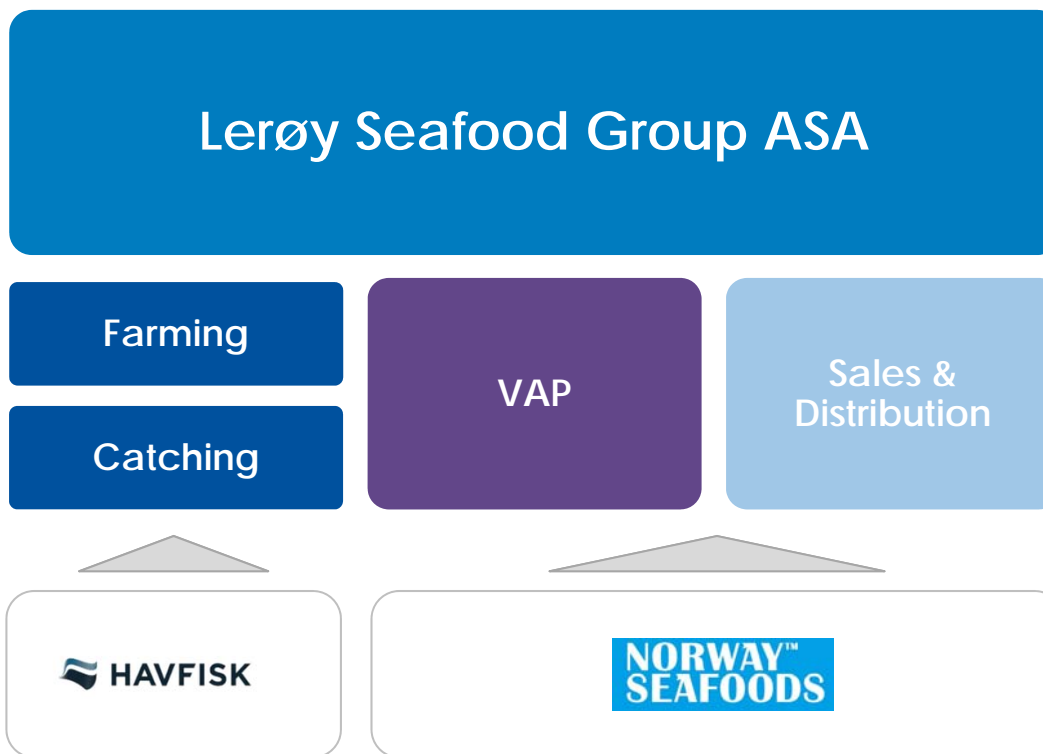
### EBIT\*



### EBIT/kg\*, all inclusive



\*before biomass adjustment  
excl. NWS/Havfisk







# Havfisk and Norway Seafoods

## Havfisk

- Norway's largest trawler company
  - 11% of the Norwegian white fish quota
- Fleet of 9 active vessels (and 1 ordered for delivery in January 2018)
  - A highly modern fleet (considerable investments in recent years)
  - All fish are headed and gutted on board
- Total 2016 catch 63,764 MT head off gutted weight
  - 29,945 MT of cod, 11,508 MT of haddock and 9,409 MT of saithe
- Owns 5 processing plants linked to trawler licenses, operated by Norway Seafoods



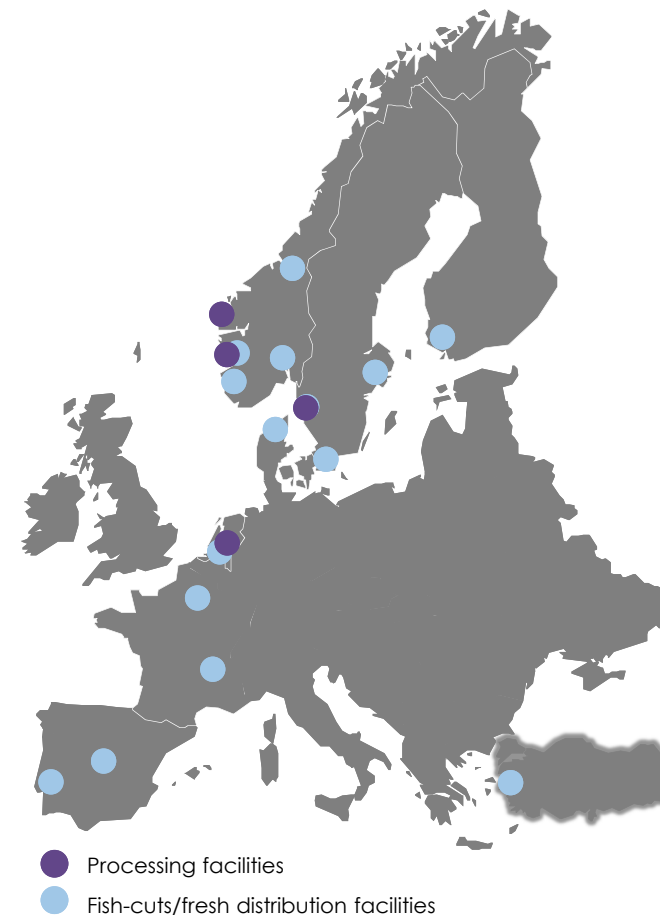
## Lerøy Norway Seafoods

- Lerøy Norway Seafoods is one of Europe's leading companies for processing of wild caught whitefish
- Norway's largest sourcing network for whitefish
  - 10 own sourcing stations, 3 sourcing stations in partnership, co-operation with several additional sourcing stations
  - 8 primary processing facilities and 1 value added factory



# Leveraging the strong LSG distribution network

- Global reach and sales to more than 70 countries
- A significant industrial activity within trading, processing, sales and distribution of fish (including white species)
- Investments in "fish cuts" in end markets recent years
- Strong European distribution, the most important market for white fish
- Seeing high demand for white fish products throughout the network



# Revolution in fresh/refreshed fish distribution

*Well advanced in salmon, just started for white fish*

Example from low cost retailer in Norway



Salmon

Trout

Cod

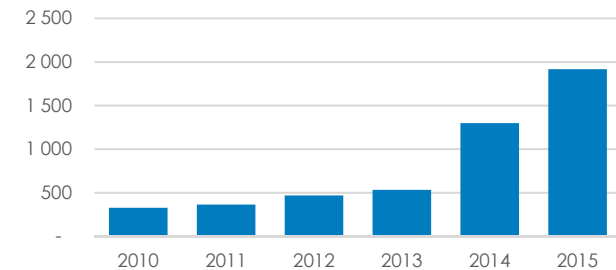
Saithe

Sushi

Other  
seafood

- Fresh and refreshed MAP packets give more efficient value chain, significant improvement in availability as well as more convenient products
  - Driving demand and willingness to pay for both salmon and cod (see data beneath)
- Example from low cost retailer in Norway, which some years ago did not have fresh fish (see picture)
  - In many other European markets, this trend is well advanced for salmon, but barely started for cod/white fish
- European retailers see this trend and will to an increasing extent prefer suppliers who can supply a full palette of seafood products
  - Being fully integrated in both salmon and white fish, Lerøy is ideally positioned to become the “full fledged” preferred seafood supplier

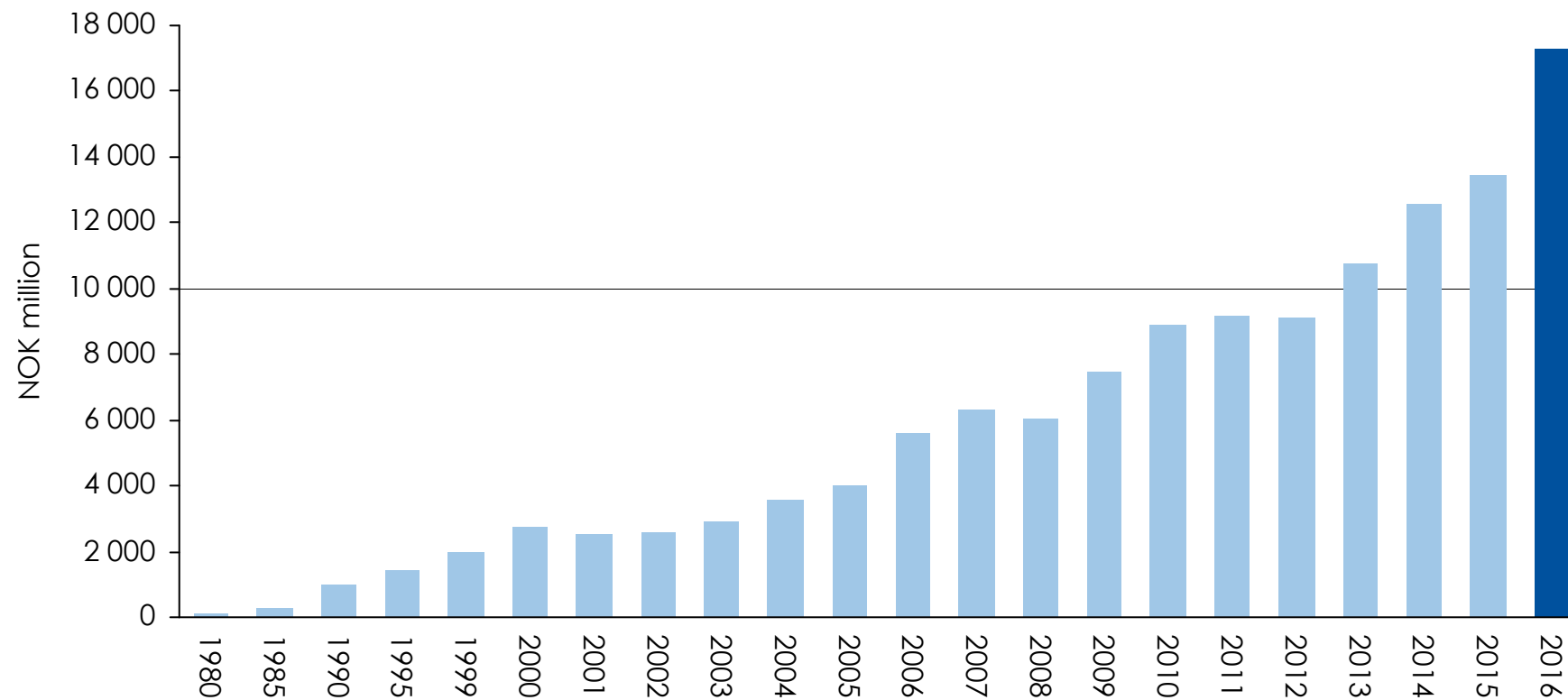
Norway Natural fresh prepacked cod volume (MT prod. weight)



