



Lerøy Seafood Group ASA

Q3 2014

November 12th

Oslo

CEO | Henning Beltestad

CFO | Sjur Malm



Agenda

- ① Highlights
- ② Key financial figures
- ③ Outlook

Q3 2014: Challenging quarter

- EBIT before FV adj. NOK 303 million
 - NOK 75m in gain from consolidating share of Villa Organic
- EBIT/kg all inclusive NOK 7.3 (NOK 5.5 excl. gain)
- Harvest volume 41 499 GWT
- Contract share of 38 %
- NIBD NOK 2 207 million at end Q3 2014
- Harvest guidance 2014 159 000 GWT
 - MAB flexibility and lower growth
 - 178 500 including share of associates
- Harvest guidance 2015 166 000 GWT
 - 181 500 including share of associates



Q3: Farming highlights

- Pressure on spot prices from seasonal supply
 - Average NOS price down NOK 3.6 compared to Q3/13
 - Average NOS price down NOK 5, compared to Q2/14
 - ~25% of quarterly harvest volume in July
 - Russian import ban impacts especially trout
 - Price realisation impacted by lower sizes and quality

- Contract prices above spot prices

- Increase in costs
 - Cost increase both q-o-q and y-o-y
 - A challenging summer in particularly region Hordaland impacting both cost and growth

- Biomass at sea
 - End Q3/14 at 106,847 tons vs 102,766 tons end Q3/13 (+4%)





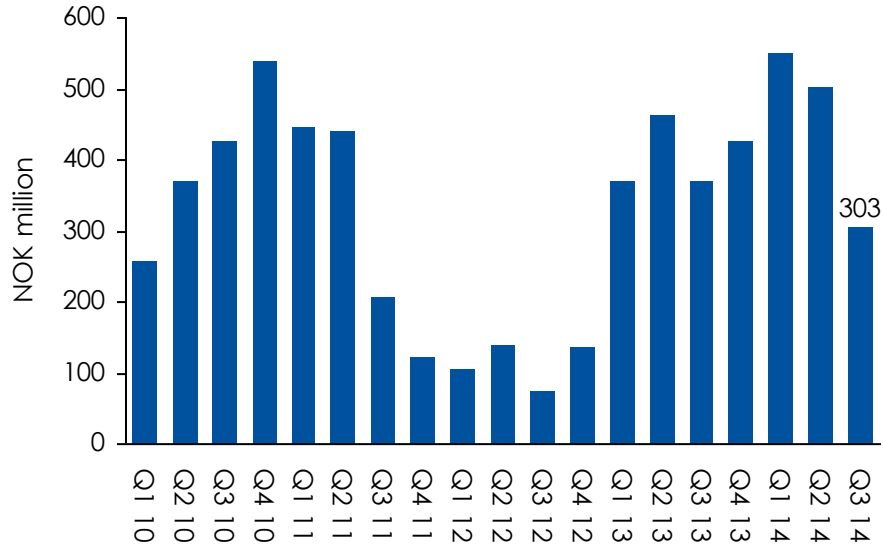
Q3: VAP and S&D highlights

- Value added processing (VAP)
 - Strong order flow
 - New capacity gradually filled
 - EBIT NOK 28m (6.8 %) in Q3/14 vs. NOK 16m (5.4 %) in Q3/13

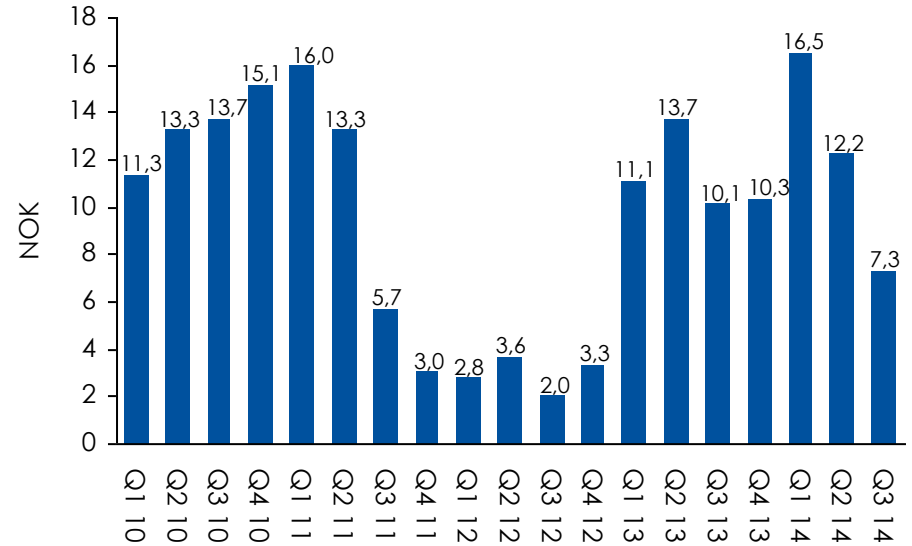
- Sales & Distribution
 - Positive development, but impact from Russian import ban
 - Start-up costs related to fish-cut operations
 - EBIT NOK 56m (2.0 %) in Q3/14 vs. NOK 52m (2.0 %) in Q3/13

