

Lerøy Seafood Group

Quarterly report Third quarter 2008

November 4th 2008

Ole-Eirik Lerøy
President & CEO

Ivan Vindheim
CFO



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Internal considerations Q3 2008

All figures in NOK mill

	Q3 - 08	Q3 - 07	Change	YTD Q3 08	YTD Q3 07	Change
Turnover	1 522	1 617	-6 %	4 354	4 700	-7 %
EBIT bef adj biom	117	105	11 %	237	322	-26 %
Operating profit	133	138	-4 %	52	149	-65 %
Affiliated comp.	6	-1	700 %	13	30	-57 %
PTP bef adj biom	78	86	-9 %	141	305	-54 %
Pre-tax profit	98	114	-14 %	-43	119	-136 %

Internal considerations Q3 2008

Financially Solid

- Well positioned for future organic and strategic growth

Production

- Lower harvest volumes in Q3 than expected
- Timing of remaining volumes
- Biology in Lerøy Austevoll is stable
- Cost is up in general and due to less growth

Sales and distribution

- Positive development through a strong market
- Still volatility in sales prices
- Weakening of the NOK

Affiliated companies

- High production costs in Scotland (Norskott)



External considerations Q3 2008



Demand and supply

- Prices 12.0% up in Q3 08 versus Q2 08
 - Taken into account sales mix
- Prices in Q3 08 11.9% higher than Q3 07
- Prices YTD Q3 0.4% lower than comparable figures in 2007
- Supply growth from Norway YTD Q3 3.2% (harvested)
- Currently a well balanced market
 - Estimated supply
 - Long-term trend in the demand for salmon
- Credit crunch and a likely recession

Political issues / trade barriers

- Abolition of the EU's minimum import price for salmon and anti-dumping measures on salmontrout gives market opportunities

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Income Statement Q3 2008

All figures in NOK 000'

	Q3 2008	<u>Q3 2007</u>	YTD 2008	<u>YTD 2007</u>
Salgsinntekter / Operating revenues	1 522 083	1 617 066	4 353 631	4 699 699
Vareforbruk / Cost of goods sold	1 028 820	1 196 724	3 077 865	3 531 589
Lønnskostnader / Salaries and wages	173 021	162 717	469 883	412 230
Andre driftskostnader / Other operating costs	151 681	112 744	420 732	325 099
Ordinære avskrivninger / Ordinary depreciation	52 017	39 733	148 242	109 233
EBIT før verdjustering biomasse / EBIT before fair value adjustment biomass	116 544	105 148	236 909	321 548
Verdjustering biomasse / Fair value adjustment biomass	16 458	32 386	-184 696	-172 705
Driftsresultat / operating profit	133 002	137 534	52 213	148 843
Inntekt fra tilknyttede selskaper / Income from affiliated companies	5 664	-936	13 028	30 140
Netto finansposter / Net financial items	-40 388	-22 928	-108 338	-60 345
Resultat før skattekostnad / Profit before tax	98 278	113 670	-43 097	118 638
Resultat før skattekostnad og før just biomasse/Profit before tax bef adj biom	77 701	85 664	140 848	304 777
Beregnete skatter / Estimated taxation	-24 135	-38 579	19 178	-32 344
Periodens resultat / Profit for the period	74 143	75 091	-23 919	86 294

Balance Sheet Q3 2008

All figures in NOK 000'

	<u>30.09.08</u>	31.12.07
Immaterielle eiendeler / Intangible assets	2 964 604	2 832 305
Varige driftsmidler / Tangible fixed assets	1 300 515	1 149 128
Finansielle anleggsmidler / Financial fixed assets	331 885	317 113
Sum anleggsmidler / Total fixed assets	4 597 004	4 298 546
Varer / Inventories	1 697 120	1 759 141
Fordringer / Receivables	787 930	910 685
Betalingsmidler / Cash and equivalents	378 904	537 738
Sum omløpsmidler / Total current assets	2 863 954	3 207 564
Sum eiendeler / Total assets	7 460 958	7 506 110



Balance Sheet Q3 2008

All figures in NOK 000'

	<u>30.09.08</u>	31.12.07
Innskutt egenkapital / Equity contributions	2 648 089	2 646 280
Opptjent egenkapital / Earned equity	970 216	1 111 733
Minoritetsinteresser / Minority interests	18 665	20 830
Sum egenkapital / Total equity	3 636 970	3 778 843
Avsetning for forpliktelser / Accrued liabilities	581 273	655 541
Langsiktig gjeld / Long-term liabilities	1 762 110	1 724 699
Kortsiktige kreditter / Short-term loans	710 618	566 594
Annen kortsiktig gjeld / Other short-term liabilities	769 987	780 433
Sum gjeld / Total liabilities	3 823 988	3 727 267
Sum egenkapital og gjeld / Total equity and liabilities	7 460 958	7 506 110

Cash Flow Statement Q3 2008

All figures in NOK 000'

	Q3 2008	Q3 2007	YTD 2008	YTD 2007
Kontantstrøm fra drift / Cash flow from operating activities				
Resultat før skatt / Profit before tax	98 277	113 670	-43 098	118 638
Ordinære avskrivninger / Ordinary depreciation	52 017	39 733	148 242	109 233
Endring kundefordringer / Change in accounts receivable	77 552	-42 321	30 193	28 247
Endring leverandører / Change in accounts payable	58 176	127 855	14 092	77 312
Endring verdjustering biomasse / Change in value adjustment biomass	-16 458	-32 386	184 696	172 705
Endring varelager / Change in inventories	-186 922	-155 048	-122 675	-230 471
Resultat tilknyttede selskaper / Profit impact affiliated companies	-5 664	2 801	-13 028	-28 275
Betalt skatt og andre driftsposter / Taxes paid and other operating items	95 578	66 289	17 649	-97 306
Netto kontantstrøm fra drift / Net cash flows from operating activities	172 556	120 593	216 071	150 083
Kontantstrøm fra investeringsaktiviteter / Cash flow from investing activities				
Netto investering i varige driftsmidler etc. / Net investment in fixed assets etc.	-66 790	-105 426	-299 120	-362 451
Netto investering i immaterielle eiendeler / Net investment in intangible fixed assets	1 242	0	-120 000	0
Netto utbetaling ved kjøp av aksjer etc. / Net payments for acquisitions of shares etc.	643	-730	643	-22 854
Netto utbetaling ved kjøp av konsernselskaper / Net acquisitions of group companies	-15 150	-17 776	-15 692	315 379
Endring langsiktige fordringer etc. / Change in long-term receivables etc.	-1 176	150	-2 367	93
Netto kontantstrøm fra investeringsaktiviteter / Net cash flow from investing activities	-81 231	-123 782	-436 536	-69 833
Kontantstrøm fra finansieringsaktiviteter / Cash flow from financing activities				
Netto endring i kortsiktige kreditter / Net change in bank overdraft	66 055	-77 687	131 024	-108 229
Endring langsiktig gjeld / Net change in long-term debt	-40 187	91 946	50 411	44 836
Netto innbetaling av egenkapital / Net equity contributions	-7 282	200	-20 498	292 824
Utbetaling av utbytte / Dividend payments	-1 500	-1 000	-99 306	-211 370
Netto kontantstrøm fra finansieringsaktiviteter / Net cash flow from financing activities	17 086	13 459	61 631	18 061
Netto kontantstrøm for perioden / Net cash flows for the period	108 411	10 270	-158 834	98 311
Betalingsmidler ved periodens begynnelse / Cash and equivalents at beginning of period	270 493	597 913	537 738	509 872
Betalingsmidler ved periodens slutt / Cash and equivalents at end of period	378 904	608 183	378 904	608 183