Source: Norwegian Seafood Council

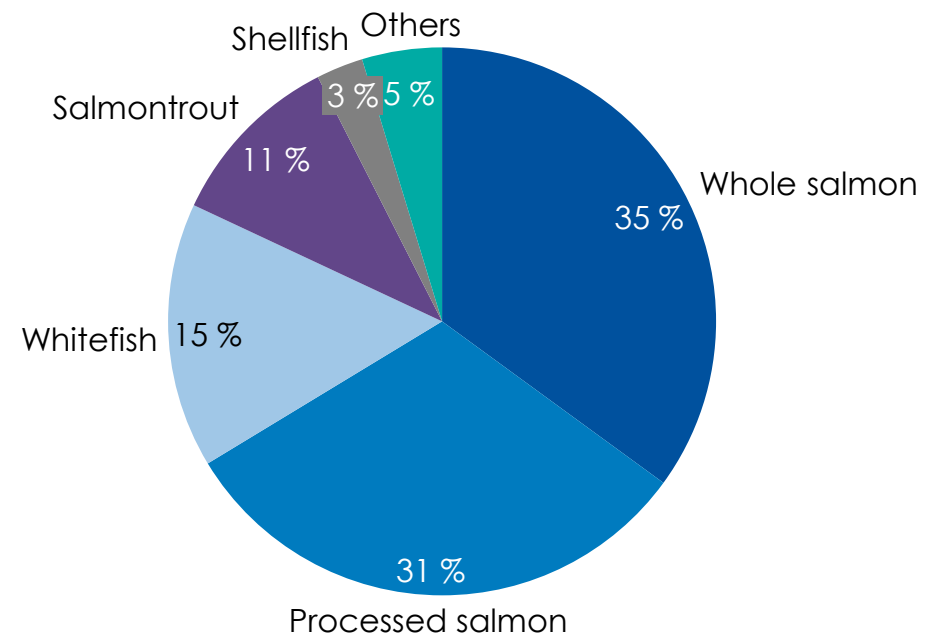
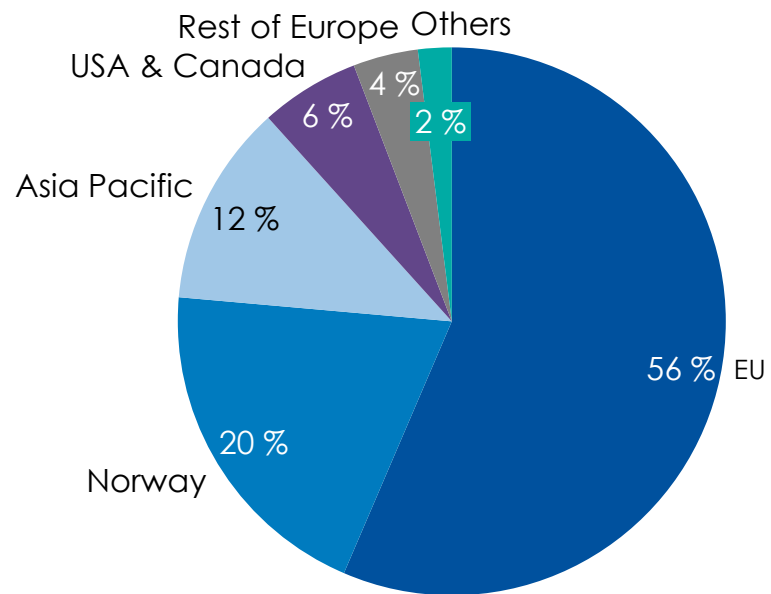


## Turnover Lerøy Seafood Group ASA





## Sales per market and product Q4 2016







## Farming volumes:

	Licences	Smolt cap.	2011 GWT	2012 GWT	2013 GWT	2014 GWT	2015 GWT	2016 GWT	2017E GWT
Lerøy Aurora AS*	26	11,5	18 100	20 000	24 200	26 800	29 200	30 000	39 000
Lerøy Midt AS	57	22,0	62 300	61 900	58 900	68 300	71 400	52 200	62 000
Lerøy Sjøtroll	63	22,6	56 200	71 600	61 700	63 200	57 100	68 000	64 000
<b>Total Norway</b>	<b>146</b>	<b>56,1</b>	<b>136 600</b>	<b>153 400</b>	<b>144 800</b>	<b>158 300</b>	<b>157 700</b>	<b>150 200</b>	<b>165 000</b>
Villa Organic AS**						6 000			
Norskott Havbruk (UK)***			10 900	13 600	13 400	13 800	13 500	14 000	15 000
<b>Total</b>			<b>147 500</b>	<b>167 100</b>	<b>158 200</b>	<b>178 100</b>	<b>171 200</b>	<b>164 200</b>	<b>180 000</b>

- \*) Included harvested volume from Villa Organic after split July 2014  
 \*\*) LSG's share of Villa Organic's volume in H1 2014, not consolidated  
 \*\*\*) LSG's share, not consolidated



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- 2 **Key financial figures**
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## Key financial figures, Q4 2016

<i>(NOKm)</i>	Q4 2016	Q4 2015	▲%
Revenue	4 924	3 564	38 %
Other gains and losses		-1	
EBITDA	1 170	478	145 %
Depreciation & amortisation	153	125	
<b>EBIT*</b>	<b>1 017</b>	<b>353</b>	<b>188 %</b>
Income from associates*	57	15	
Net finance	-49	-32	
<b>Pre-tax profit*</b>	<b>1 025</b>	<b>335</b>	<b>205 %</b>
EPS (NOK)*	14,33	6,43	123 %
Harvested Volume (GWT)	39 143	41 697	-6 %
ROCE* (%)	29,2 %	14,2 %	107 %

\* Before biomass adjustment



## Key financial figures, 2016

<i>(NOKm)</i>	2016	2015	▲%
Revenue	17 269	13 451	28 %
Other gains and losses	0	34	
EBITDA	3 355	1 814	85 %
Depreciation & amortisation	512	434	
<b>EBIT*</b>	<b>2 843</b>	<b>1 380</b>	<b>106 %</b>
Income from associates*	214	70	
Net finance	-131	-129	
<b>Pre-tax profit*</b>	<b>2 926</b>	<b>1 321</b>	<b>122 %</b>
EPS (NOK)*	38,42	19,38	98 %
Harvested Volume (GWT)	150 182	157 697	-5 %
ROCE* (%)	23,9 %	14,5 %	65 %

\* Before biomass adjustment



## Balance sheet

(NOKm)	30.12.2016	31.12.2015	▲ %
Intangible assets	8 050	4 391	83 %
Tangible fixed assets	4 209	2 900	45 %
Financial non-current assets	816	695	17 %
<i>Total non-current assets</i>	<i>13 074</i>	<i>7 987</i>	<i>64 %</i>
Biological assets at cost	3 717	3 350	11 %
Fair value adjustment of biomass	2 701	971	178 %
Other inventory	722	552	33 %
Receivables	2 631	1 877	40 %
Cash and cash equivalents	2 234	1 248	79 %
<i>Total current assets</i>	<i>12 004</i>	<i>7 997</i>	<i>50 %</i>
<b>Total assets</b>	<b>25 079</b>	<b>15 984</b>	<b>57 %</b>
Equity	13 475	8 764	54 %
<b>Equity ratio</b>	<b>53,7 %</b>	<b>54,8 %</b>	<b>-2 %</b>
<b>NIBD</b>	<b>3 433</b>	<b>2 595</b>	<b>32 %</b>





## Funding

NOK million	2017	2018	2019	2020	2021	Later	Total
To be paid	564	543	670	520	1 399	1 408	5 105

	Covenants	Q4 2016
NIBD/EBITDA	<5	1,02
Adj. Equity ratio	>30 %	60.3 %



## Cash flow / NIBD

	Q4 2016	Q4 2015	FY 2016	FY 2015
EBITDA	1 170	478	3 355	1 814
Paid tax	-23	-20	-225	-376
Working capital *	-467	-316	-330	-662
Other **	-47	21	-34	-8
<b>Cash from operating activities</b>	<b>632</b>	<b>163</b>	<b>2 767</b>	<b>767</b>
Acquisitions and purchase of shares from minorities ***	-1 009	-20	-3 376	-88
Net investments in capex and licences	-251	-164	-743	-576
Dividends received	27	0	104	49
Other investments and divestments	-34	-2	-2	-50
<b>Cash from investing activities</b>	<b>-1 268</b>	<b>-185</b>	<b>-4 017</b>	<b>-665</b>
Net financial cost	-48	-36	-141	-128
New equity	0	1	2 174	1
Dividends	0	0	-665	-680
<b>Cash from financing activities *</b>	<b>-48</b>	<b>-35</b>	<b>1 368</b>	<b>-807</b>
Change in NIBD from business combinations	0	0	-985	-6
Other changes (incl.currency effects)	2	-3	28	-7
<b>Net cash flow / change in NIBD</b>	<b>-681</b>	<b>-60</b>	<b>-839</b>	<b>-719</b>
NIBD at beginning	2 752	2 534	2 595	1 876
Change in NIBD	681	60	839	719
<b>NIBD at end</b>	<b>3 433</b>	<b>2 595</b>	<b>3 433</b>	<b>2 595</b>