Quarterly historic figures

EBIT*



EBIT/kg*, all inclusive



*before biomass adjustment

Lerøy Seafood Group ASA

Farming

VAP

Sales &
Distribution

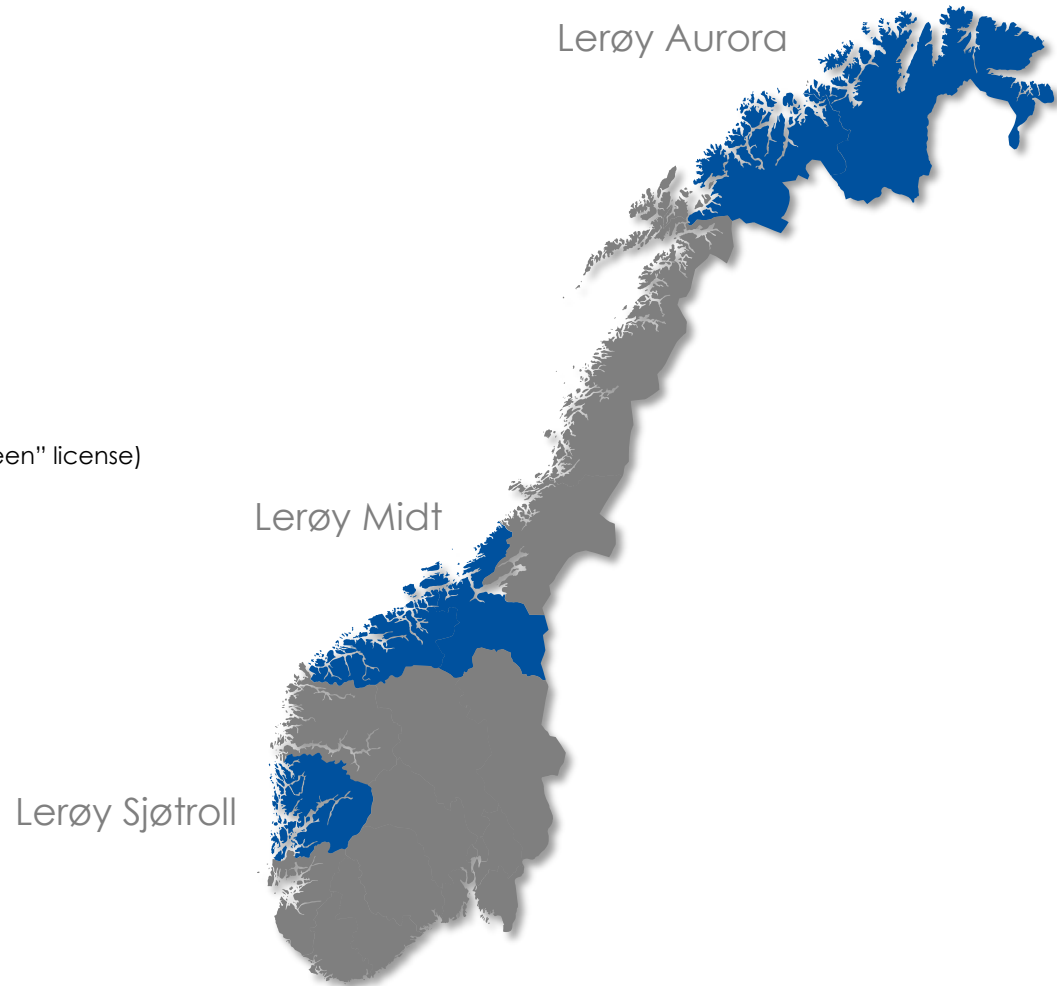
Farming

- Lerøy Aurora (salmon)
 - 26 licenses

- Lerøy Midt (salmon)
 - 55 licenses

- Lerøy Sjøtroll (salmon and trout)
 - 59 licenses (not included awarded "green" license)

- In total 140 licenses in Norway



VAP

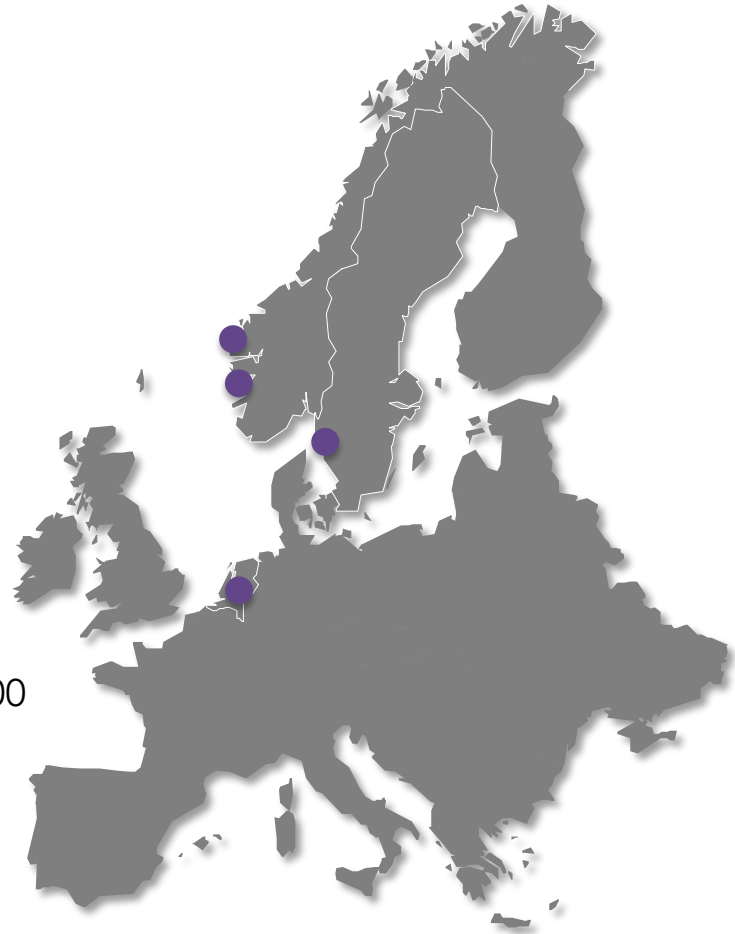
- Rode Beheer BV Group
 - Capacity of about 16-20,000 tons raw material