Key figures - Lerøy Seafood Group Q3 2008

Nøkkeltall / Key figures

Resultatmargin / Profit margin ¹⁾	
Driftsmargin før just.biomasse./ Operating margin before adj.biomass.	
Driftsmargin / Operating margin ²⁾	
Resultat per aksje før just.biomasse/ Earnings per share before adj.biomass	
Resultat per aksje / Earnings per share ³⁾	
Utvannet resultat per aksje / Diluted earnings per share	
ROCE før just.biomasse (annualisert) / ROCE before adj.biomass (annualised)	
ROCE (annualisert) / ROCE (annualised) ⁴⁾	
Egenkapitalandel / Equity ratio	
Netto rentebærende gjeld / Net interest bearing debt	
Kontantstrøm per aksje / Cash-flow per share ⁵⁾	
Utvannet kontantstrøm per aksje / Diluted cash-flow per share	

Q3 2008	Q3 2007	YTD 2008	YTD 2007
6,46 %	7,03 %	-0,99 %	2,52 %
7,66 %	6,50 %	5,44 %	6,84 %
8,74 %	8,51 %	1,20 %	3,17 %
1,10	1,04	2,02	4,68
1,40	1,40	-0,45	1,82
1,41	1,39	-0,45	1,81
8,34 %	8,49 %	6,06 %	11,15 %
9,67 %	10,54 %	1,54 %	5,29 %
48,75 %	48,27 %	48,75 %	48,27 %
2 093 389	1 695 699	2 093 389	1 695 699
3,22	2,25	4,03	3,12
3,24	2,24	4,04	3,09

1) Resultatmargin = Resultat før skatt/salgsinntekter

Profit margin = Profit before tax/revenues

2) Driftsmargin = Driftsresultat/salgsinntekter

Operating margin = Operating profit/revenues

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

Earnings per share = Majority interests/Average number of shares

4) ROCE = [Res. før skatt+nto fin.poster] / Gj.sn.[nto renteb. gjeld+sum egenkapital]

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

5) Kontantstrøm fra drift

Cash-flow from operations



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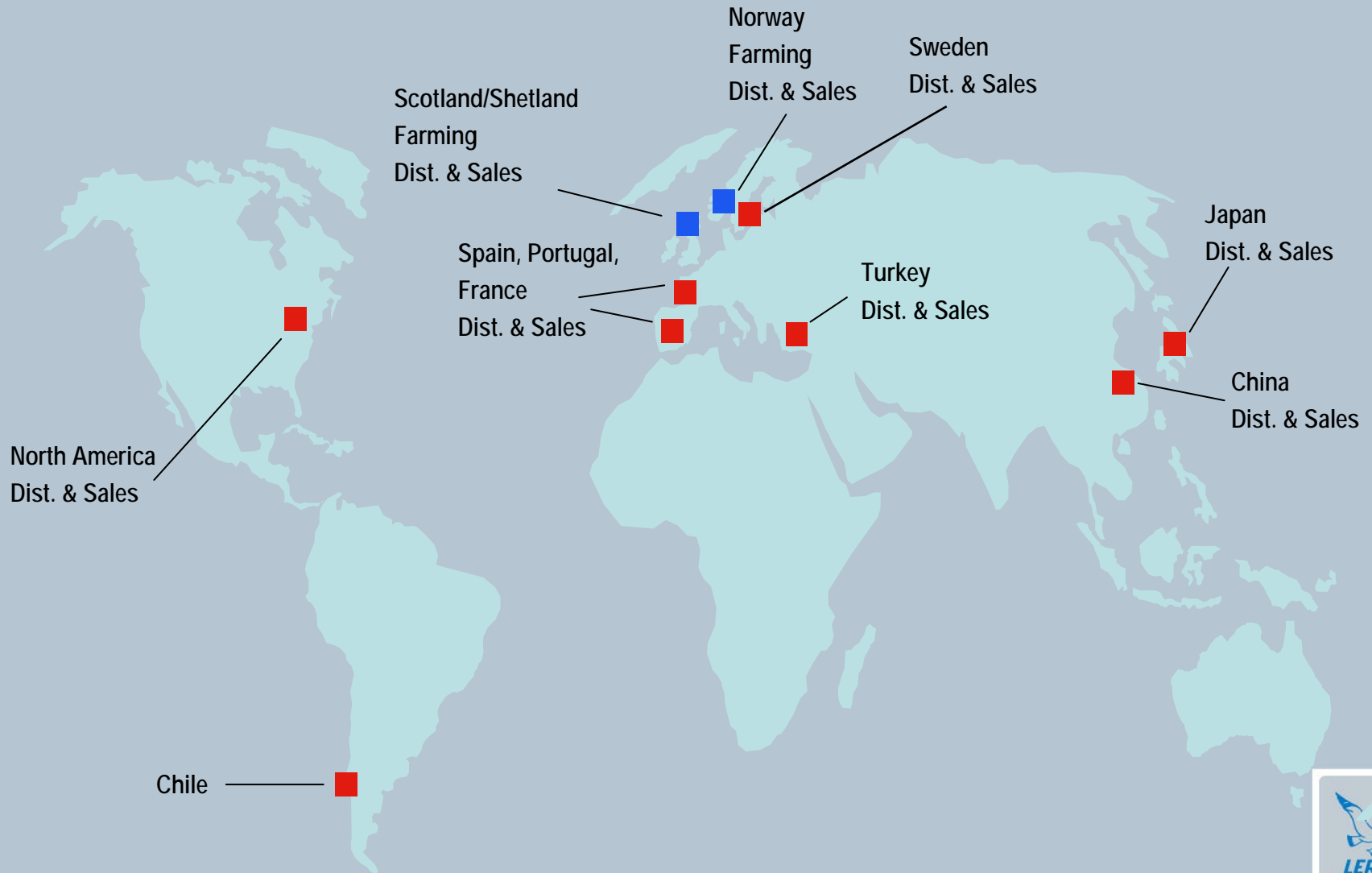
Lerøy at a glance