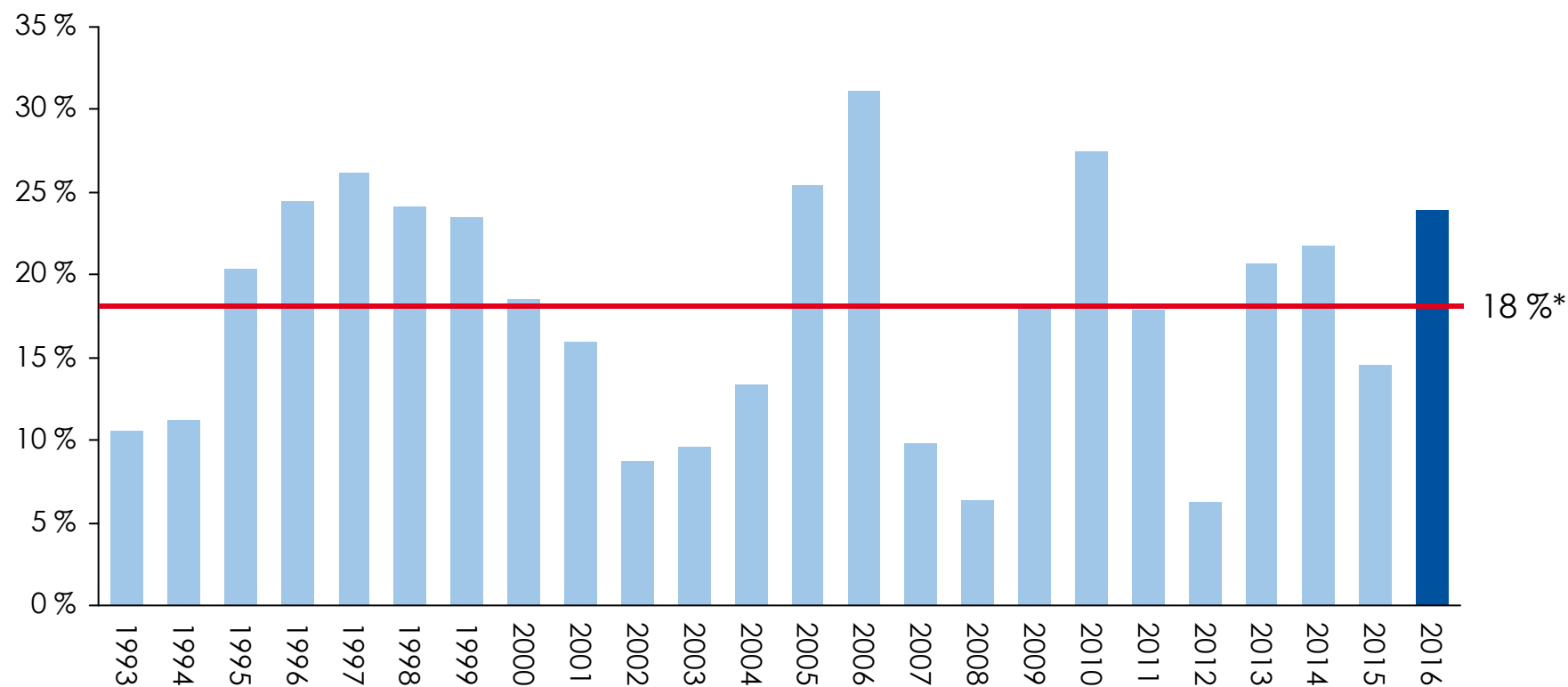
\* Before change in interest bearing debt

\*\* Items included in EBITDA with no cash effect and items included in CF from financing activities