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

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

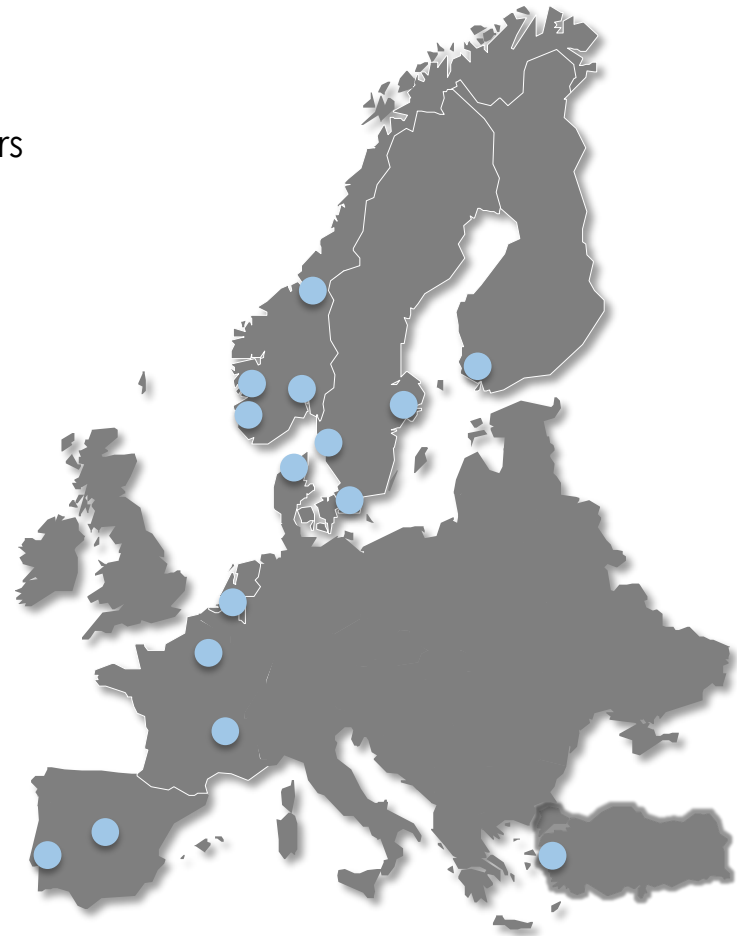
- Bulandet Fiskeindustri AS(white fish)

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



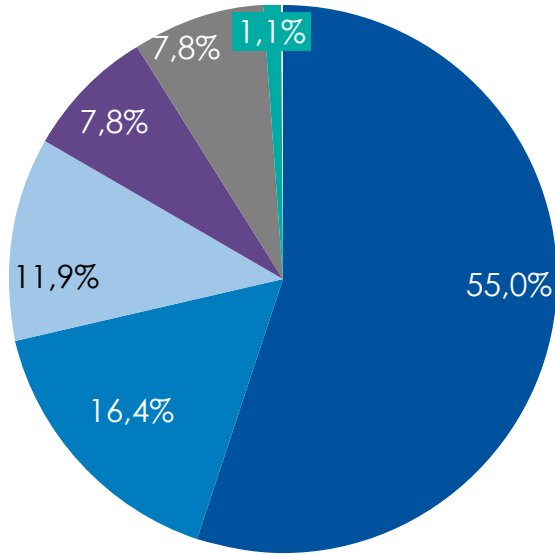
Sales & Distribution

- 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)

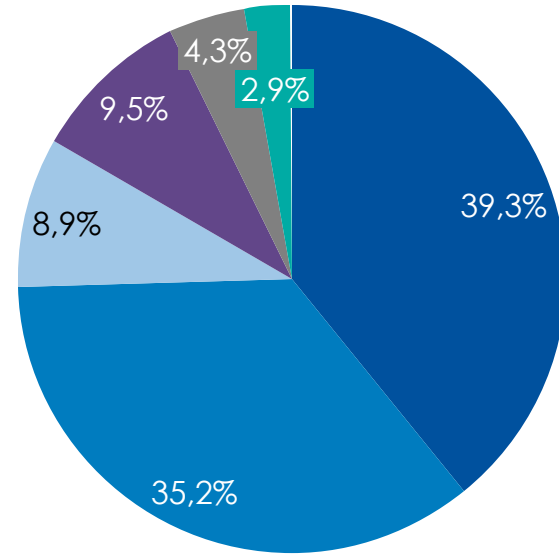


● Fish-cuts/fresh distribution facilities

Sales per market and product Q3 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	2015E GWT
Lerøy Aurora AS*	26	7,5	18 100	20 000	24 200	27 000	31 000
Lerøy Midt AS	55	22,0	62 300	61 900	58 900	69 000	70 000
Lerøy Sjøtroll	60	22,6	56 200	71 600	61 700	63 000	65 000
Total Norway	141	52,1	136 600	153 400	144 800	159 000	166 000
Villa Organic AS**						6 000	
Norskott Havbruk (UK)***			10 900	13 600	13 400	13 500	15 500
Total			147 500	167 100	158 200	178 500	181 500

*) 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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Key financial figures Q3