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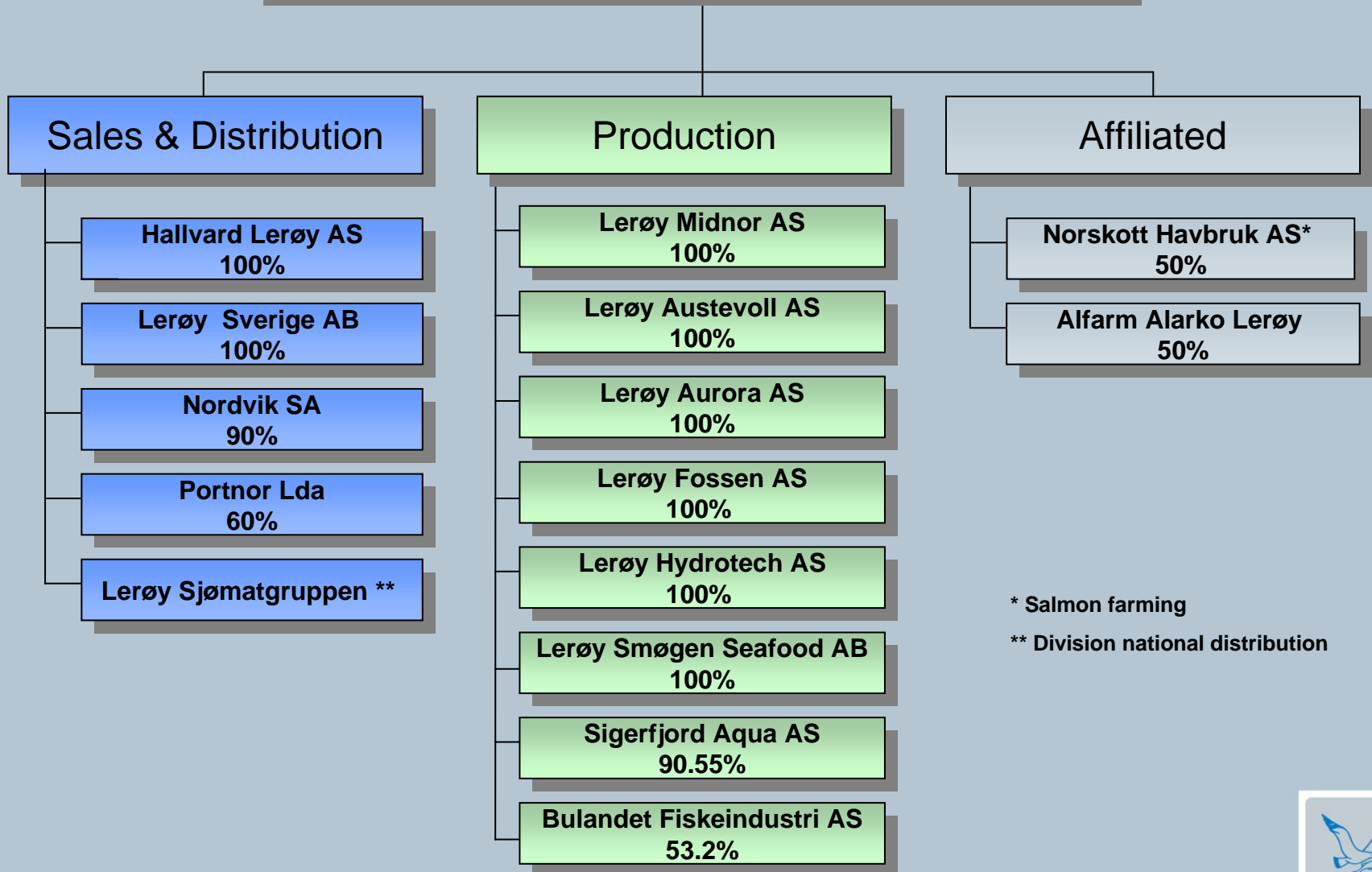
Market glance



Lerøy Seafood Group - Global organization



Lerøy Seafood Group ASA



* Salmon farming

** Division national distribution



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 and USA)
- 12.5% share of Norwegian Seafood tot exports value
- 18.1% of Norwegian salmon export
- 26.0% of Norwegian value added salmon export

