



Lerøy Seafood Group ASA



# Q2 2017

August 24th

CEO Henning Beltestad  
CFO Sjur S. Malm



# Agenda

- 1 Highlights
- 2 Key financial figures
- 3 Outlook

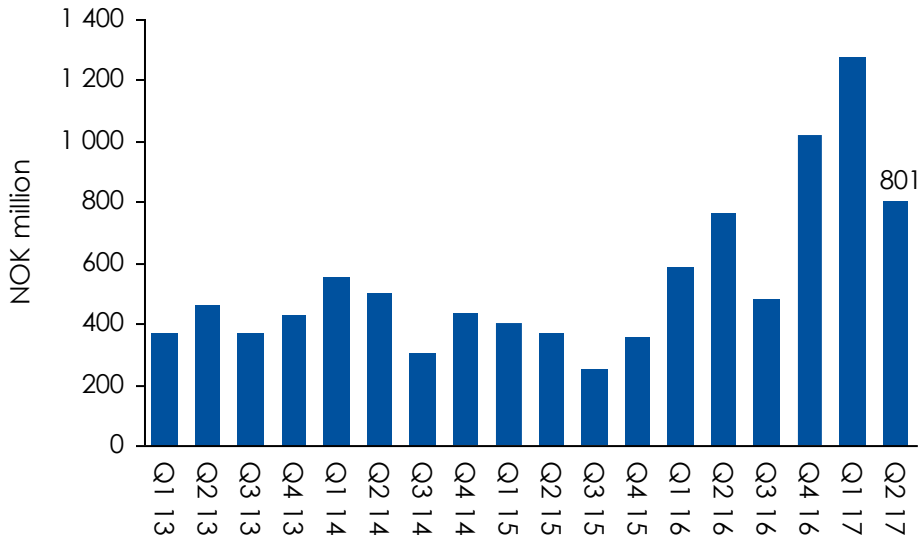
## Q2 2017

- EBIT before FV adj. NOK 801 million
- Harvest volume 26 156 GWT
- EBIT/kg all incl. (excl. EBIT Havfisk & LNWS) of NOK 27.3
- Contract share of 45%
- NIBD NOK 3 190 million
- Harvest guidance 160 000 GWT for 2017

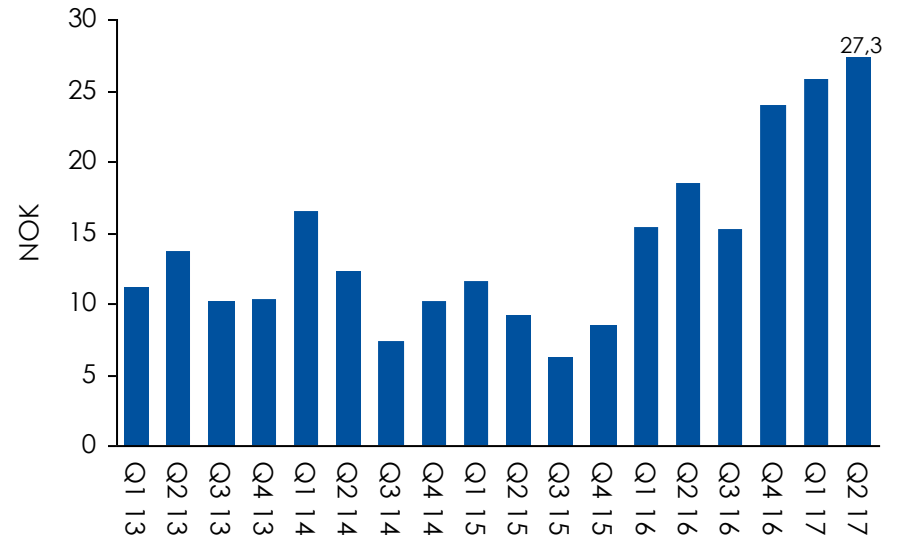


# Quarterly historic figures

### EBIT\*



### EBIT/kg\*\*, all inclusive



\*before biomass adjustment

\*\*before biomass adjustment excl. EBIT contribution from Wild Catch

# Lerøy Seafood Group ASA

Farming

Wild catch

VAP, Sales and  
Distribution





## Q2: Farming highlights

- Spot prices above last year
  - NSI Q2/17 NOK 67.7 vs NOK 64.2 in Q2/16 (+5%)
  - Up NOK 1.6/kg q-o-q, and up NOK 3.5/kg y-o-y
  
- Positive development in trout prices
  - 2014, 2015 and 2016 with severe loss on price achievement relative to salmon, post Russian import ban imposed 7. august 2014
  
- High contract share, and contract price well below spot price
  
- Cost (RFS) increase from Q1/17
  
- Biomass at sea
  - End Q2/17 at 96,258 LWT vs 81,700 LWT end Q2/17 (+18%)

# 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	64 000
Lerøy Sjøtroll	63	22,6	56 200	71 600	61 700	63 200	57 100	68 000	57 000
<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>160 000</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>175 000</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

## Q2: Wild Catch

- Strong first half of 2017
  - Catch volume based on annual quotas, time of catch may vary from year to year
    - Catch volume in Q2/17 of 16,769MT down from 17,020MT in Q2/16.
    - High share of saithe (39% of catch Q2/17 vs 11% of catch Q2/16)
    - Remaining quota for 2017 about 25,000MT, same level as end Q2/16.
  - Compared to Q2/17. Positive price development for cod (up 9% y-o-y) and haddock (up 30% y-o-y). Saithe prices down 28% y-o-y
  
- Positive effects from new organisational structure in Lerøy Norway Seafoods





# Remaining quotas Havfisk/Wild Catch

	Catch volume Q2/17	Catch volume Q2/16	Catch volume YTD 2017	Carch volume YTD 2016	Remaining quota 2017	Remaining quota 2016
Cod	<b>4 067</b>	6 507	13 492	13 457	<b>16 149</b>	15 973
Haddock	<b>2 050</b>	4 181	9 426	9 154	<b>2 497</b>	3 070
Saithe N	<b>1 350</b>	1820	3 100	3 111	<b>6 072</b>	5 541
Saithe S	<b>5 235</b>	0	6 326	2 217	<b>341</b>	450
Shrimps	<b>996</b>	1 256	996	1 256		
Other	<b>3 070</b>	3 256	4 010	3 994		
<b>Total</b>	<b>16 769</b>	<b>17 020</b>	37 355	33 188	<b>25 029</b>	<b>25 034</b>



## Q2: VAP, Sales and Distribution

- Record activity level in first half of 2017.
- Quarterly operating margin of 2.9% compared to 2.3% in Q2/16. Positive development in key operations
- Position as full fletched seafood supplier has been enhanced significantly over the previous year