(NOKm)	Q3 2014	Q3 2013	▲%
Revenue	2 962	2 690	10 %
Other gains and losses**	75	0	
EBITDA	398	451	-12 %
Depreciation & amortisation	95	81	17 %
EBIT*	303	370	-18 %
Income from associates*	21	23	-8 %
Net finance	-29	-29	0 %
Pre-tax*	295	363	-19 %
EPS (NOK)*	4.5	4.2	
Harvested Volume (GWT)	41 499	36 643	13 %
EBIT*/kg all inclusive (NOK)	7.3	10.1	-28 %
ROCE* (%)	14.2 %	18.9 %	

* Before biomass adjustment

** Gain from consolidating share of Villa Organic AS

Key financial figures YTD

(NOKm)	YTD 2014	YTD 2013	▲%
Revenue	9 318	7 535	24 %
Other gains and losses	75	54	
EBITDA	1 626	1 433	13 %
Depreciation & amortisation	273	232	18 %
EBIT*	1 353	1 201	13 %
Income from associates*	138	62	-26 %
Net finance	-68	-83	-18 %
Pre-tax*	1 423	1 181	20 %
EPS (NOK)*	19.2	14.3	0 %
Harvested Volume (GWT)	115 779	103 582	12 %
EBIT*/kg all inclusive (NOK)	11.7	11.6	1 %
ROCE* (%)	22.2 %	20.6 %	

* Before biomass adjustment

Balance sheet

(NOKm)	Q3/14	Q3/13	End 2013
Intangible assets	4 187	3 989	3 999
Tangible fixed assets	2 557	2 322	2 377
Financial non-current assets	569	647	767
Total non-current assets	7 313	6 958	7 143
Biological assets at cost	2 812	2 592	2 617
Fair value adjustment	207	331	1 111
Other inventory	465	324	358
Receivables	1 669	1 401	1 803
Cash and cash equivalents	1 181	831	873
Total current assets	6 336	5 479	6 761
Total assets	13 649	12 437	13 904
NIBD	2 207	2 204	2 117
Equity	7 282	6 512	7 549
Equity ratio	53.4 %	52.4 %	54.3 %

Funding

NOK million	2014	2015	2016	2017	2018	Later	Total
To be paid	134	326	613	297	284	1 506	3 160
Total	428	326	613	297	284	1 506	3 454

	Covenants	Q3 2014
NIBD/EBITDA	<5	1,0
Adj. Equity ratio	>30%	60,4%

Cash flow

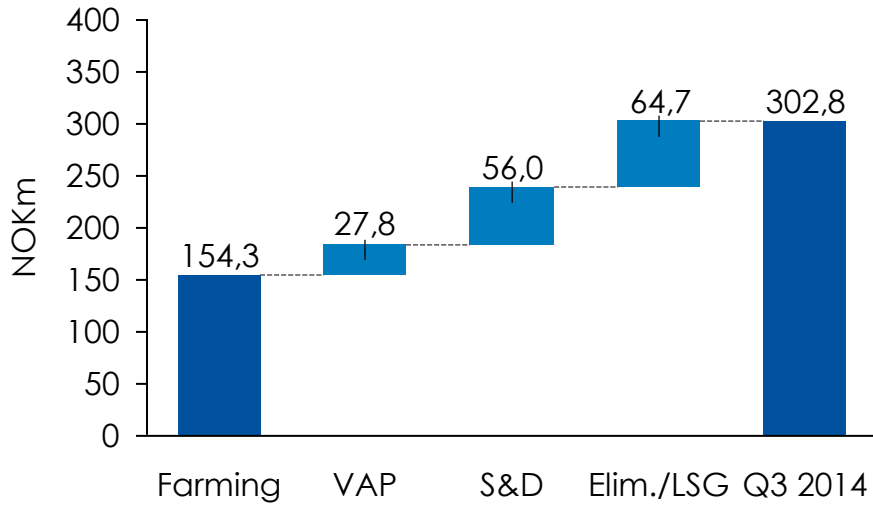
	Q3 2014	Q3 2013	YTD 2014	YTD 2013	FY 2013
EBITDA	398	451	1 626	1 433	1 938
Paid tax	-2	0	-332	-89	-100
Working capital *	-390	-181	-295	-229	-535
Other **	-73	-5	-78	-10	-46
Cash from operating activities	-67	264	922	1 105	1 259
Net investments in capex	-152	-164	-398	-435	-564
Acquisitions, divestments and other	-8	-25	-6	-159	-135
Cash from investing activities	-160	-189	-405	-594	-699
Net financial cost	-29	-32	-82	-89	-110
Dividends	0	0	-579	-394	-394
Cash from financing activities *	-29	-32	-661	-482	-503
Change in ST receivables included in NIBD	0	0	-50	0	50
Effect from business combinations	103	0	103	0	0
Effect from currency exchange rate changes	-4	10	0	0	9
Other changes (incl.currency effects)	99	10	53	0	59
Net cash flow / change in NIBD	-157	52	-91	28	115
NIBD at beginning	2 050	2 256	2 117	2 232	2 232
Change in NIBD	157	-52	90	-28	-115
NIBD at end	2 207	2 204	2 207	2 204	2 117