Totally 1,704 employees

- Sales and distribution 414
- Production and farming 957
- Affiliates 333





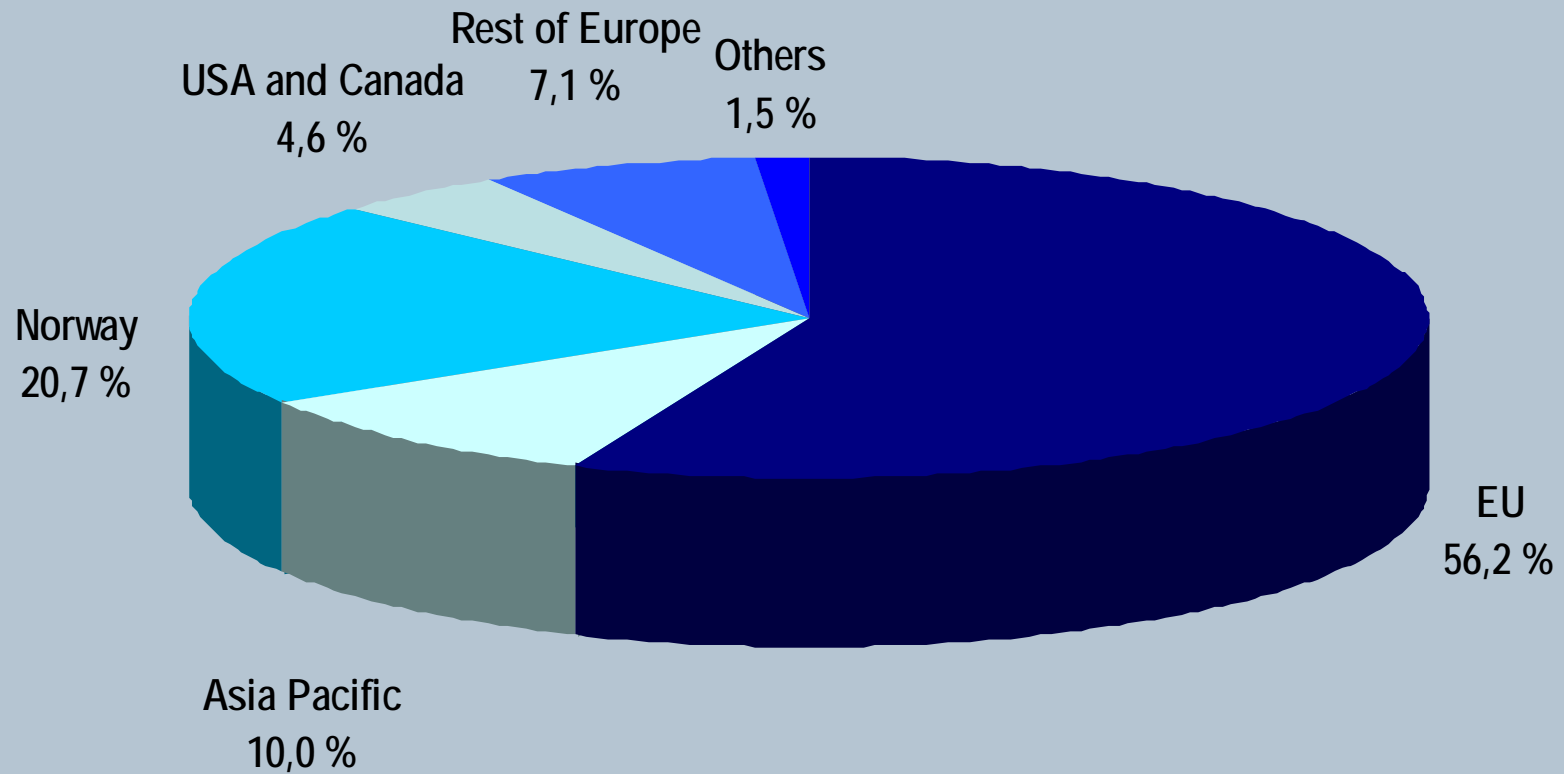
Lerøy Seafood Group

Market strategy:

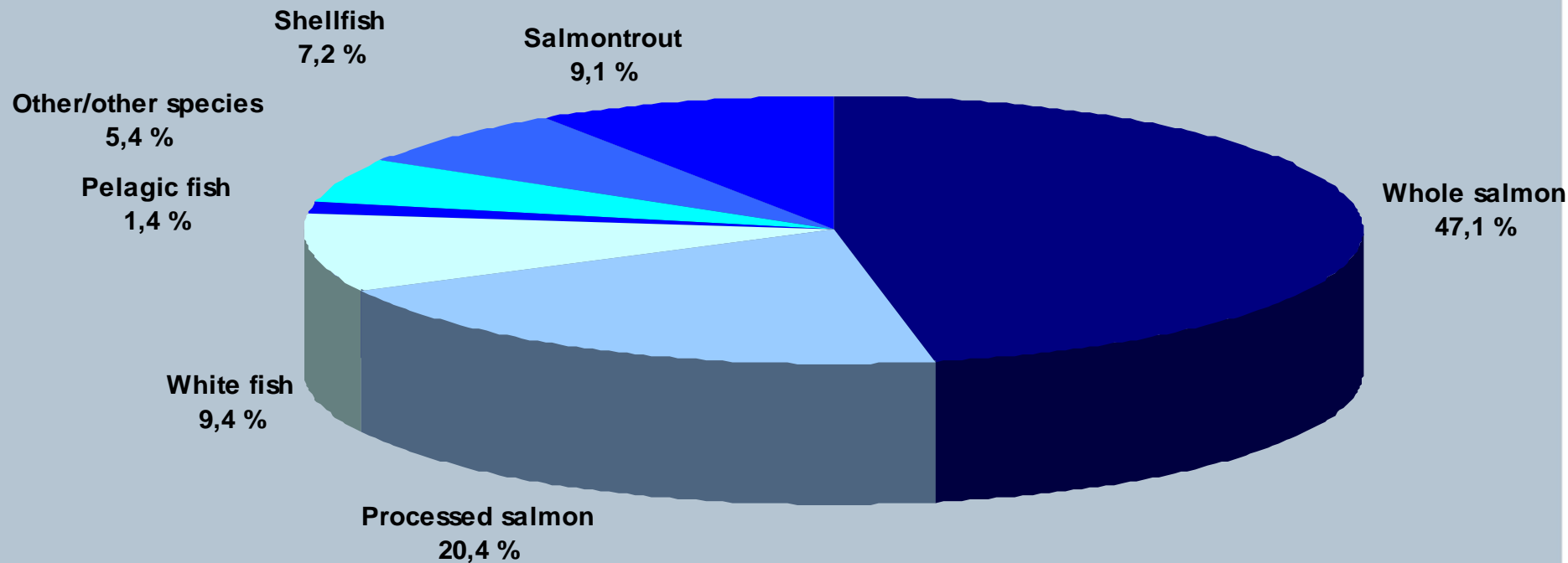
- Quality
- Branding
- Diversity in product range
- Diversity in customer base
- Market-oriented solutions
- Geographical spread
- Continuity in deliveries
- Cost efficiency