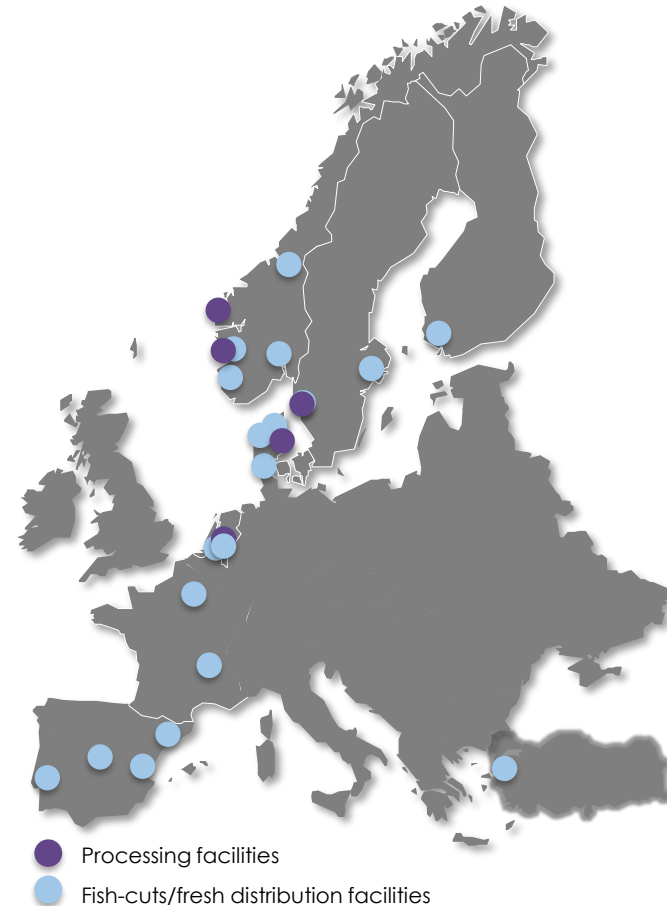
# Integrated value chain for seafood 2017



- Fully integrated value chain for production of salmon, whitefish and trout
- Full traceability
- Focus on best practice and investment through the whole value chain
- 3814 employees

# 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



# Lerøy Barcelona – production start april 2017





# More seafood into the ready-to-eat category



# Innovating the seafood category





# Innovating the seafood category





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# Key financial figures, Q2 2017

<i>(NOKm)</i>	Q2 2017	Q2 2016	▲%
Revenue	4 224	4 262	-1 %
Other gains and losses	8	0	
EBITDA	948	876	8 %
Depreciation & amortisation	147	115	
<b>EBIT*</b>	801	760	<b>5 %</b>
Income from associates*	100	41	
Net finance	-61	-27	
<b>Pre-tax profit*</b>	<b>840</b>	<b>775</b>	<b>8 %</b>
EPS (NOK)*	1,05	0,93	13 %
Harvested Volume (GWT)	26 156	41 132	-36 %
ROCE* (%)	23,6 %	30,6 %	
EBIT/kg all incl. excl. WildCatch* (NOK)	27,3	18,5	

\* Before biomass adjustment



# Key financial figures, H1 2017

<i>(NOKm)</i>	H1 2017	H1 2016	▲%
Revenue	9 684	8 077	20 %
Other gains and losses	8	0	
EBITDA	2 371	1 573	51 %
Depreciation & amortisation	293	228	
<b>EBIT*</b>	2 078	1 345	<b>55 %</b>
Income from associates*	163	83	
Net finance	-107	-61	
<b>Pre-tax profit*</b>	<b>2 134</b>	<b>1 367</b>	<b>56 %</b>
EPS (NOK)*	2,64	1,68	57 %
Harvested Volume (GWT)	69 463	79 295	-12 %
ROCE* (%)	29,3 %	27,1 %	
EBIT/kg all incl. excl. WildCatch* (NOK)	26,4	17,0	

\* Before biomass adjustment

# Balance sheet

«Wild Catch» segment consolidated from 1. September 2016

(NOKm)	30.06.2017	30.06.2016	▲ %
Intangible assets	8 059	4 381	84%
Tangible fixed assets	4 504	2 981	51%
Financial non-current assets	1 030	754	37%
<i>Total non-current assets</i>	<i>13 592</i>	<i>8 115</i>	<i>67%</i>
Biological assets at cost	3 527	2 971	19 %
Fair value adjustment of biomass	2 265	997	27%
Other inventory	873	504	73 %
Receivables	2 382	2 197	8 %
Cash and cash equivalents	2 492	3 491	-29 %
<i>Total current assets</i>	<i>11 539</i>	<i>10 160</i>	<i>14 %</i>
<b>Total assets</b>	<b>25 131</b>	<b>18 275</b>	<b>38 %</b>
Equity	14 213	11 237	26 %
<b>Equity ratio</b>	<b>56,6 %</b>	<b>61,5 %</b>	
<b>NIBD</b>	<b>3 190</b>	<b>-7</b>	<b>n.m.</b>

# Funding

NOK million	2017	2018	2019	2020	2021	Later	Total
To be paid	308	664	734	582	1465	1 843	5 596
Total	589	664	734	582	1465	1 843	5 878

	Covenants	Q2 2017
NIBD/EBITDA	<5	0,77
Adj. Equity ratio	>30 %	64.1 %

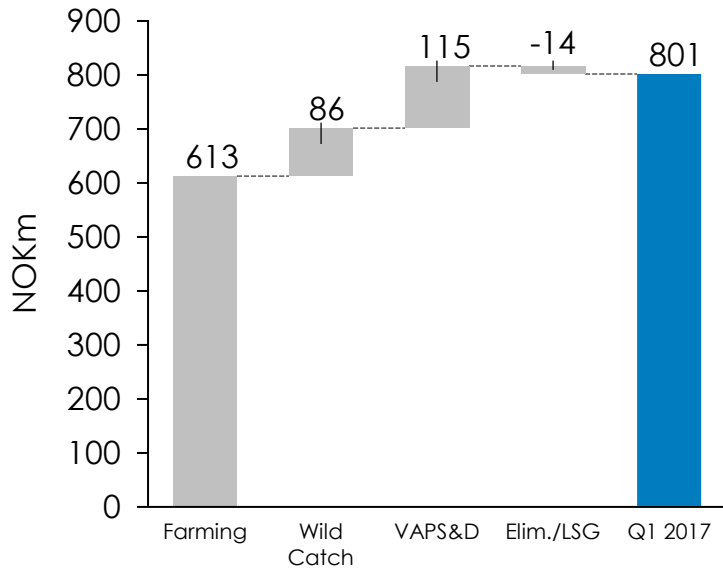
# Cash flow / NIBD

	Q2 2017	Q2 2016	YTD Jun. 17	YTD June 16
EBITDA before fair value adjustment on biological assets	948	876	2 371	1 573
Paid tax	-281	-25	-478	-200
Change in working capital	-286	-1	-124	136
Other	-22	-9	-8	-17
<b>Cash from operating activities</b>	<b>359</b>	<b>840</b>	<b>1 761</b>	<b>1 492</b>
Business combinations and redemption of non-controlling interests	-1	-81	-1	-27
Net investments in capex and intangibles	-366	-201	-562	-375
Dividends received	110	52	110	52
Other changes in non-current assets	-66	1	-83	1
<b>Cash from investing activities *</b>	<b>-322</b>	<b>-228</b>	<b>-536</b>	<b>-349</b>
Net financial cost	-50	-27	-93	-61
New equity	0	2 174	0	2 174
Dividends distributed	-832	-664	-834	-664
<b>Cash from financing activities</b>	<b>-882</b>	<b>1 483</b>	<b>-927</b>	<b>1 449</b>
Change in NIBD from business combinations	0	1	0	0
Other changes (incl.currency effects)	-17	4	-54	8
<b>Net cash flow / change in NIBD</b>	<b>-863</b>	<b>2 100</b>	<b>244</b>	<b>2 601</b>
NIBD at beginning	2 327	2 092	3 433	2 595
Change in NIBD	863	-2 099	-244	-2 601
<b>NIBD at end</b>	<b>3 190</b>	<b>-7</b>	<b>3 190</b>	<b>-7</b>