* Before change in interest bearing debt

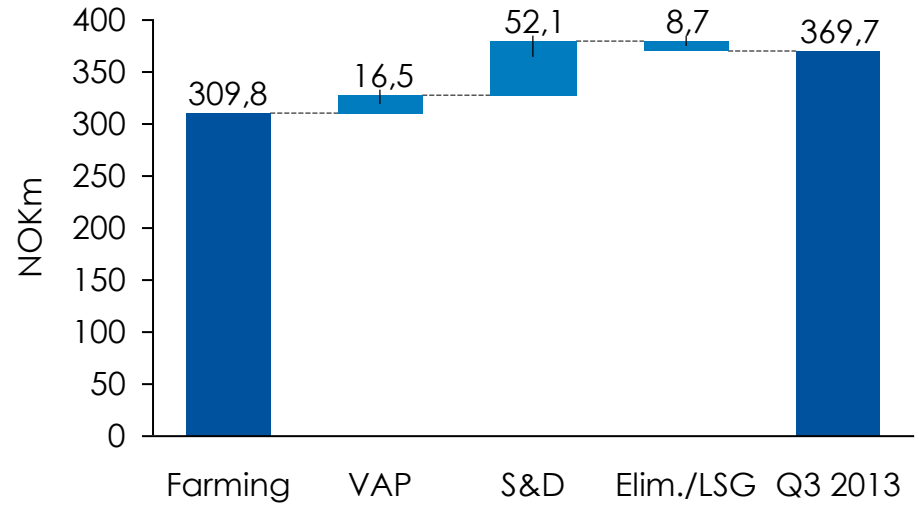
** Items included in EBITDA with no cash effect

EBIT per segment

EBIT* Q3 2014



EBIT* Q3 2013



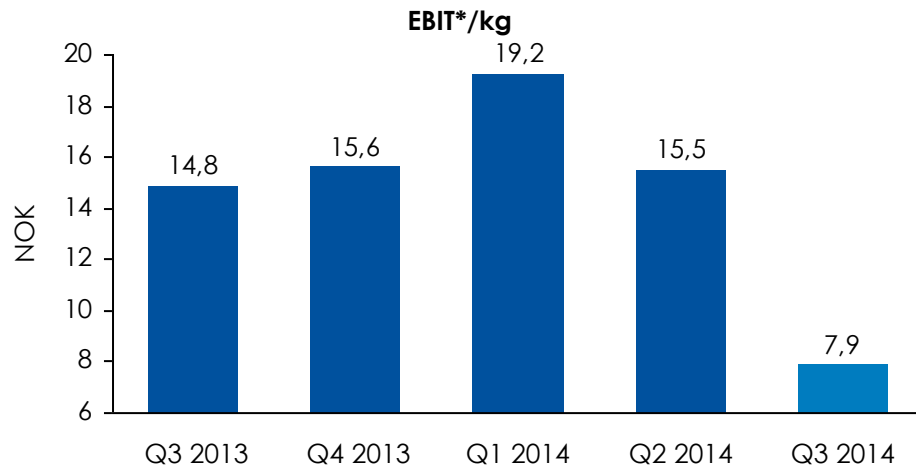
* Before biomass adjustment

Lerøy Aurora

	Q3 2014	Q3 2013
Revenue (NOKm)	248	200
EBIT* (NOKm)	48	66
Harvested volume (GWT)	6 131	4 483
EBIT/kg* (NOK)	7.9	14.8

*before biomass adj

- ~10% of volume from Finnmark
- High spot price exposure, ~20% of volumes in July
- 9 new licenses give room for significant growth in 2015 and into 2016
- Slight cost reduction expected in Q4/14 compared to Q3/14



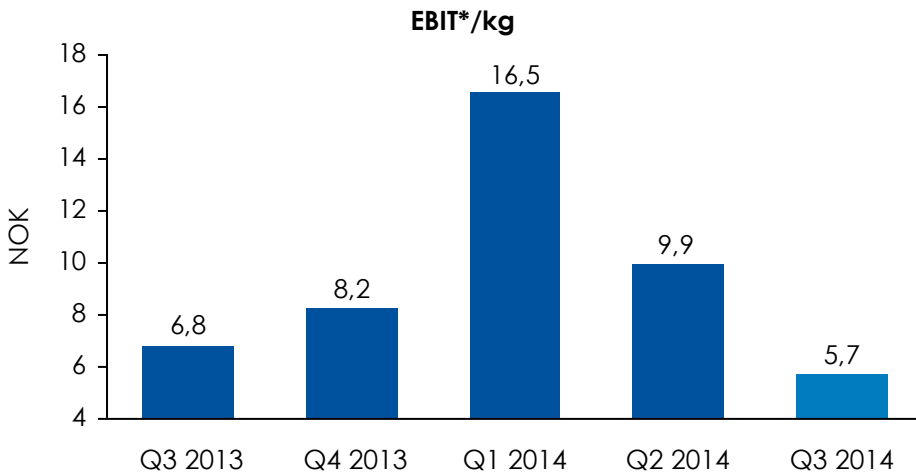
* Before biomass adjustment

Lerøy Midt

	Q3 2014	Q3 2013
Revenue (NOKm)	636	588
EBIT* (NOKm)	101	109
Harvested volume (GWT)	17 684	16 109
EBIT/kg* (NOK)	5.7	6.8

- ~20% of quarterly volumes in July
- Slight cost increase q-o-q
- Slight cost improvements expected for Q4/14