Lerøy Seafood Group - Sales per market Q3 08

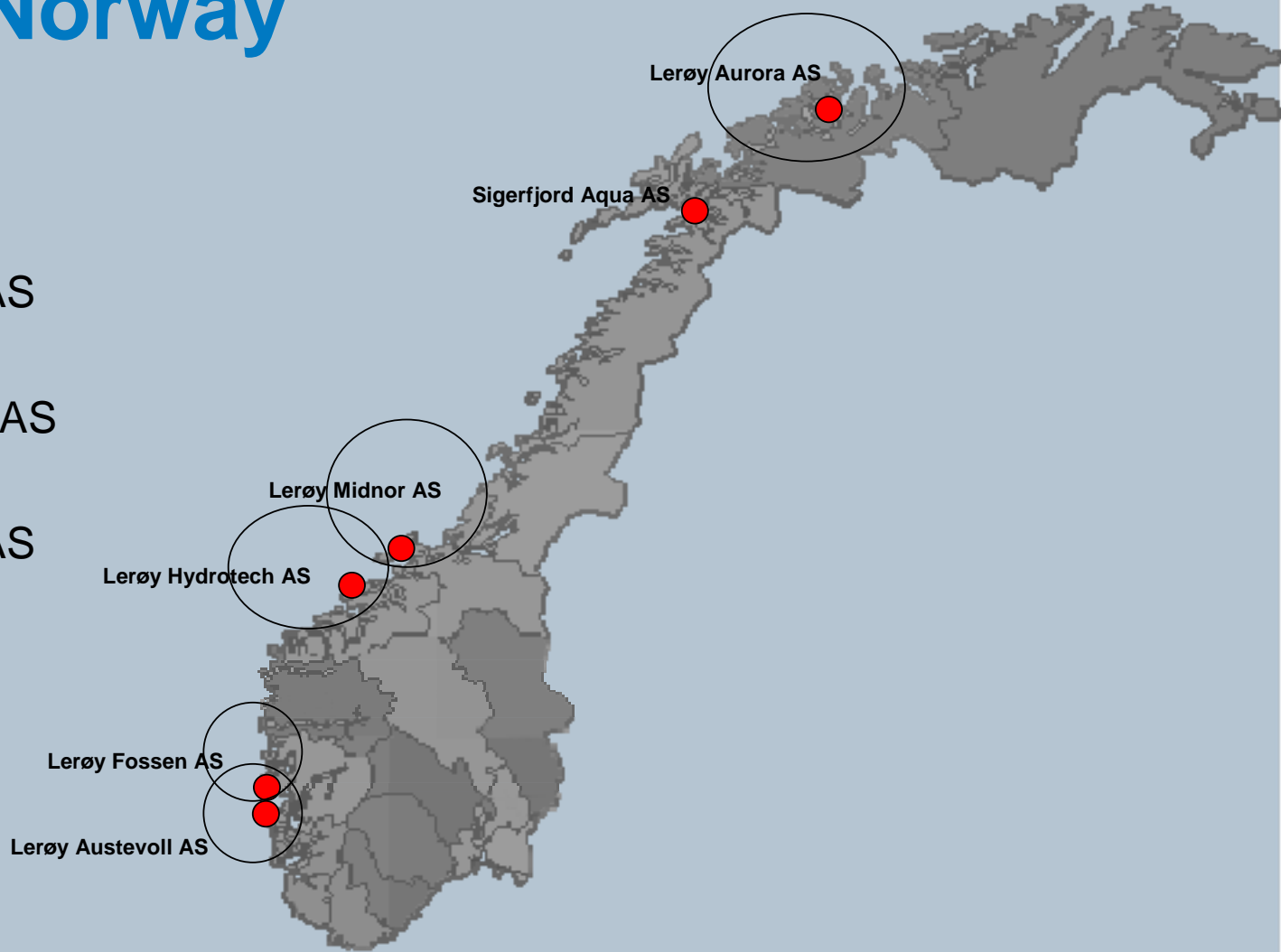


Lerøy Seafood Group - Sales per product Q3 08




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	2007 GWT	2008E GWT	2009E GWT
Lerøy Midnor AS	100 %	30	9,5	29 200	30 000	35 000
Lerøy Aurora AS	100 %	17	5,0	17 100	20 000	20 500
Lerøy Fossen AS	100 %	7	4,2	9 100	7 500	8 500
Lerøy Hydrotech AS	100 %	24	7,0	20 100	23 000	23 000
Lerøy Austevoll AS*)	100 %	27	10,0	13 400	18 500	20 000
Total Norway		105	35,7	88 900	99 000	107 000
Norskott Havbruk AS (UK)**)	50 %		6,0	12 000	12 000	13 500
Total			41,7	100 900	111 000	120 500

 Consolidated, farming

 Affiliated, farming


*) Acquisition 2007, consolidated from 010407

***) LSG's share



Lerøy Seafood Group – Salmon/trout farming

Company	Ownership share	Volume 2008E	Volume YTD Q3	Share%	Rest 2008	Share%
Lerøy Midnor AS	100 %	30,0	20,7	69 %	9,3	31 %
Lerøy Aurora AS	100 %	20,0	11,6	58 %	8,4	42 %
Lerøy Fossen AS	100 %	7,5	4,8	64 %	2,7	36 %
Lerøy Hydrotech AS	100 %	23,0	15,9	69 %	7,1	31 %
Lerøy Austevoll AS	100 %	18,5	11,7	63 %	6,8	37 %
Total Norway		99,0	64,7	65 %	34,3	35 %
Norskott Havbruk AS (UK) ^{*)}	50 %	12,0	8,1	67 %	4,0	33 %
Total		111,0	72,7	66 %	38,3	34 %

 Consolidated, farming

 Affiliated, farming

^{*)} LSG's share



Key Figures Production Q3 2008

<i>Figures MNOK</i>	Lerøy Midnor	Lerøy Hydrotech	Lerøy Aurora	Lerøy Fossen	Lerøy Austevoll	Others/ elimination	Total
Revenues	213,4	211,8	90,7	81,8	64,7	76,2	738,6
EBIT before biom.adj	45,3	33,1	7,7	6,8	1,1	0,1	94,0
EBIT	60,9	27,5	11,7	8,9	1,4	0,1	110,5
Volumes (gwtt)	7,1	7,6	3,2	2,7	2,6	N/A	23,2
EBIT/kg	6,4	4,4	2,4	2,5	0,4	N/A	

Key Figures Production YTD Q3 2008

<i>Figures MNOK</i>	Lerøy Midnor	Lerøy Hydrotech	Lerøy Aurora	Lerøy Fossen	Lerøy Austevoll	Others/ elimination	Total
Revenues	590,6	442,6	301,5	188,6	282,2	229,9	2 035,4
EBIT before biom.adj	116,0	41,1	37,2	11,5	-21,4	4,8	189,1
EBIT	37,3	15,3	-19,0	13,7	-47,6	4,8	4,5
Volumes (gwtt)	20,7	15,9	11,6	4,8	11,7	N/A	64,7
EBIT/kg	5,6	2,6	3,2	2,4	-1,8	N/A	

Key Figures Sales & Distribution Q3 2008

<i>Figures MNOK</i>	Sales & Distribution	Elimination	Total
Revenues	1 603,2	-128,8	1 474,4
EBIT before biom.adj	35,0	0,2	35,2
EBIT	35,0	0,2	35,2

Key Figures Sales & Distribution YTD Q3 2008

<i>Figures MNOK</i>	Sales & Distribution	Elimination	Total
Revenues	4 598,4	-362,6	4 235,8
EBIT before biom.adj	75,1	0,6	75,6
EBIT	75,1	0,6	75,6

Norskott Havbruk

LSG's share = 50%

NOKm	Q3 - 2008	Q3 - 2007	YTD 2008	YTD 2007	2007
Revenues	174	188	536	654	841
EBITDA	18	35	77	161	176
EBIT bef adj biom	9	26	48	136	140
EBIT	20	13	50	97	100
Pre tax	14	8	31	84	81
Volumes (gwtt)	4,9	5,5	16,1	18,0	23,8
EBIT/kg	1,7	4,7	3,0	7,6	5,9
Balance sheet			30.09.2008	30.09.2007	31.12.2007
Licences, Goodwill			411	379	362
Tangible fixed assets			206	233	222
Inventories			504	458	480
Other current assets			87	91	89
Total assets			1 208	1 161	1 153
Equity			532	556	516
Debt			676	605	637
Total equity and debt			1 208	1 161	1 153
Net interest bearing debt			373	281	266