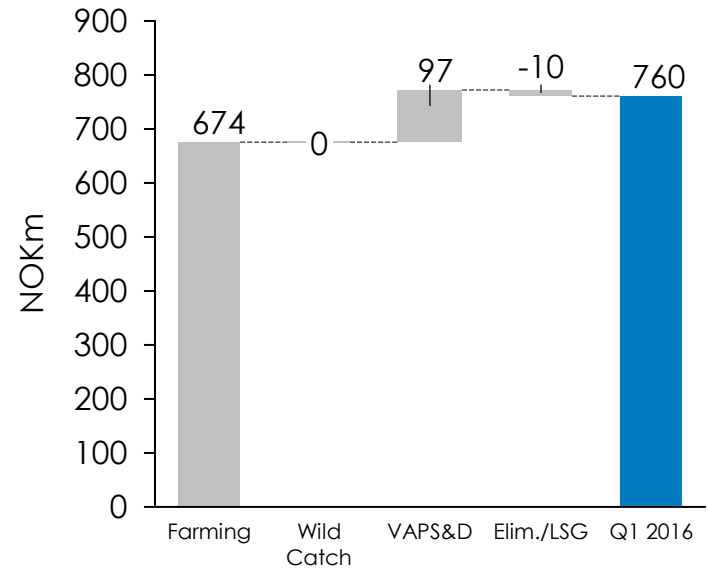
\* The amount may differ from the corresponding amount in the cash flow statement in the quarterly report, as cash acquired through business combination is not included. The change in NIBD from business combination is presented in separate line in this overview.

# EBIT per segment

EBIT\* Q2 2017



EBIT\* Q2 2016



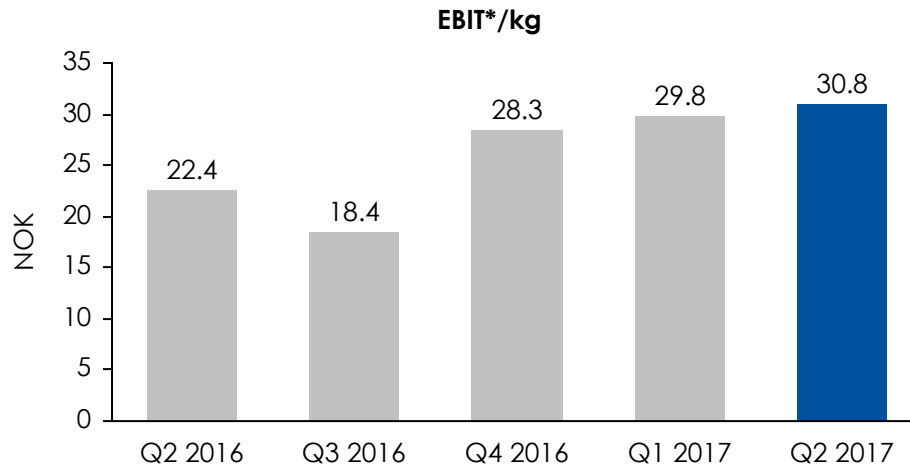
\*before biomass adj.



# Lerøy Aurora

	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Revenue (NOKm)	561	333	977	766
EBIT* (NOKm)	247	122	426	292
Harvested volume (GWT)	8 017	5 456	14 031	13 179
EBIT/kg* (NOK)	30.8	22.4	30.4	22.1

- Higher RFS (release-from-stock) cost q-o-q
- Positive effect from investment in larger smolts
- Expects gradually falling RFS cost in H2/17
- Expected harvest volume in 2017 39,000GWT

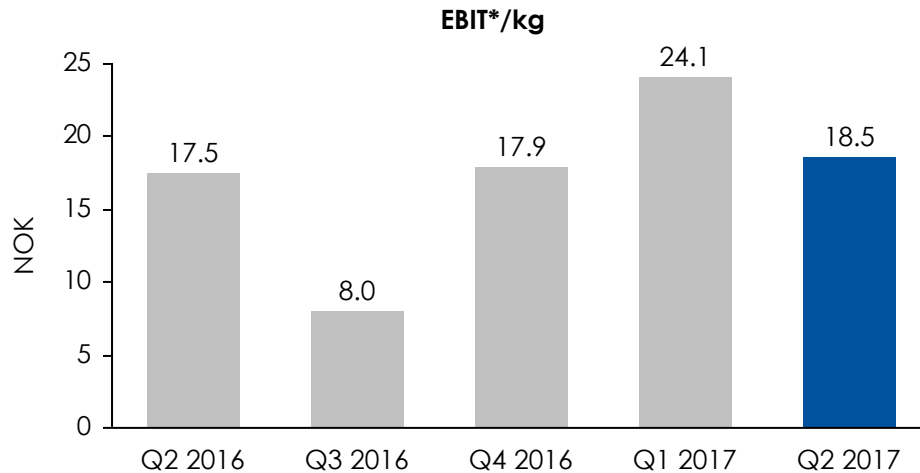


\*before biomass adj.

# Lerøy Midt

	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Revenue (NOKm)	353	793	1 744	1 501
EBIT* (NOKm)	99	249	628	447
Harvested volume (GWT)	5 341	14 205	27 273	27 740
EBIT/kg* (NOK)	18.5	17.5	23.0	16.1

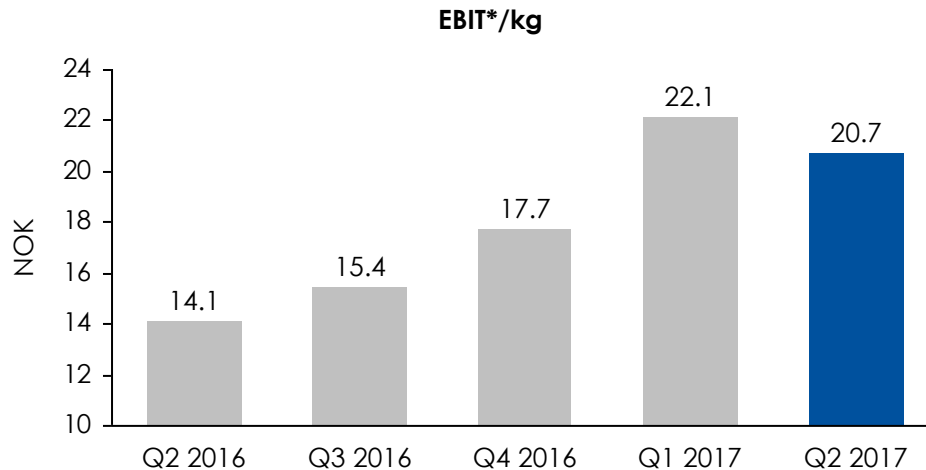
- As previously communicated low harvest volume in Q2/17
- Current development indicates significant improvement y-o-y
- Good growth, and expect lower RFS cost in H2/17
- Expected harvest volume in 2017 is 64,000 GWT



\*before biomass adj.