*before biomass adj



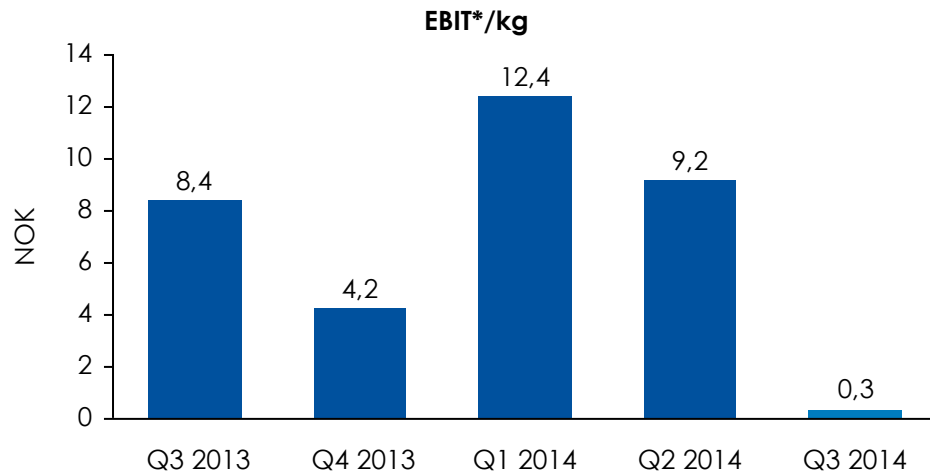
* Before biomass adjustment

Lerøy Sjøtroll

	Q3 2014	Q3 2013
Revenue (NOKm)	691	617
EBIT* (NOKm)	5	134
Harvested volume (GWT)	17 684	16 050
EBIT/kg* (NOK)	0.3	8.4

*before biomass adj

- Very challenging summer partially driven by high water temperatures
- Import ban in Russia has given significant impact on price realisation for particularly trout.
- Expect slight cost improvement in Q4/14, and significant steps taken to lower cost in 2015.



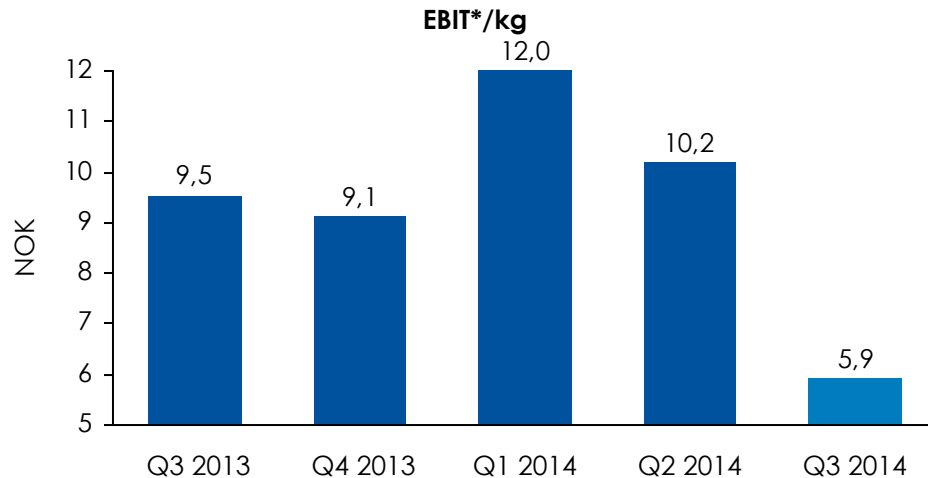
* Before biomass adjustment

Norskott Havbruk (associate)

	Q3 2014	Q3 2013
Revenue (NOKm)	373	373
EBIT* (NOKm)	48	81
Harvested volume (GWT)	8 108	8 535
EBIT/kg* (NOK)	5,9	9,5

*before biomass adj

- Strong operations
- Best year ever in sea-lice management (wrasse)
- Harvest guidance lifted to 27,000gwt in 2014
- Harvest guidance 2015 is 31,000gwt
- Contract share of 41%
- NIBD end Q3/14 of NOK 147m



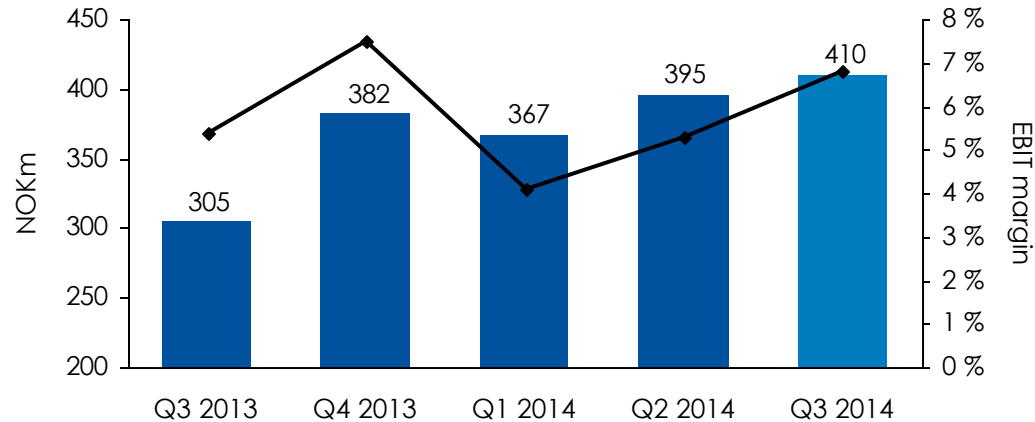
* Before biomass adjustment

VAP – value added processing

	Q3 2014	Q3 2013	▲%
Revenue (NOKm)	410	305	+34 %
EBIT (NOKm)	28	16	+81 %
EBIT margin	6.8 %	5,4 %	