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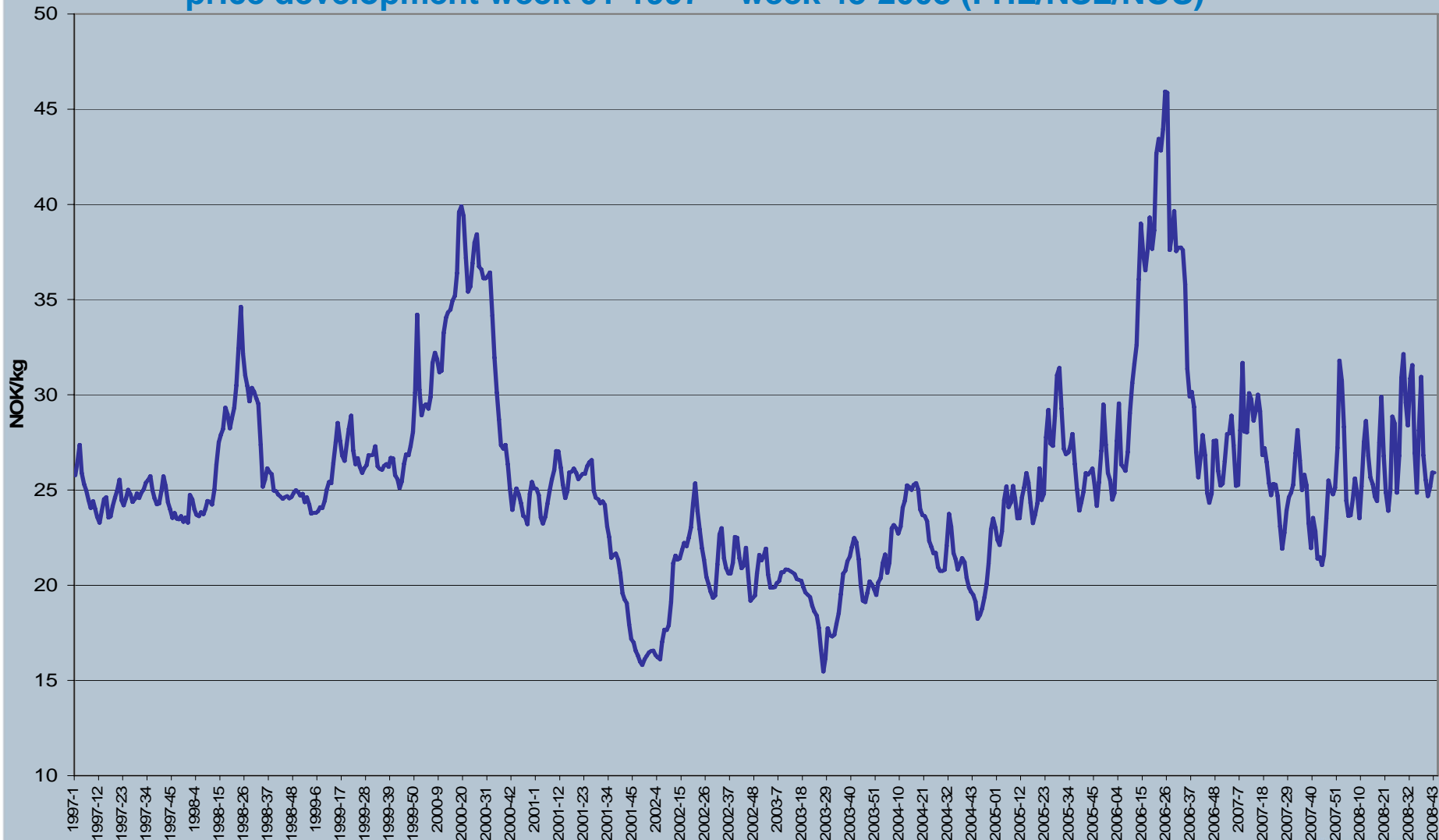


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Fresh Atlantic Salmon Norway (4-5 kg) – price development week 01-1997 – week 43-2008 (FHL/NSL/NOS)



Figures as per 27.10.08

Source: FHL/NSL/NOS



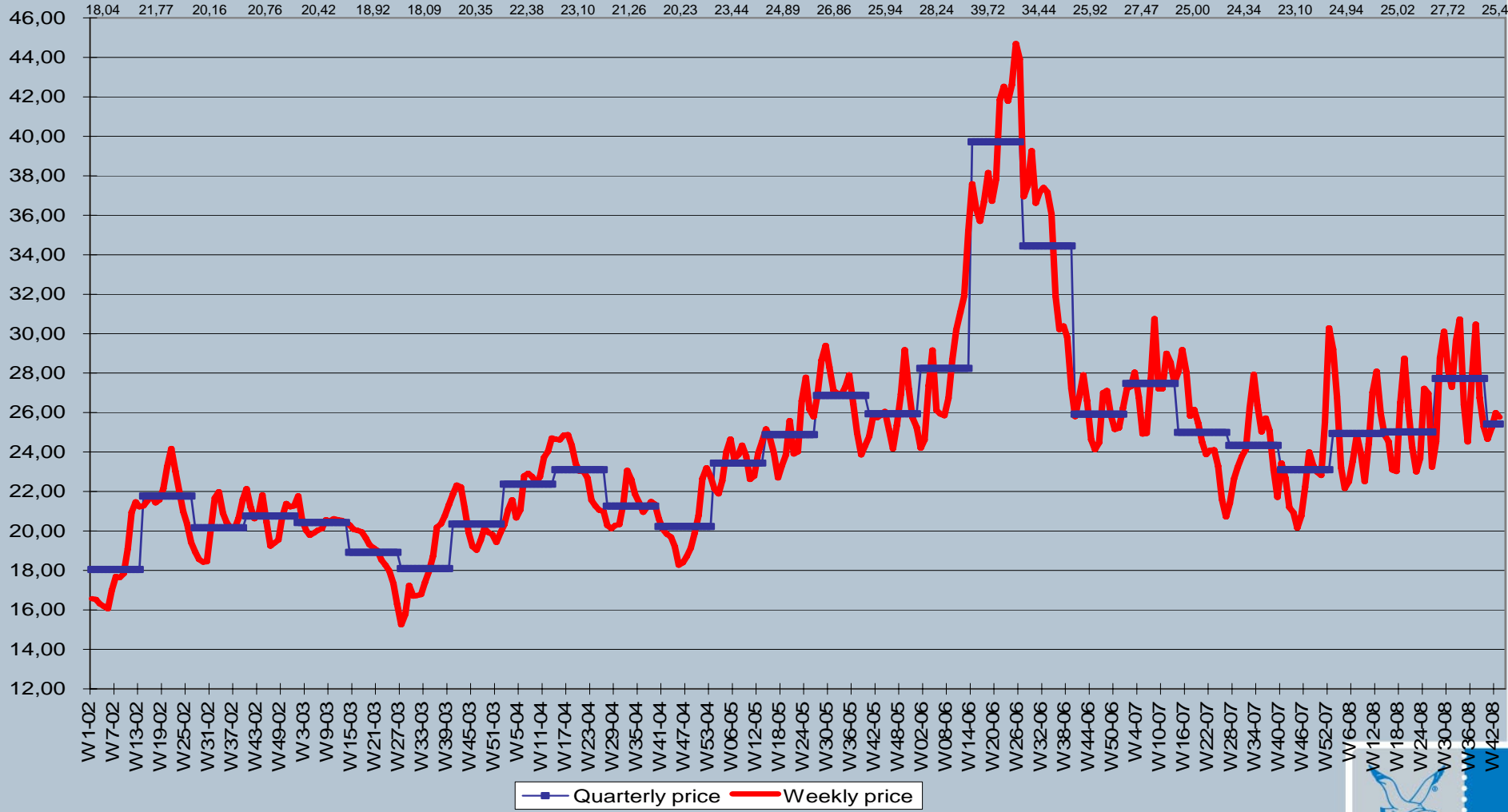
Oslo Salmon export from Norway as of week 43-2008

Fresh Atlantic salmon, cross-section, FCA.