# Lerøy Sjøtroll

	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Revenue (NOKm)	832	1 148	1 799	1 972
EBIT* (NOKm)	265	303	604	457
Harvested volume (GWT)	12 798	21 471	28 159	38 376
EBIT/kg* (NOK)	20.7	14.1	21.5	11.8



- Significant improvement in trout prices y-o-y. Trout share of production in Q2 2017 lowered compared to Q2 2016
- Production growth particularly for Spring 2016 generation below expectations, impacting harvest volume and cost negatively
- Significant room for improvements in costs, but as of today expects relatively stable or marginally declining RFS costs for remainder of 2017
- Expected harvest volume in 2017 is 57 000 GWT

\*before biomass adj. including EBIT from Norsk Oppdrettsservice

# Wild Catch (Havfisk/NWS)

	Q2 2017	Q2 2016	YTD 2017	YTD 2016
EBITDA (NOKm)	115		301	
EBIT (NOKm)	86		244	

<b>Havfisk, catch volume</b>	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Cod	4 067	6 507	13 492	13 457
Saithe	6 585	1 820	9 426	5 328
Haddock	2 050	4 181	9 430	9 154
Shrimps	996	1 256	996	1 256
Other	3 070	3 256	4 010	3 994
<b>Total</b>	<b>16 769</b>	<b>17 020</b>	<b>37 355</b>	<b>33 188</b>

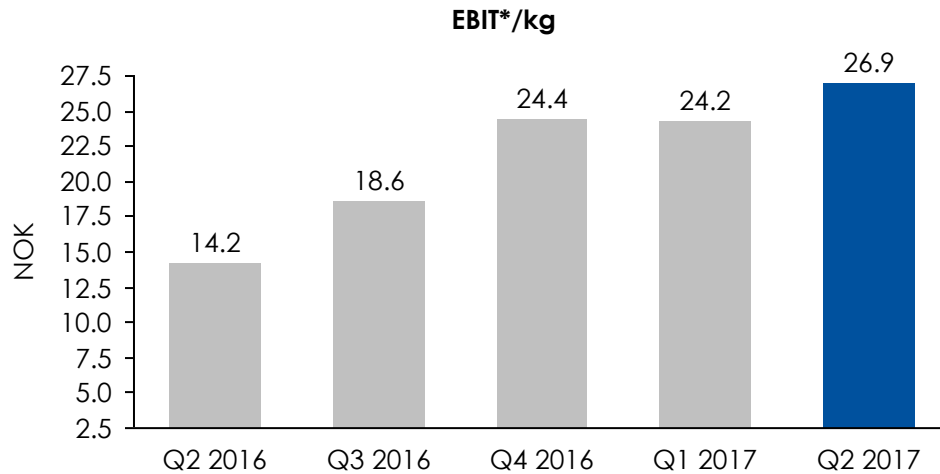
<b>Havfisk, prices</b>	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Cod	27,4	25,2	27,0	24,9
Haddock	16,5	12,7	18,8	14,0
Saithe	11,2	15,6	11,6	16,5

- Consolidated from 1. September 2016
- Strong first half of the year for Havfisk, with high catch rates
- Government proposal on changes in Cod trawler fleet land-lock obligation system withdrawn
- Significant changes made in Norway Seafoods Group operation into 2017. First season with new organisation, and potential for improvements.

# Norskott Havbruk (associate)

	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Revenue (NOKm)	599	433	971	854
EBIT* (NOKm)	227	101	370	182
Harvested volume (GWT)	8 437	7 155	14 355	14 136
EBIT/kg* (NOK)	26.9	14,2	25,8	12,9

- Record quarter, with strong operations
- Contract share 34%
- New RAS smolt facility under construction.
- Expected harvest volume in 2017 is 30 000 GWT



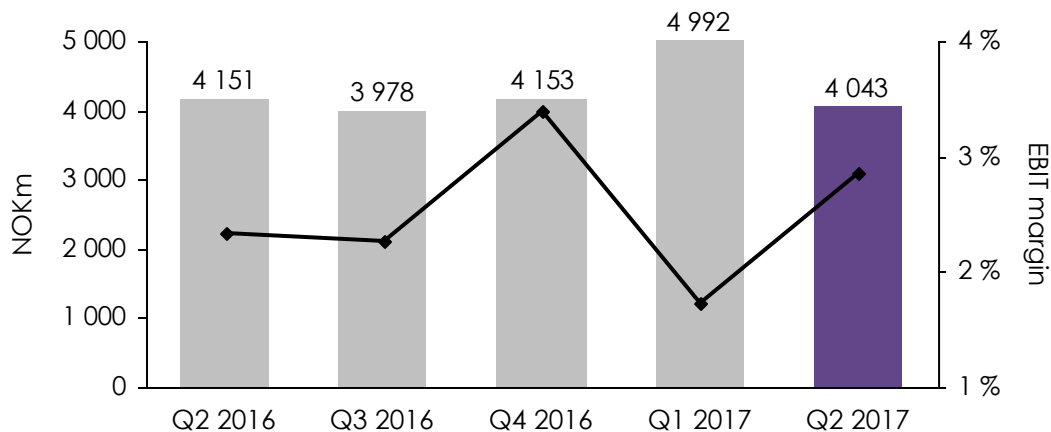
\*before biomass adj

# VAPS&D – VAP, Sales and Distribution

	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Revenue (NOKm)	4 043	4 151	9 035	7 871
EBIT (NOKm)	115	97	201	168
EBIT margin	2.9 %	2.3 %	2.2 %	2.1 %

- Quarter negatively impacted by low volume of own harvested salmon and trout, but positive development in key operations
- Significant potential in developing whitefish segment as well as “fish cuts”
- High focus on product development, seeing positive development in key markets

Revenue and EBIT margin (line graph)