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

Revenue and EBIT margin

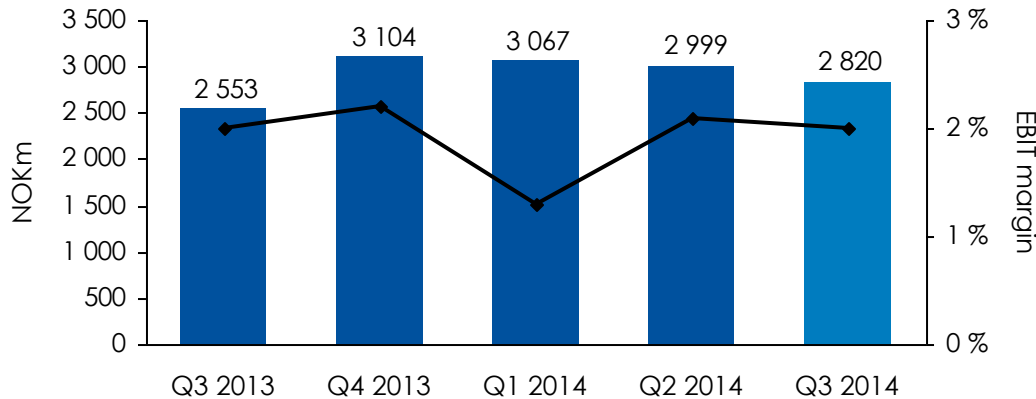


Sales & Distribution

	Q3 2014	Q3 2013	▲%
Revenue (NOKm)	2 820	2 553	+10 %
EBIT (NOKm)	56	52	+8 %
EBIT margin	2,0 %	2,0 %	

- Positive development, but start-up cost in some fish-cut operations
- Gradually, fish-cut operations will contribute to higher margin level and profitability

Revenue and EBIT margin





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Atlantic Salmon – Supply WW

	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	944 600	10,4 %	1 005 600	6,5 %	1 183 100	17,7 %	1 143 600	-3,3 %	1 200 500	5,0 %	1 251 400	4,2 %
United Kingdom	142 900	-1,0 %	154 700	8,3 %	159 400	3,0 %	157 800	-1,0 %	164 800	4,4 %	169 700	3,0 %
Faroe Islands	41 800	-11,3 %	56 300	34,7 %	70 300	24,9 %	72 600	3,3 %	81 400	12,1 %	73 500	-9,7 %
Ireland	17 800	20,3 %	16 000	-10,1 %	15 600	-2,5 %	10 600	-32,1 %	12 300	16,0 %	13 000	5,7 %
Iceland	1 000	100,0 %	1 000		2 900		3 100	6,9 %	4 000	29,0 %	5 000	25,0 %
Total Europe	1 148 100	8,1 %	1 233 600	7,4 %	1 431 300	16,0 %	1 387 700	-3,0 %	1 463 000	5,4 %	1 512 600	3,4 %
Chile	129 600	-45,8 %	221 000	70,5 %	364 000	64,7 %	468 100	28,6 %	563 100	20,3 %	535 300	-4,9 %
Canada	122 000	0,1 %	119 500	-2,0 %	136 500	14,2 %	115 100	-15,7 %	111 100	-3,5 %	129 000	16,1 %
Australia	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	18 000	9,8 %	18 300	1,7 %	19 600	7,1 %	20 300	3,6 %	20 400	0,5 %	20 500	0,5 %
Others	4 500	60,7 %	5 000	11,1 %	8 500	70,0 %	11 100	30,6 %	14 100	27,0 %	20 000	41,8 %
Total America	307 100	-25,5 %	399 800	30,2 %	567 600	42,0 %	655 100	15,4 %	750 700	14,6 %	748 800	-0,3 %
Total World-wide	1 455 200	-1,3 %	1 633 400	12,2 %	1 998 900	22,4 %	2 042 800	2,2 %	2 213 700	8,4 %	2 261 400	2,2 %

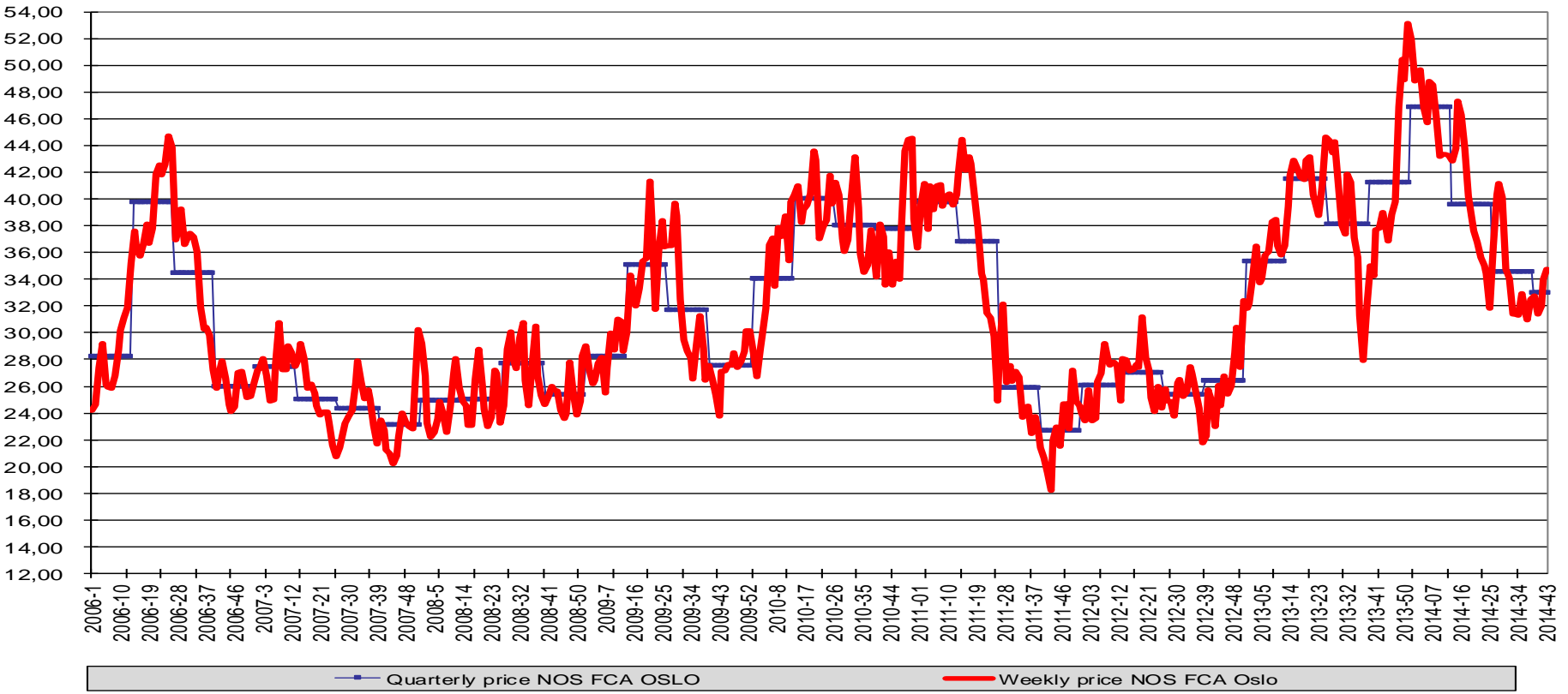
543.700 † (37 %)