Avg. Q3 2008 NOK 27.72 (+13.9%)
Avg. Q3 2007 NOK 24.34
Avg. 2007 NOK 24.97 (-22.1%)
Avg. 2006 NOK 32.08

NOK / kg

Oslo



— Quarterly price — Weekly price

Figures as per 27.10.08

Source: FHL/NSL/NOS



Market development for Atlantic Salmon from Norway Jan-Sep 2007 vs Jan-Sep 2008

	Volume 2007	Volume 2008	Change	Value 2007	Value 2008	Change
EU	359 617	377 469	5,0 %	9 177 731	9 366 094	2,1 %
Others	66 632	67 243	0,9 %	1 621 459	1 593 242	-1,7 %
Japan	21 055	17 146	-18,6 %	591 317	489 316	-17,2 %
Russia	37 778	42 539	12,6 %	880 257	1 013 521	15,1 %
USA	10 555	7 331	-30,5 %	363 074	238 958	-34,2 %
In total	495 637	511 728	3,2 %	12 633 838	12 701 131	0,5 %

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

”Others” is specified on the following slide

Market development for Atlantic Salmon from Norway Jan-Sept 2007 vs Jan-Sept 2008

Others:

"Others"	Volume 2007	Volume 2008	Change	Value 2007	Value 2008	Change
Ukraine	9 115	14 548	59,6 %	142 967	209 041	46,2 %
Hongkong	9 164	9 689	5,7 %	219 686	263 931	20,1 %
China	7 036	5 890	-16,3 %	160 284	146 498	-8,6 %
Thailand	6 123	5 215	-14,8 %	154 108	121 493	-21,2 %
South Korea	5 511	4 018	-27,1 %	146 674	109 449	-25,4 %
Taiwan	5 086	3 459	-32,0 %	118 927	87 748	-26,2 %
Israel	4 183	3 348	-20,0 %	109 554	87 102	-20,5 %
Singapore	2 650	2 797	5,5 %	72 546	78 700	8,5 %
Turkey	2 103	2 339	11,2 %	53 761	58 806	9,4 %
Switzerland	2 528	2 589	2,4 %	80 401	78 761	-2,0 %
Vietnam	2 899	2 284	-21,2 %	44 598	39 430	-11,6 %
Belarussia	1 275	1 580	23,9 %	25 248	29 251	15,9 %
Australia	1 335	1 402	5,0 %	56 683	53 728	-5,2 %
South Africa	956	1 060	10,9 %	28 306	29 540	4,4 %
Other countries	6 668	7 025	5,4 %	207 716	199 764	-3,8 %
Sum "Others"	66 632	67 243	0,9 %	1 621 459	1 593 242	-1,7 %

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

Figures as per 27.10.08
Source: NSEC



Atlantic salmon – Supply

in tons WFE

	2003	Change 02-03	2004	Change 03-04	2005	Change 04-05	2006	Change 05E-06	2007 E	Change 06-07E	2008 E	Change 07E-08E	2009 E	Change 08E-09E
Norway	508 400	14,5 %	537 000	6 %	572 200	7 %	598 500	5 %	723 300	20,9 %	749 000	3,6 %	819 200	9,4 %
United Kingdom	160 800	14,8 %	149 800	-7 %	119 700	-20 %	127 500	7 %	134 900	5,8 %	138 600	2,7 %	144 500	4,3 %
Faroe Islands	47 100	11,9 %	36 800	-22 %	17 200	-53 %	11 900	-31 %	19 000	59,7 %	33 700	77,4 %	33 800	0,3 %
Ireland	18 400	-17,5 %	12 400	-33 %	12 400	0 %	14 500	17 %	16 000	10,3 %	15 000	-6,3 %	17 000	13,3 %
Iceland	3 700	146,7 %	6 600	78 %	6 500	-2 %	4 000	-38 %	2 000	-50,0 %	1 000	-50,0 %	1 000	0,0 %
Total Europe	738 400	13,6 %	742 600	1 %	728 000	-2 %	756 400	4 %	895 200	18,4 %	937 300	4,7 %	1 015 500	8,3 %
Chile	280 800	4,7 %	346 200	23 %	385 200	11 %	368 700	-4 %	356 400	-3,3 %	330 000	-7,4 %	214 500	-35,0 %
Canada	92 000	-17,9 %	89 000	-3 %	107 500	21 %	115 000	7 %	109 500	-4,8 %	120 000	9,6 %	122 000	1,7 %
Australia	14 000		14 100	9 %	17 900	27 %	19 400	8 %	23 800	22,7 %	25 000	5,0 %	26 500	6,0 %
USA	18 000	36,4 %	13 300	-26 %	9 600	-28 %	10 200	6 %	12 300	20,6 %	17 000	38,2 %	15 000	-11,8 %
Others	1 800	-10,0 %	2 400	33 %	2 400	0 %	2 400	0 %	2 400	0,0 %	2 400	0,0 %	2 400	0,0 %
Total America	406 600	-0,5 %	465 000	14,4 %	522 600	12 %	515 700	-1 %	504 400	-2,2 %	494 400	-2,0 %	380 400	-23,1 %
Total World-wide	1 145 000	8,2 %	1 207 600	5,5 %	1 250 600	3,6 %	1 272 100	1,7 %	1 399 600	10,0 %	1 431 700	2,3 %	1 395 900	-2,5 %