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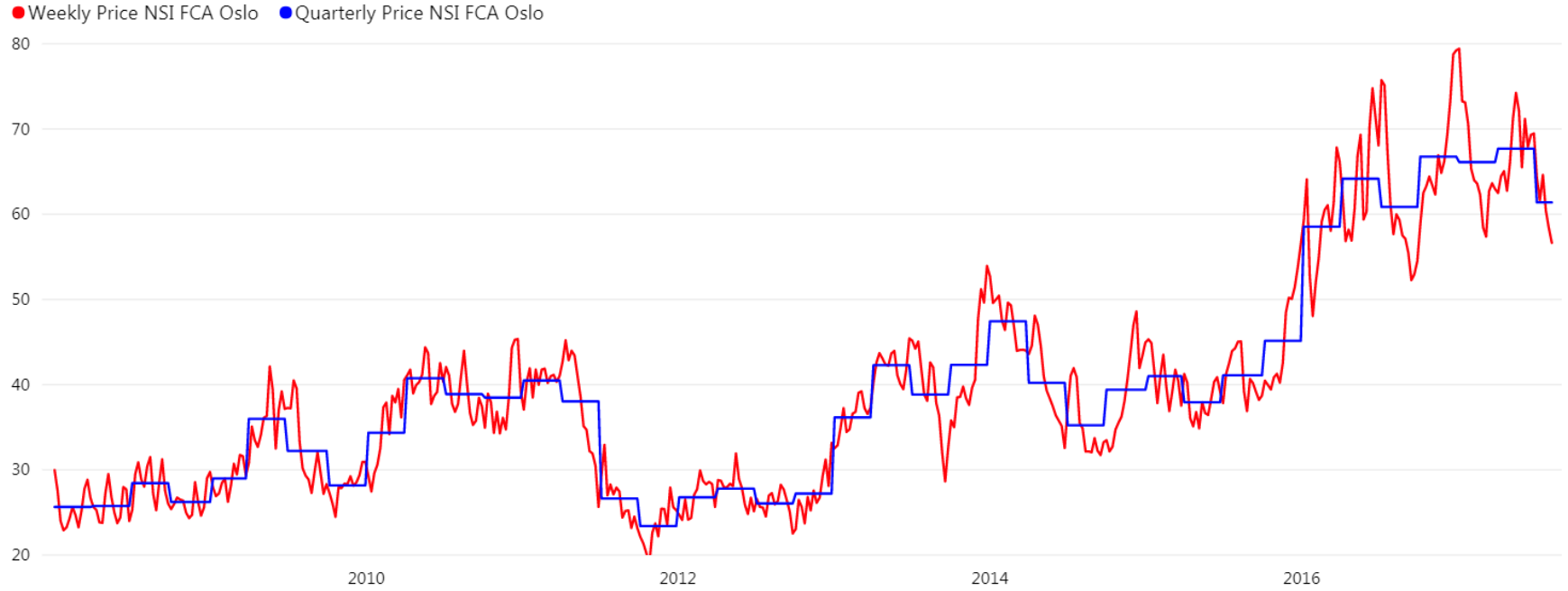
# Atlantic salmon – Supply in tons WFE

	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 %	1 200 600	2,5 %
United Kingdom	159 400	3,0 %	157 800	-1,0 %	170 500	8,0 %	166 300	-2,5 %	157 400	-5,4 %	173 400	10,2 %
Faroe Islands	70 300	24,9 %	72 600	3,3 %	82 700	13,9 %	75 600	-8,6 %	77 300	2,2 %	80 400	4,0 %
Ireland	15 600	-2,5 %	10 600	-32,1 %	12 300	16,0 %	15 700	27,6 %	15 800	0,6 %	17 000	7,6 %
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>1 429 700</b>	<b>-4,4 %</b>	<b>1 483 600</b>	<b>3,8 %</b>
Chile	364 000	64,7 %	468 100	28,6 %	582 900	24,5 %	598 200	2,6 %	504 400	-15,7 %	547 400	8,5 %
Canada	136 500	14,2 %	115 100	-15,7 %	95 000	-17,5 %	135 200	42,3 %	142 500	5,4 %	137 800	-3,3 %
USA	19 600	7,1 %	20 300	3,6 %	24 000	18,2 %	20 200	-15,8 %	22 000	8,9 %	21 500	-2,3 %
Australia	40 000	11,1 %	39 000	-2,5 %	42 000	7,7 %	54 400	29,5 %	50 900	-6,4 %	57 500	13,0 %
Others	8 100	62,0 %	11 200	38,3 %	15 200	35,7 %	13 700	-9,9 %	12 500	-8,8 %	12 100	-3,2 %
<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>821 700</b>	<b>8,2 %</b>	<b>732 300</b>	<b>-10,9 %</b>	<b>776 300</b>	<b>6,0 %</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>2 317 100</b>	<b>4,0 %</b>	<b>2 162 000</b>	<b>-6,7 %</b>	<b>2 259 900</b>	<b>4,5 %</b>