\*\*\* NCI = Non controlling interests



## Return on capital employed (ROCE)

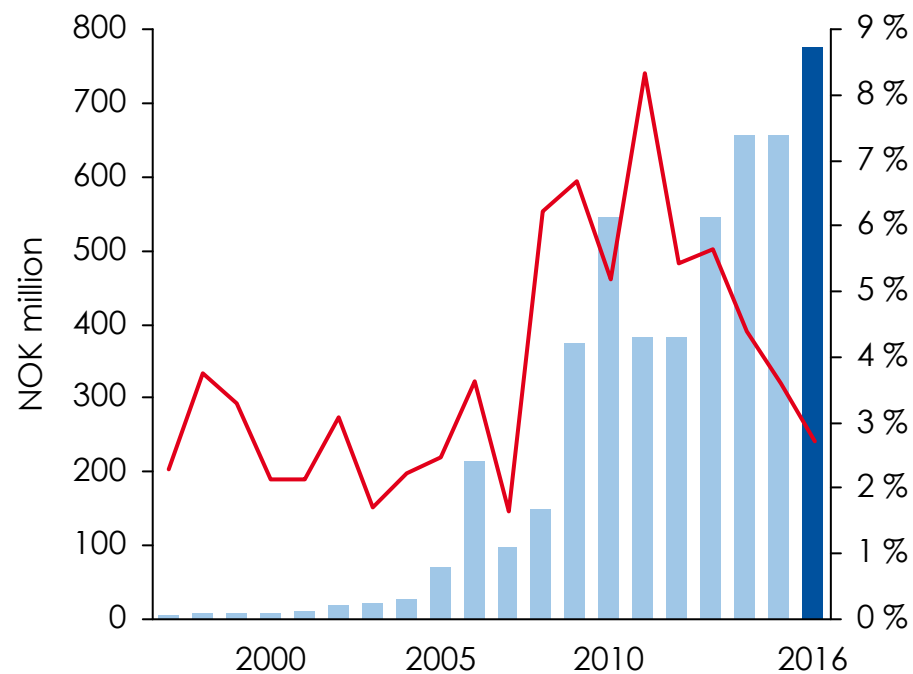


\* Target communicated at the listing on Oslo Stock Exchange 03.06.2002

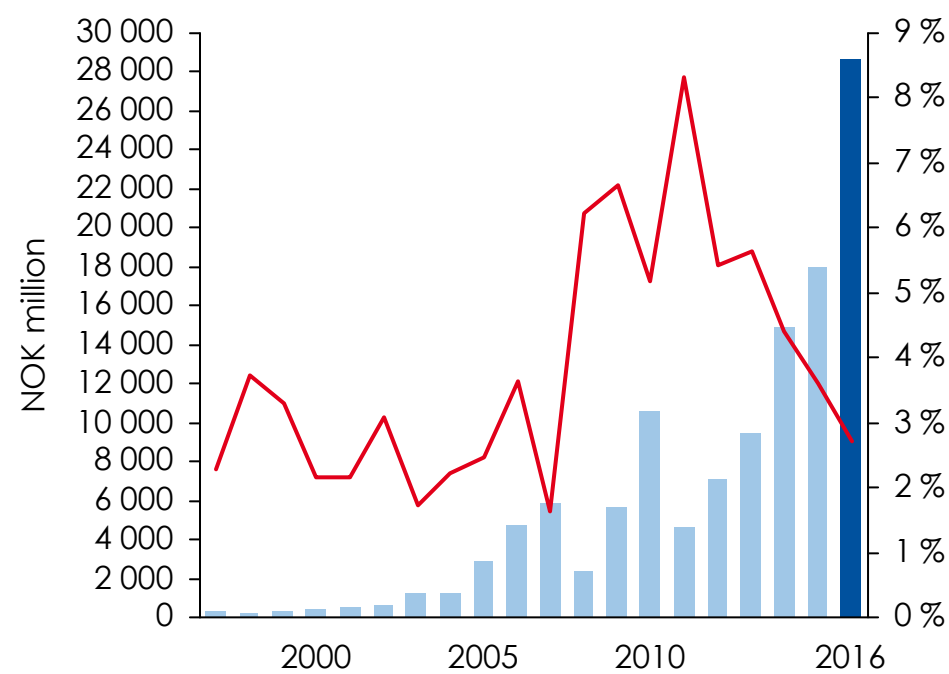


# Annual dividend since 1995

### Dividend & Dividend yield

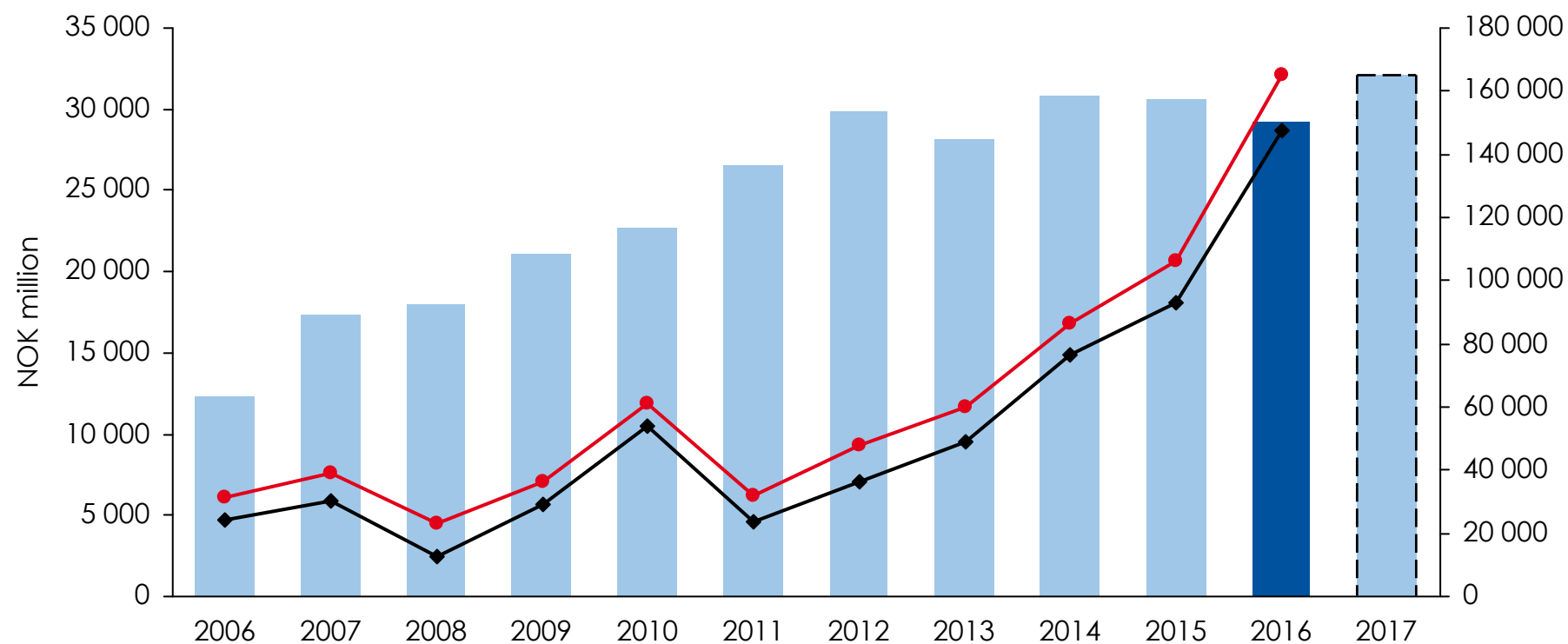


### Market Cap & Dividend yield





# Ten years with sustainable growth, more to come!



Share of harvest volumes in Norskott Havbruk not included.

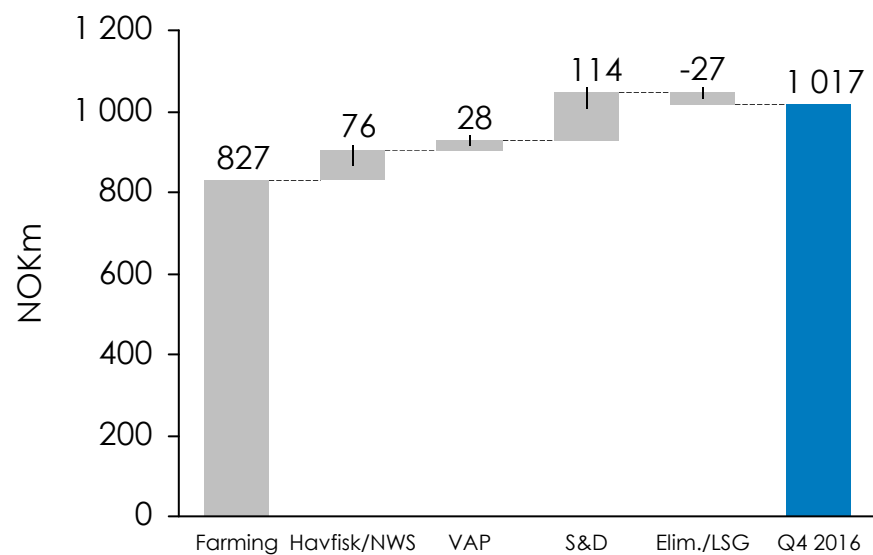
■ GWT ◆ Market Cap ● EV



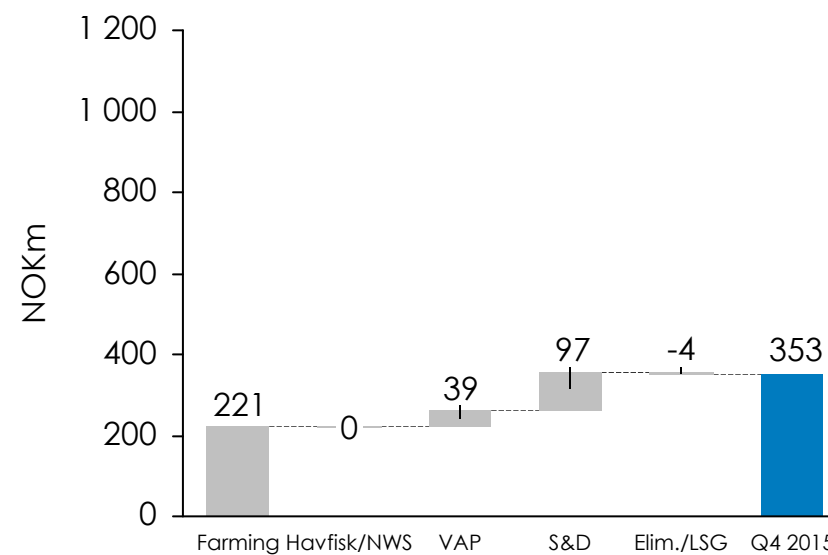


## EBIT per segment

EBIT\* Q4 2016



EBIT\* Q4 2015

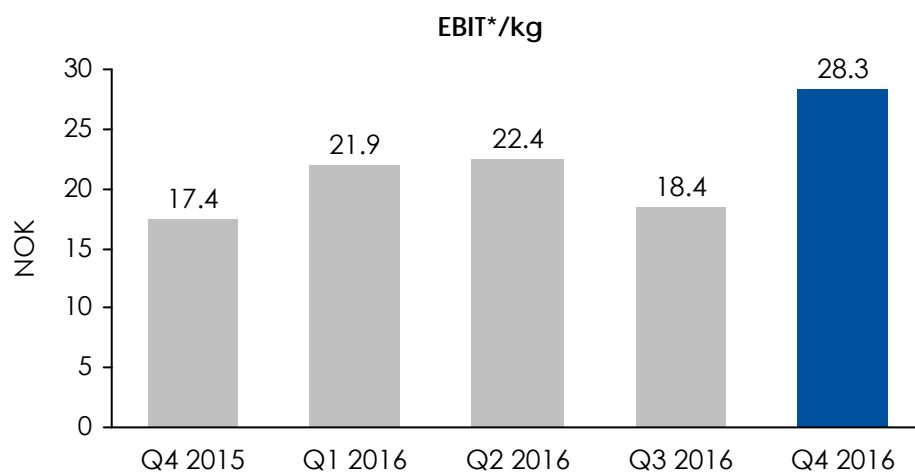


\*before biomass adj.



# Lerøy Aurora

	Q4 2016	Q4 2015	2016	2015
Revenue (NOKm)	776	502	1 821	1 409
EBIT* (NOKm)	355	181	726	450
Harvested volume (GWT)	12 545	10 371	30 010	29 204
EBIT/kg* (NOK)	28.3	17.4	24.2	15.4



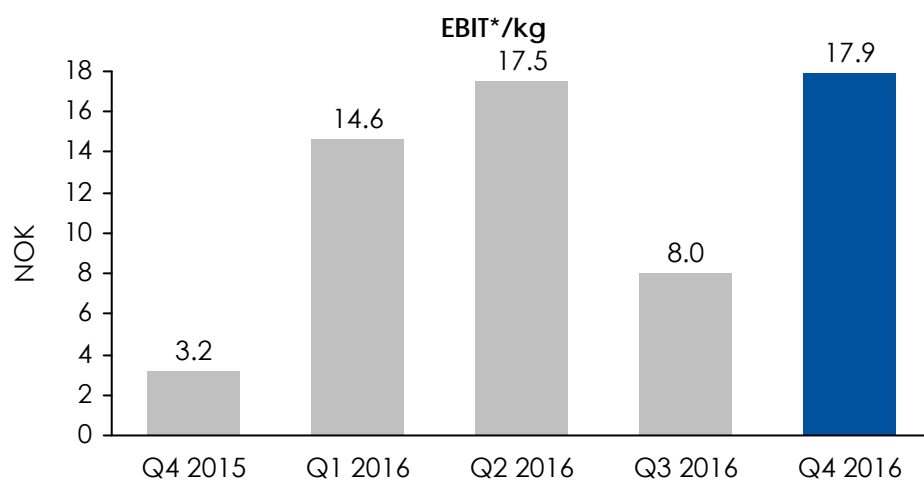
- Lower RFS (release-from-stock) cost q-o-q
- Starting to see positive effect from investment in larger smolts
- As of today expect relatively stable cost level into 2017
- Expected harvest volume in 2017 39,000GWT

\*before biomass adj.