Figures as per 27.10.08
Source: Kontali / Lerøy



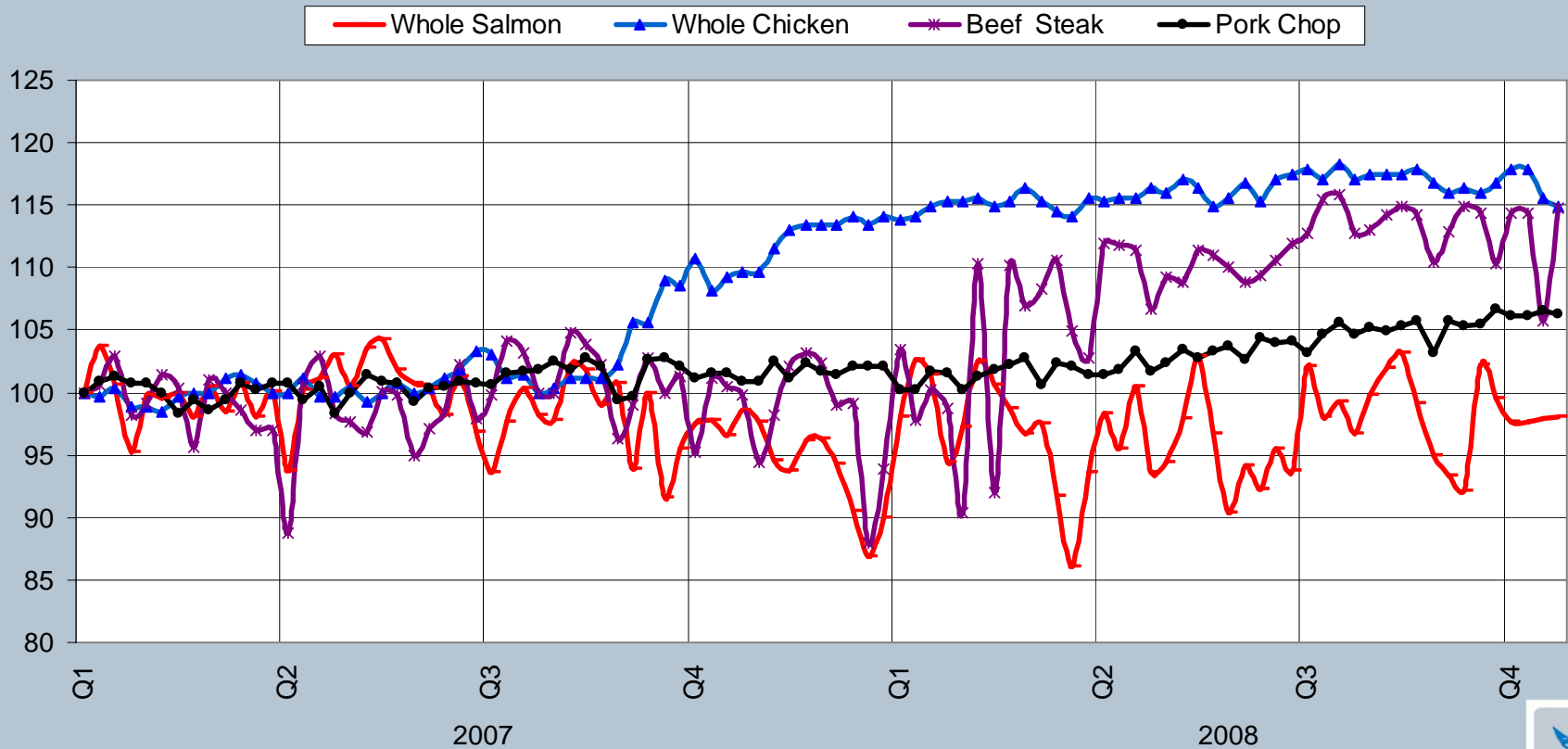
Drivers Salmon as per 30.09.2008

Norway total export volume of Atlantic Salmon (511,728 MT WFE)	+ 3.2 %
Norway total export value of Atlantic Salmon (NOK12,701m)	+ 0.5 %
Norway – EU (volume Atlantic Salmon) (377,469 MT WFE)	+ 5.0 %
Norway – EU (value Atlantic Salmon) (NOK9,366m)	+ 2.1 %
Norway – Russia (volume Atlantic Salmon) (42,539 MT WFE)	+ 12.6 %
Sales of fish-feed in Norway Jan-Sept 08 (842,500 MT)	+ 1.5 %

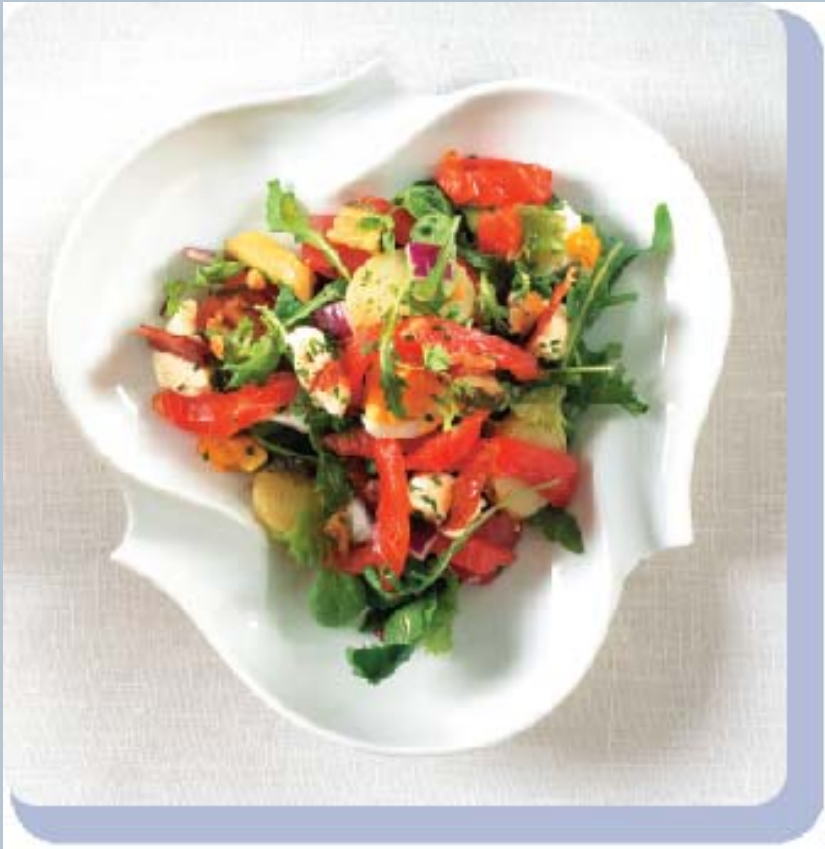
MT = Metric Ton = 1 Ton

Salmon vs Other Protein Substitutes

Development in French Retail Prices 2007 - wk 43 2008 (indexed from 100)
Low-processed products



Salmon – Good for your health



Salmon is rich in:

- Omega-3 fatty acids
- Proteins
- Vitamins and minerals
- Trace elements

Possible health effects:

- Reduces the risk of cardiovascular diseases
- Strengthen the physical and mental health
 - ADHD
 - Temper
- Good for your skin
- Arthritis
- Diabetes
- Important for development of nervous system, sight and brain



Going forward!

Strong demand

Reduced supply growth

Continued consolidations

Room for operational improvements



Thank you !

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