# Spot price NSI


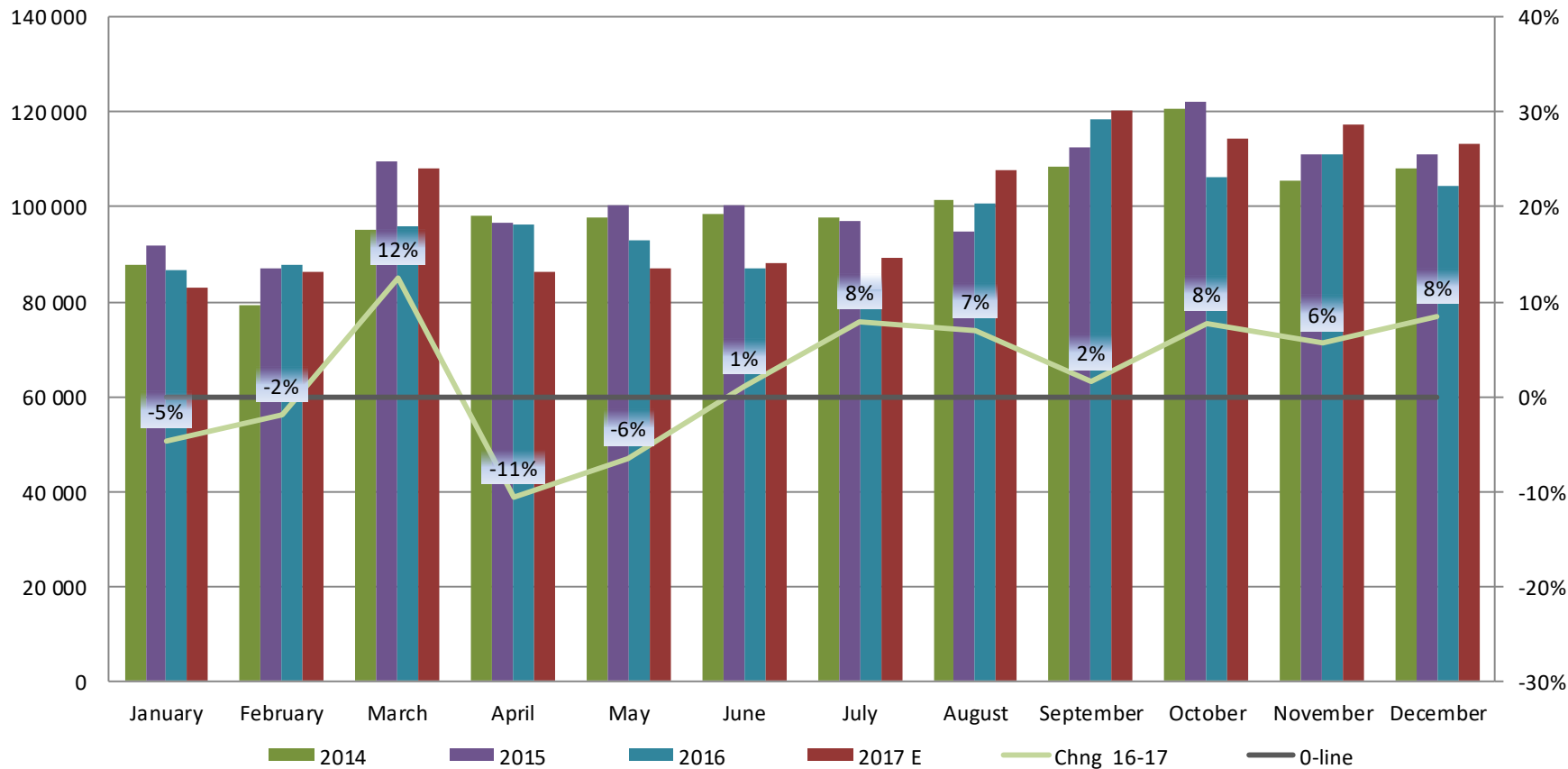
All sizes, Sales price Oslo

Quarter	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Q1	26	29	34	40	27	36	47	41	59	66
Q2	26	36	41	38	28	42	40	38	64	68
Q3	28	32	39	27	26	39	35	41	61	61
Q4	26	28	38	23	27	42	39	45	67	
<b>Total</b>	<b>27</b>	<b>31</b>	<b>38</b>	<b>32</b>	<b>27</b>	<b>40</b>	<b>41</b>	<b>41</b>	<b>63</b>	<b>66</b>



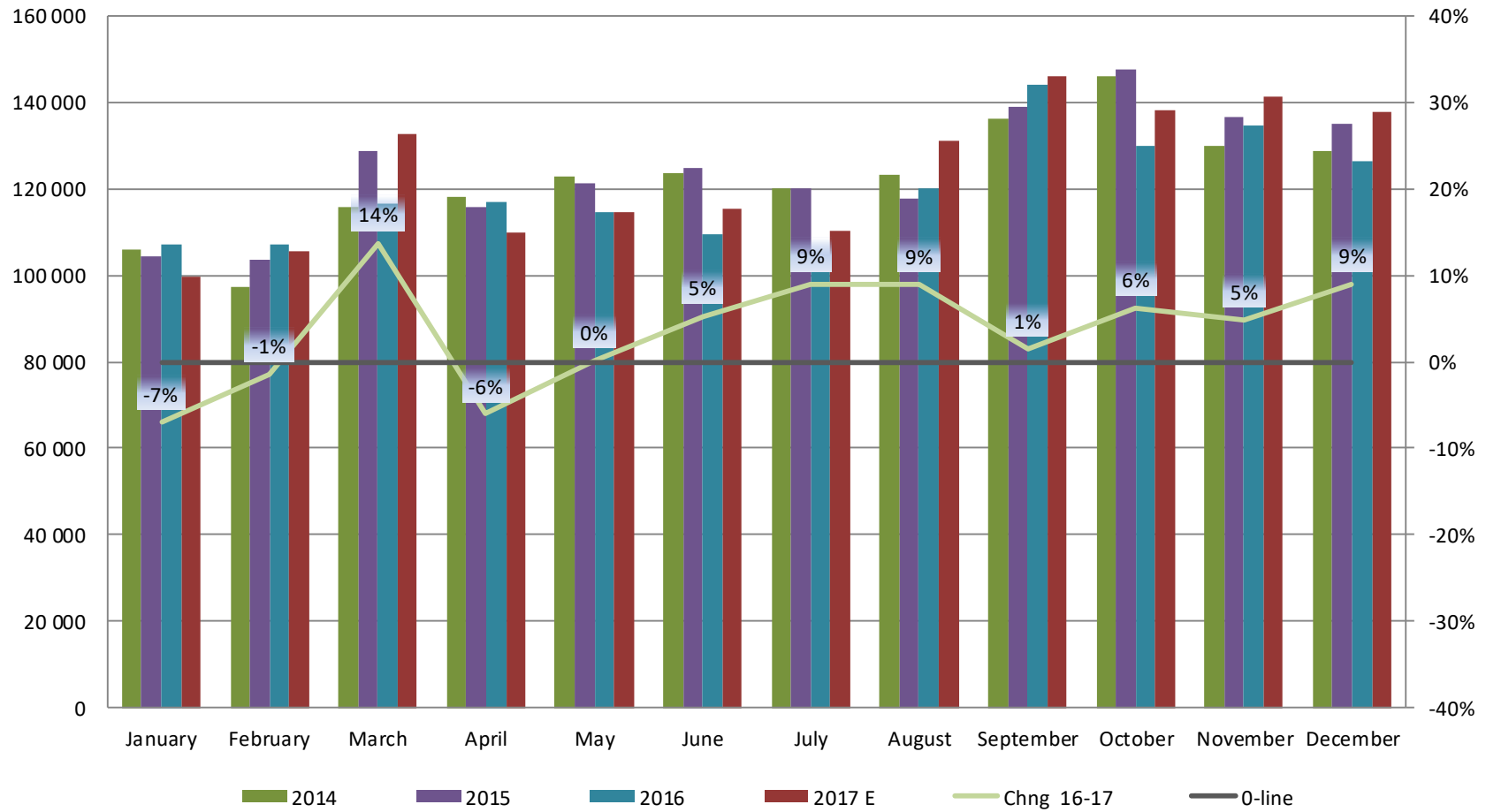
# Atlantic salmon - Harvest Quantities Norway in tons WFE

Harvest qty, YTD July:  
627 500 -0,4% (630 000)