# Lerøy Midt

	Q4 2016	Q4 2015	2016	2015
Revenue (NOKm)	685	623	2 955	2 863
EBIT* (NOKm)	185	48	744	466
Harvested volume (GWT)	10 307	15 150	52 208	71 442
EBIT/kg* (NOK)	17.9	3.2	14.3	6.5



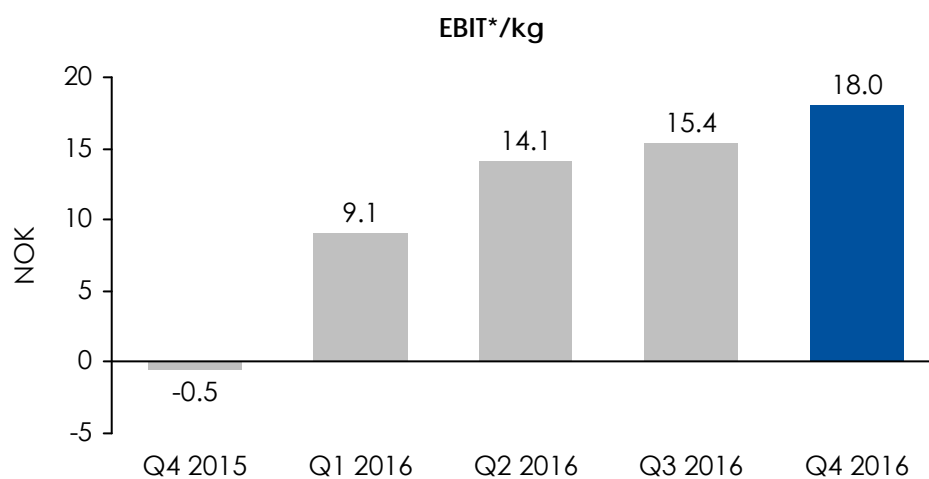
\*before biomass adj.

- Cost decrease q-o-q, but still at a high level
- Challenging situation the autumn of 2016 will impact cost and production level negatively also in 2017
- Still making significant further investments in treatment capacity
- Expected harvest volume in 2017 is 62,000 GWT



# Lerøy Sjøtroll

	Q4 2016	Q4 2015	2016	2015
Revenue (NOKm)	946	747	3 672	2 587
EBIT* (NOKm)	294	-7	955	71
Harvested volume (GWT)	16 291	16 176	67 964	57 051
EBIT/kg* (NOK)	18.0	-0.5	14.1	1.2



\*before biomass adj. including EBIT from Norsk Oppdrettsservice

- 47% of quarterly harvest volume was trout, with realised price below salmon.
- 2016 significantly impacted by the later lifted import ban imposed on trout to neighbouring countries to Russia the autumn of 2015
- Trout prices improving, and trout volume for 2017 is expected at 25,000 GWT (2016: ~35,000 GWT)
- As of today expect relatively stable cost level into 2017
- Expected harvest volume in 2017 is 64 000 GWT



## Havfisk/NWS

	Q4 2016	Q4 2015	2016	2015
EBITDA (NOKm)	106		131	
EBIT (NOKm)	76		89	

<b>Havfisk, catch volume</b>	Q4 2016	Q4 2015	2016	2015
Cod	7 896	12 946	29 945	28 875
Saithe	2 853	493	11 626	9 086
Haddock	1 377	2 271	11 508	7 943
Shrimps	0	14	1 432	4 016
Other	1261	1 063	9 253	8 294
<b>Total</b>	<b>13 387</b>	<b>16 786</b>	<b>63 764</b>	<b>58 214</b>

<b>Havfisk, prices</b>	Q4 2016	Q4 2015	2016	2015
Cod	25,5	24,6	25,1	23,5
Haddock	18,8	14,1	14,6	16,2
Saithe	14,2	14,3	15,5	15,9

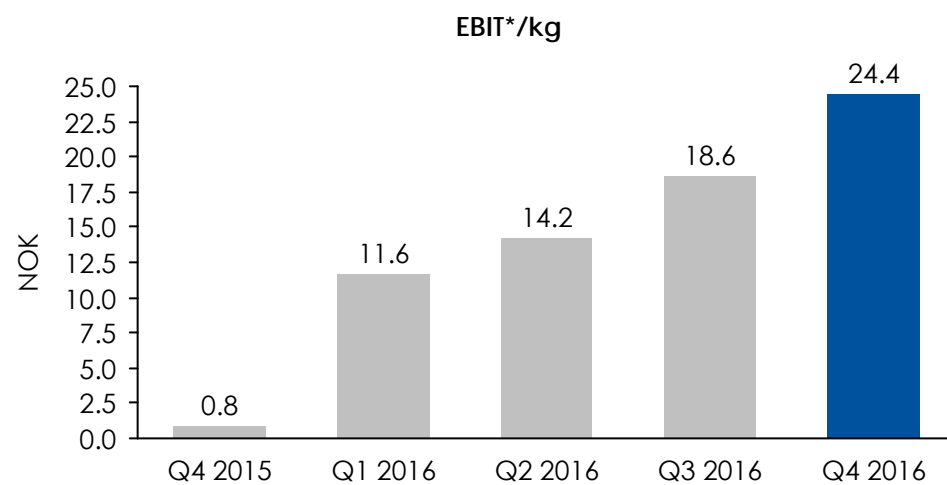
- Consolidated from 1. September 2016, and from Q1/17 Norway Seafoods Group will be reported in VAP segment
- Havfisk reports record EBITDA for year 2016. Q4/16 EBITDA down y-o-y as harvest volume down 20%, due to decisions on when to utilise the annual quota
- Significant changes made in Norway Seafoods Group operation in Q4.
- Increased confidence value creation potential



## Norskott Havbruk (associate)

	Q4 2016	Q4 2015	2016	2015
Revenue (NOKm)	355	367	1 721	1 498
EBIT* (NOKm)	140	5	474	122
Harvested volume (GWT)	5 759	6 299	28 043	27 032
EBIT/kg* (NOK)	24.4	0.8	16.9	4.5

- Strong quarter
- Contract share 60%, with negative impact on price
- Good biological performance
- Expected harvest volume in 2017 is 30 000 GWT



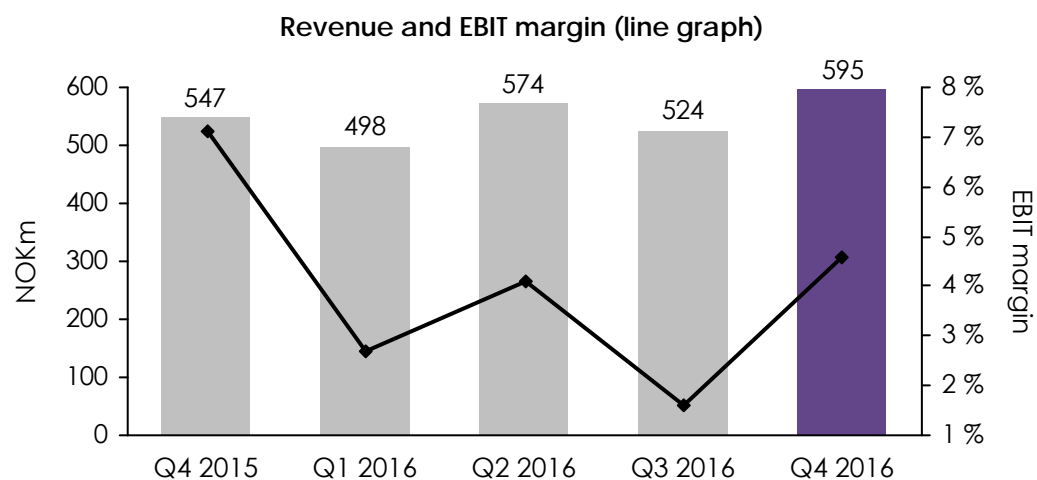
\*before biomass adj



## VAP – Value Added Processing

	Q4 2016	Q4 2015	2016	2015
Revenue (NOKm)	595	547	2 190	1 921
EBIT (NOKm)	28	39	73	106
EBIT margin	4.6 %	7.1 %	3.3 %	5.5 %

- Challenging price environment
- Continued focus on adjusting sales prices to reflect raw material prices, which appear to be high for foreseeable future



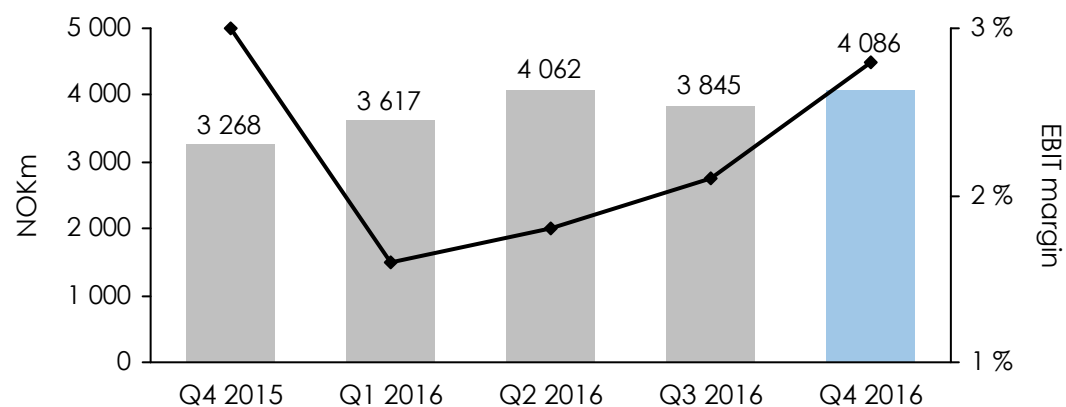


## Sales & Distribution

	Q4 2016	Q4 2015	2016	2015
Revenue (NOKm)	4 086	3 268	15 610	12 559
EBIT (NOKm)	114	97	327	287
EBIT margin	2.8 %	3.0 %	2.1 %	2.3 %

- Underlying positive development in many operations
- Direct relationship with retailers give efficient value chain, and ability to “test” prices on end consumers. End consumers willingness to pay have been higher than expected

Revenue and EBIT margin (line graph)







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## Atlantic salmon – Supply in tons WFE