# Atlantic salmon - Harvest Quantities Europe in tons WFE

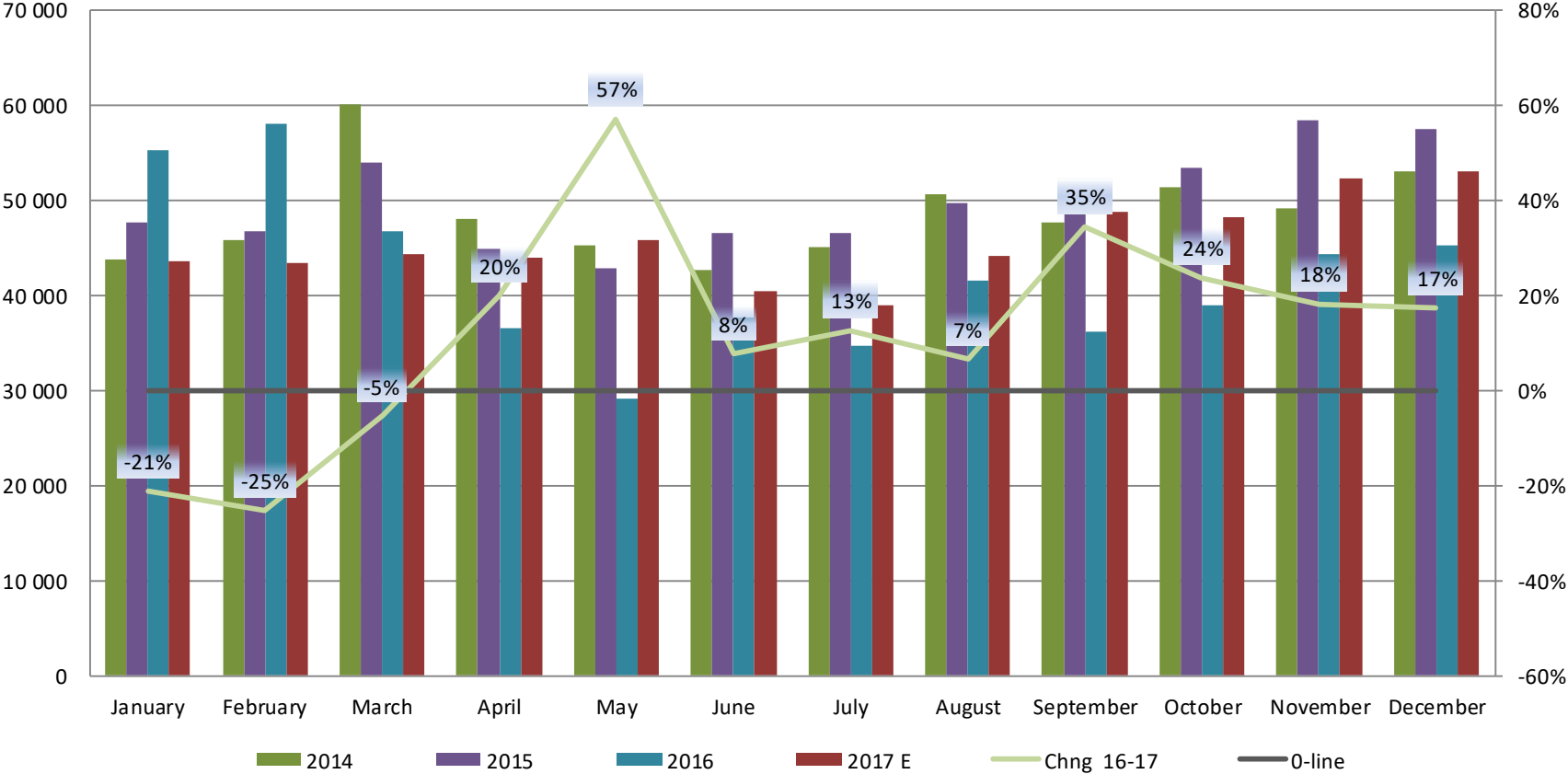
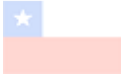
Harvest qty, YTD July:  
788 800 +1,9% (773 800)



# Atlantic salmon - Harvest Quantities Chile

in tons WFE

Harvest qty, YTD July:  
300 700 +0,8% (298 200)

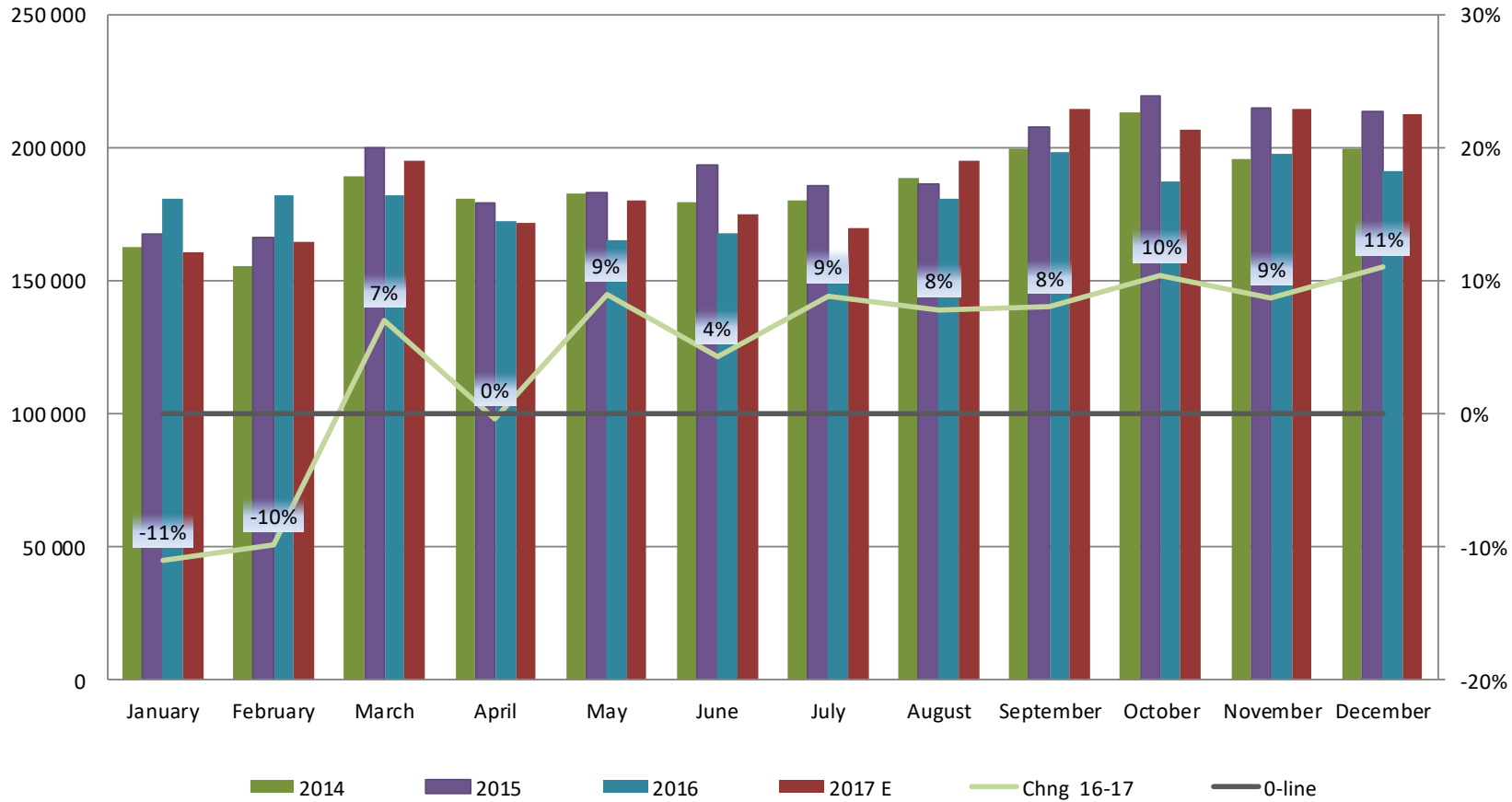


Figures as per 23.08.2017  
Source: Kontali

# Atlantic salmon - Harvest Quantities WW

in tons WFE

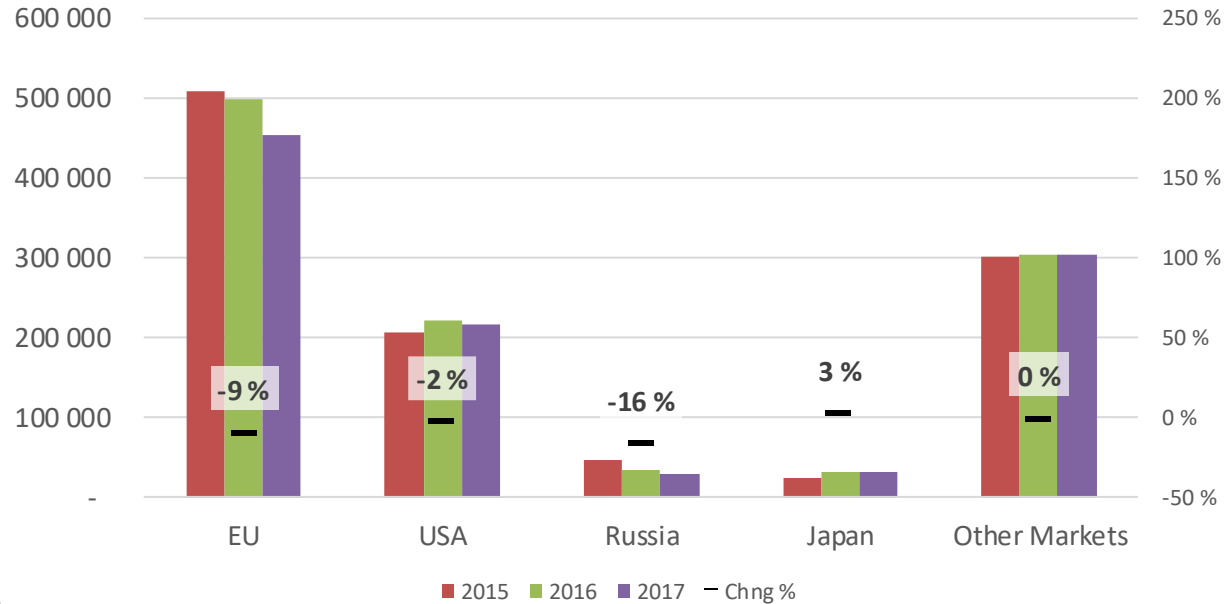
Harvest qty, YTD July:  
1 216 600 +0,8% (1 206 500)



# Atlantic Salmon Consumption

## 2017 YTD Q2

Market	2015	2016	2017	Chng	Chng %
EU	508 000	499 800	454 800	-45 000	-9 %
USA	206 500	220 400	215 800	-4 600	-2 %
Russia	47 200	34 900	29 400	-5 500	-16 %
Japan	24 300	30 300	31 200	900	3 %
Other Markets	302 200	305 200	304 100	-1 100	0 %
<b>Total</b>	<b>1 088 200</b>	<b>1 090 600</b>	<b>1 035 300</b>	<b>-55 300</b>	<b>-5 %</b>



Figures as per 11.08.2017

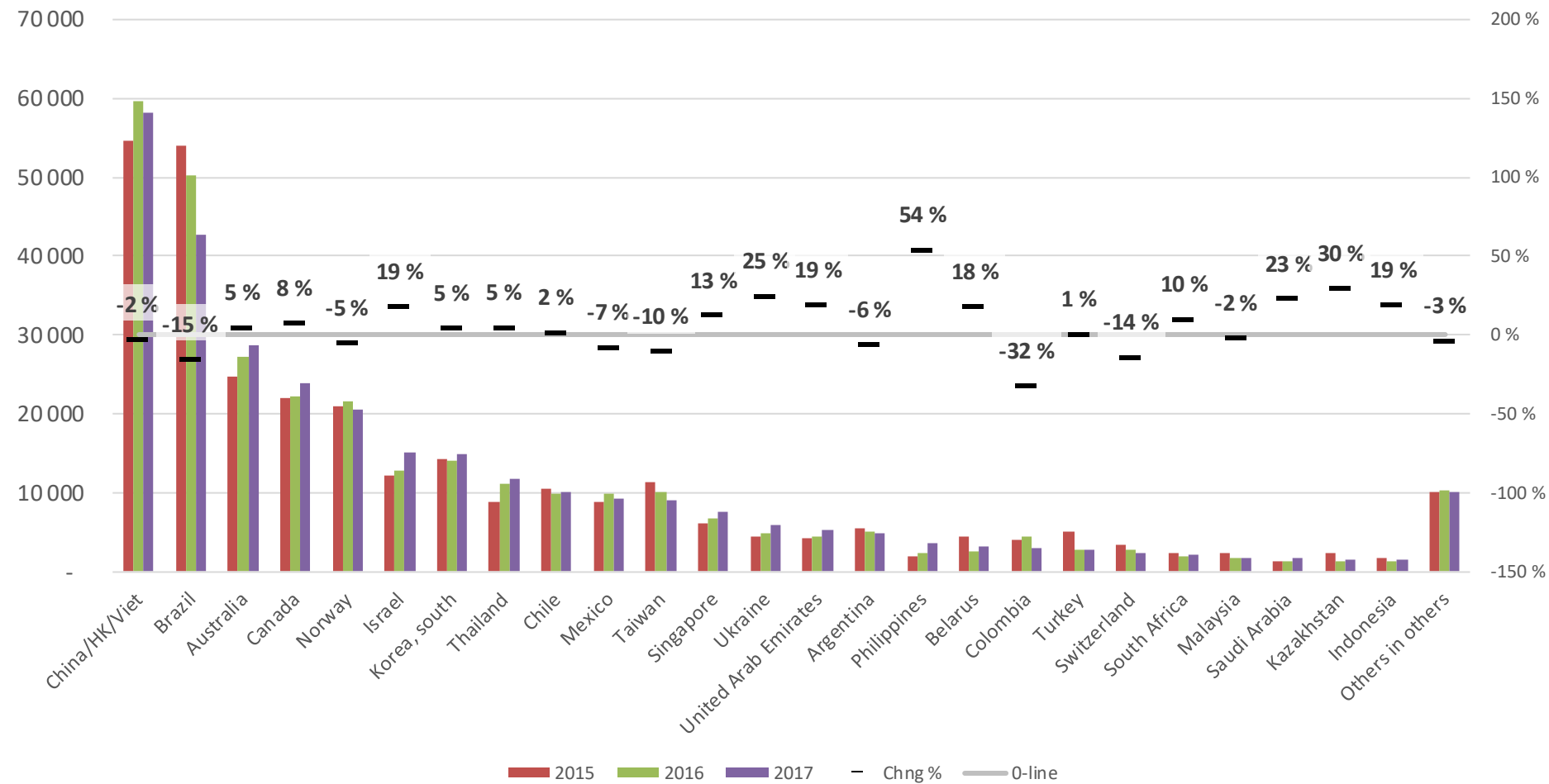
Source: Kontali / Nasdaq





# Atlantic Salmon Consumption (Other markets)

2017 YTD Q2



Figures as per 11.08.2017

Source: Kontali / Nasdaq

# Outlook

- Continued positive outlook
- Harvest guidance for salmon and trout of 175.000 GWT (including associates) for 2017
- Expected contract share for salmon and trout in Q3 ~30%
- Significant potential in whitefish, with expected catch volume above 60,000 tonnes in 2017



*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!