	2012	Change 11-12	2013	Change 12-13	2014	Change 13-14	2015	Change 14-15	2016	Change 15-16	2017	Change 16-17
Norway	1 183 100	17,7 %	1 143 600	-3,3 %	1 199 000	4,8 %	1 234 200	2,9 %	1 171 100	-5,1 %	1 176 100	0,4 %
United Kingdom	159 400	3,0 %	157 800	-1,0 %	170 500	8,0 %	166 300	-2,5 %	158 000	-5,0 %	169 300	7,2 %
Faroe Islands	70 300	24,9 %	72 600	3,3 %	82 700	13,9 %	75 600	-8,6 %	77 300	2,2 %	79 700	3,1 %
Ireland	15 600	-2,5 %	10 600	-32,1 %	12 300	16,0 %	15 700	27,6 %	14 900	-5,1 %	17 000	14,1 %
Iceland	3 250	170,8 %	3 350	3,1 %	4 400	31,3 %	3 600	-18,2 %	8 100	125,0 %	12 200	50,6 %
<b>Total Europe</b>	<b>1 431 650</b>	<b>16,0 %</b>	<b>1 387 950</b>	<b>-3,1 %</b>	<b>1 468 900</b>	<b>5,8 %</b>	<b>1 495 400</b>	<b>1,8 %</b>	<b>1 429 400</b>	<b>-4,4 %</b>	<b>1 454 300</b>	<b>1,7 %</b>
Chile	364 000	64,7 %	468 100	28,6 %	582 900	24,5 %	598 200	2,6 %	504 400	-15,7 %	521 900	3,5 %
Canada	136 500	14,2 %	115 100	-15,7 %	95 000	-17,5 %	135 200	42,3 %	142 500	5,4 %	136 500	-4,2 %
USA	19 600	7,1 %	20 300	3,6 %	24 000	18,2 %	20 200	-15,8 %	22 000	8,9 %	22 000	0,0 %
Australia	40 000	11,1 %	39 000	-2,5 %	42 000	7,7 %	55 000	31,0 %	54 000	-1,8 %	57 000	5,6 %
Others	8 100	62,0 %	11 200	38,3 %	15 200	35,7 %	13 700	-9,9 %	10 700	-21,9 %	8 700	-18,7 %
<b>Total Others</b>	<b>568 200</b>	<b>42,1 %</b>	<b>653 700</b>	<b>15,0 %</b>	<b>759 100</b>	<b>16,1 %</b>	<b>822 300</b>	<b>8,3 %</b>	<b>733 600</b>	<b>-10,8 %</b>	<b>746 100</b>	<b>1,7 %</b>
<b>Total World-wide</b>	<b>1 999 850</b>	<b>22,4 %</b>	<b>2 041 650</b>	<b>2,1 %</b>	<b>2 228 000</b>	<b>9,1 %</b>	<b>2 317 700</b>	<b>4,0 %</b>	<b>2 163 000</b>	<b>-6,7 %</b>	<b>2 200 400</b>	<b>1,7 %</b>

Figures as per 17.02.2017

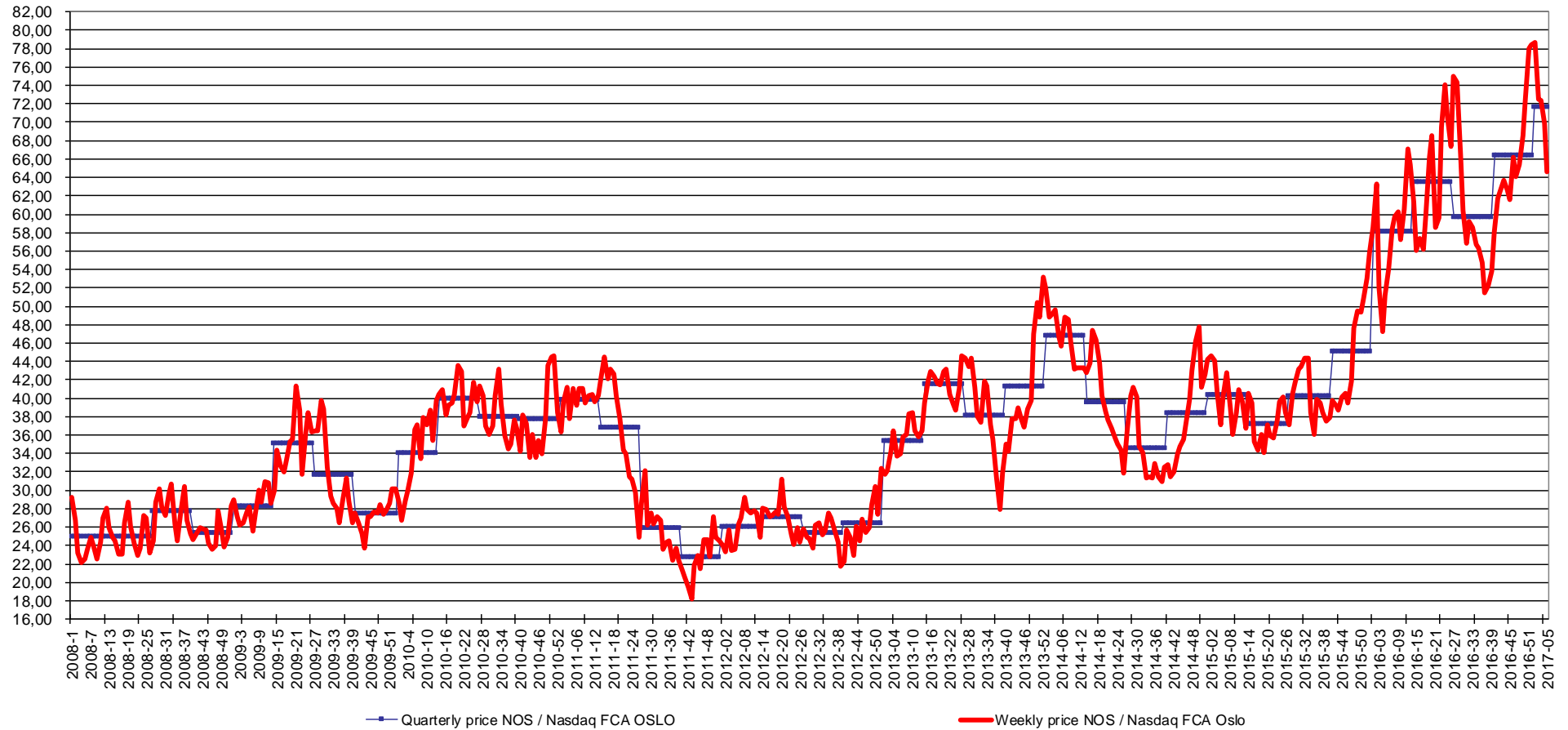
Source: Kontali

SPOT prices, fresh Atlantic salmon  
cross-section, FCA Oslo  
as of week 05-2017 (Superior quality).

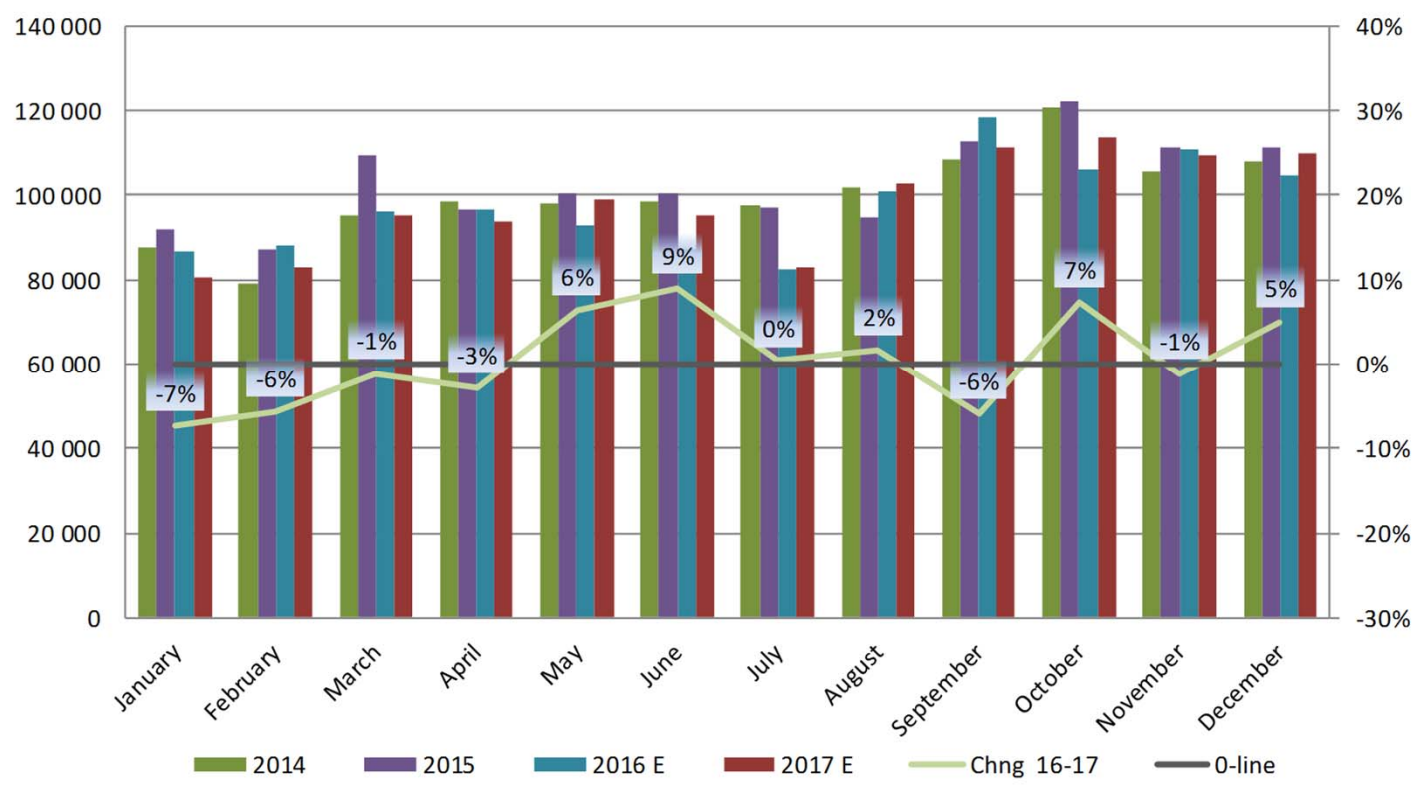
2016 FY: NOK 61,93 vs 2015 FY: 40,70 (+52,2 %)  
2016 Q4: NOK 66,42 vs 2015 Q4: NOK 45,04 (+47,5 %)



NOS/Nasdaq	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	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17
FCA Oslo	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	34,54	38,34	40,37	37,25	40,17	45,04	58,10	63,47	59,72	66,42	71,58

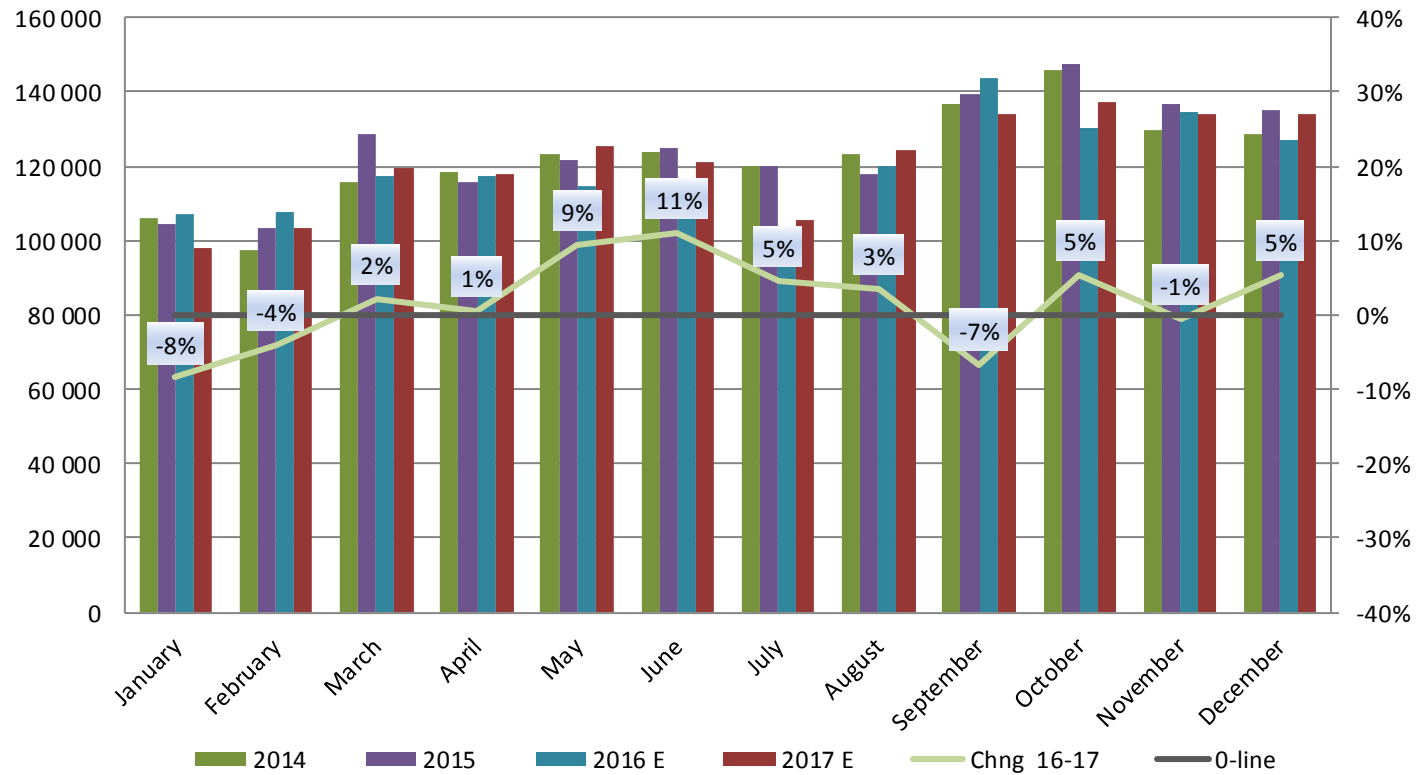


# Atlantic salmon - Harvest Quantities Norway in tons WFE



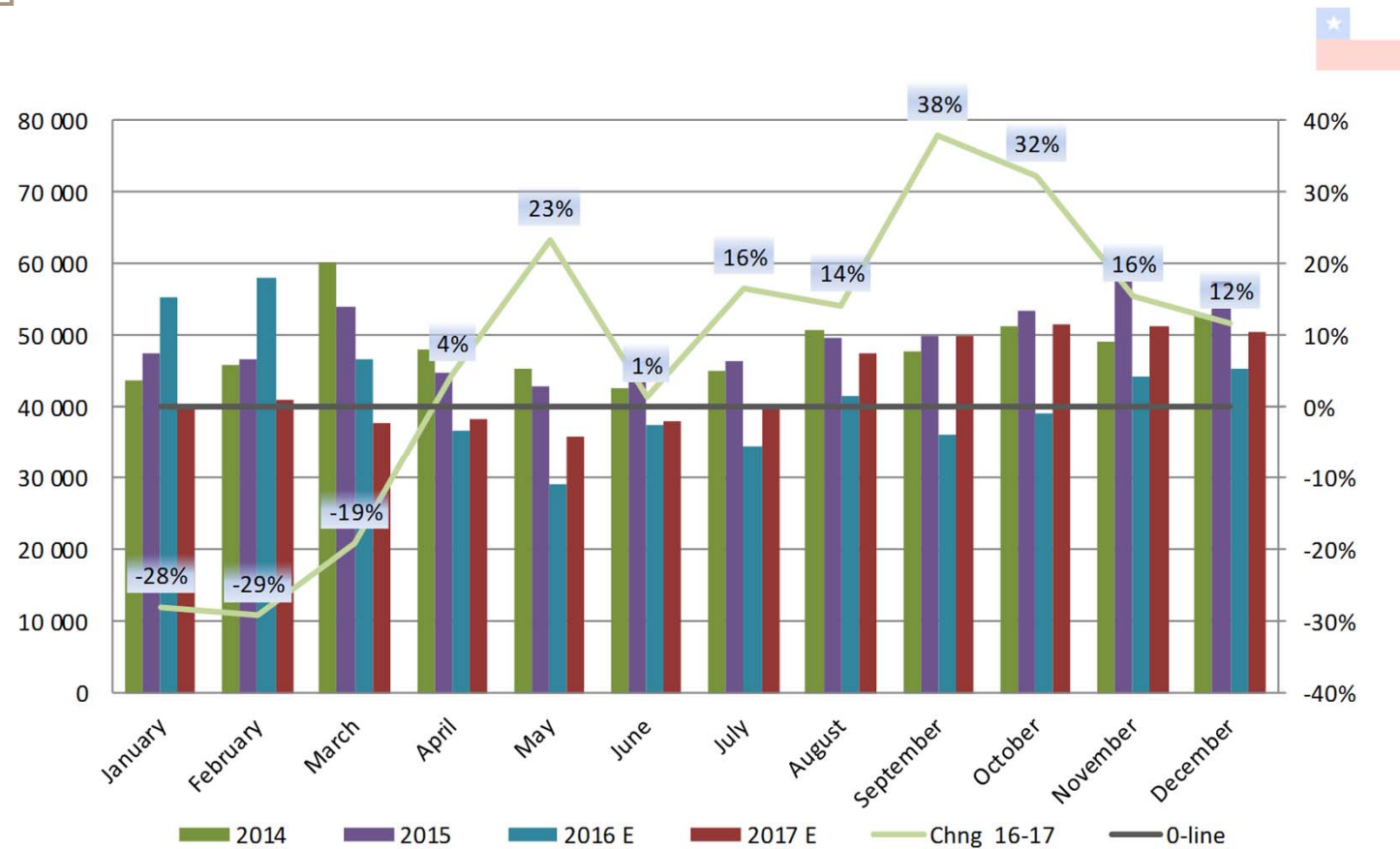
Figures as per 17.02.2017  
Source: Kontali

# Atlantic salmon - Harvest Quantities Europe in tons WFE



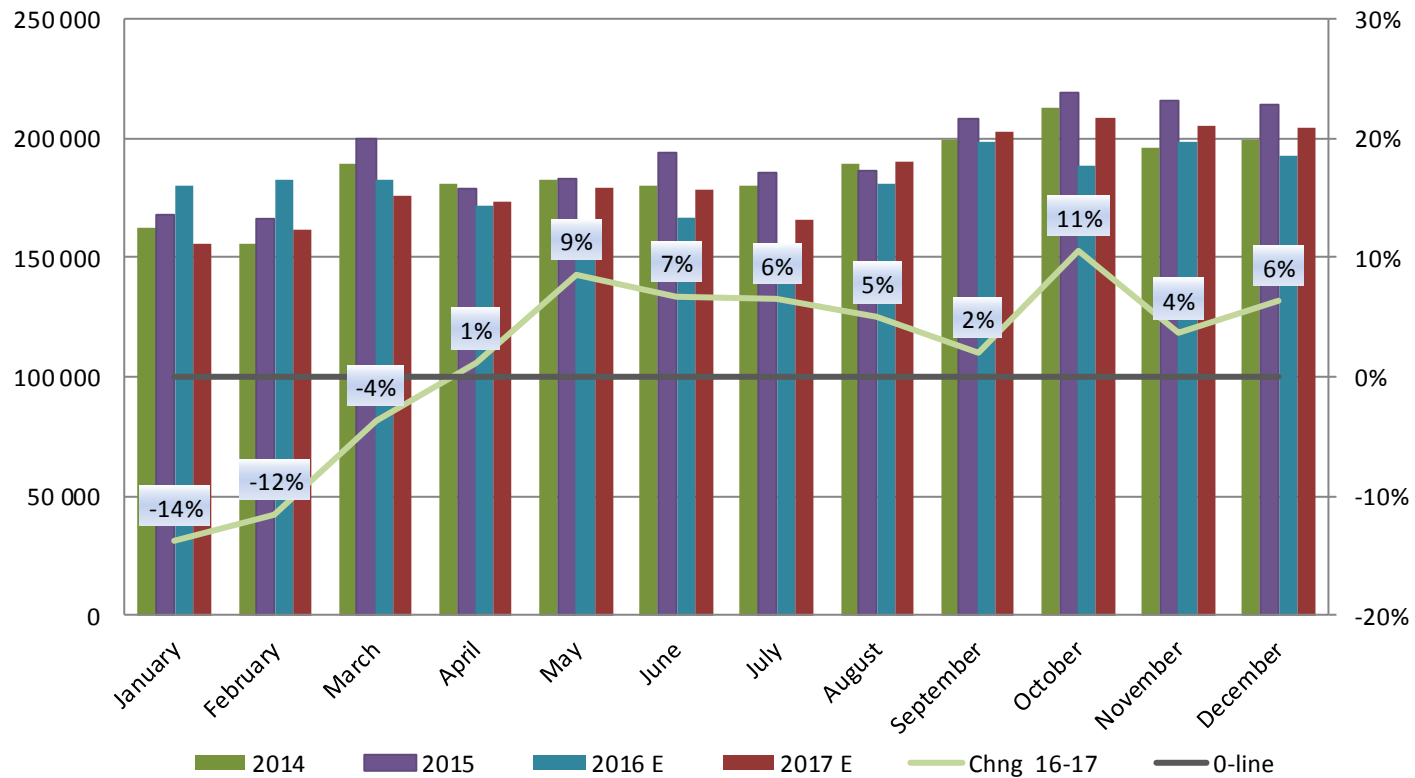
Figures as per 17.02.2017  
Source: Kontali

# Atlantic salmon - Harvest Quantities Chile in tons WFE



Figures as per 17.02.2017  
Source: Kontali

# Atlantic salmon - Harvest Quantities WW in tons WFE



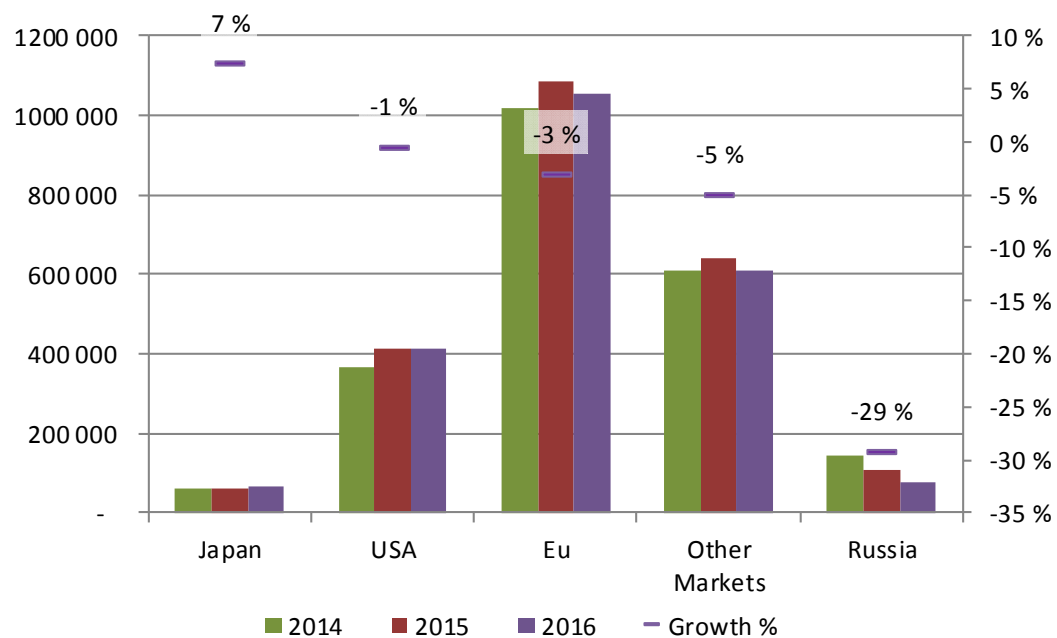
Figures as per 17.02.2017  
Source: Kontali



# Atlantic Salmon Consumption

## FY - 2016

Market - Salmon	2014	2015	2016	Growth	Growth %
Japan	63 800	60 500	64 900	4 400	7 %
USA	367 300	415 600	413 000	-2 600	-1 %
Eu	1 017 600	1 088 000	1 053 300	-34 700	-3 %
Other Markets	611 400	640 900	608 200	-32 700	-5 %
Russia	145 600	106 200	75 000	-31 200	-29 %
<b>Total Consumption</b>	<b>2 205 700</b>	<b>2 311 200</b>	<b>2 214 400</b>	<b>-96 800</b>	<b>-4 %</b>



Figures as per 17.02.2017  
Source: Kontali/Nasdax

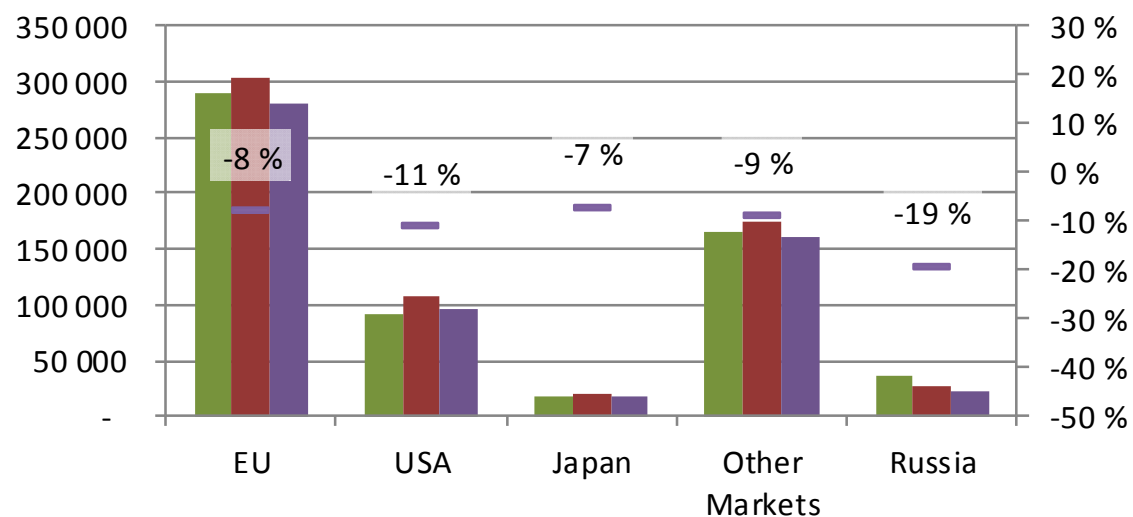




# Atlantic Salmon Consumption Q4 2016

## Salmon

Market	2014	2015	2016	Growth	Growth %
EU	288 500	303 700	280 200	-23 500	-8 %
USA	92 200	107 200	95 400	-11 800	-11 %
Japan	17 600	19 900	18 500	-1 400	-7 %
Other Markets	164 800	175 100	159 500	-15 600	-9 %
Russia	36 500	27 200	22 000	-5 200	-19 %
<b>Total Consumption</b>	<b>599 600</b>	<b>633 100</b>	<b>575 600</b>	<b>-57 500</b>	<b>-9 %</b>



Figures as per 17.02.2017  
Source: Kontali/Nasdax

■ 2014 ■ 2015 ■ 2016 — Growth %



## Outlook

- Market outlook supports strong prices
- Harvest guidance 180.000 GWT (including associates) for 2017
- Expected contract share Q1 ~30%, with higher harvest volume than Q1 last year

## Outlook continued

- Significant potential in whitefish
  - Demand for cod is strong
  - Haddock markets recovered
  - More challenging for saithe and shrimps
- Robust quota situation 2017\*
  - Cod: -1%
  - Haddock: Unchanged
  - Saithe +6% (North of 62N)
  - Saithe +125% (North sea)

\* compared with start of 2016. Saithe- and haddock vessel quotas increased through 2016 to ensure max utilization of TAC

# Product innovation



The logo for LEROY, featuring the brand name in white, bold, sans-serif capital letters inside a blue rounded rectangle with a white swoosh underneath.A close-up photograph of a wooden crate, showing the grain of the wood and several metal rivets or bolts that hold the structure together. The wood has a warm, natural tone with some darker staining or water marks.

*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.*

A close-up photograph of a piece of cooked salmon, likely smoked or grilled, showing its characteristic pinkish-orange color and flaky texture. The fish is resting on a white surface.

Thank  
You!