218.600 † (8 %)

Avg Q3 14 NOK 34,54 vs avg Q3 13 NOK 38,12 (-9,4%)
 Avg YTD Q3 2014 NOK 40,30 vs avg YTD Q3 2013 NOK 38,34 (+5,1%)

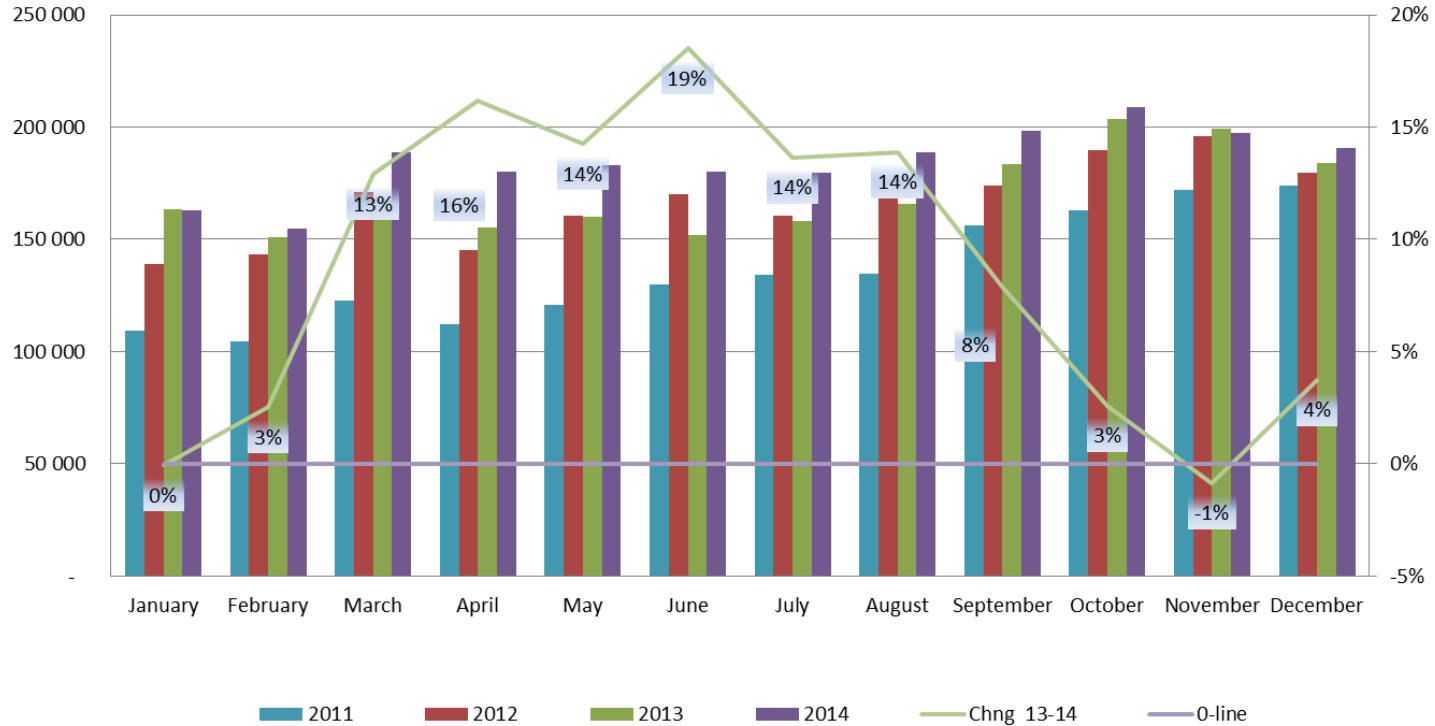
SPOT prices, fresh Atlantic salmon
 cross-section, FCA Oslo
 as of week 44-2014 (Superior quality).

	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	Q4-14
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	34,54	32,97



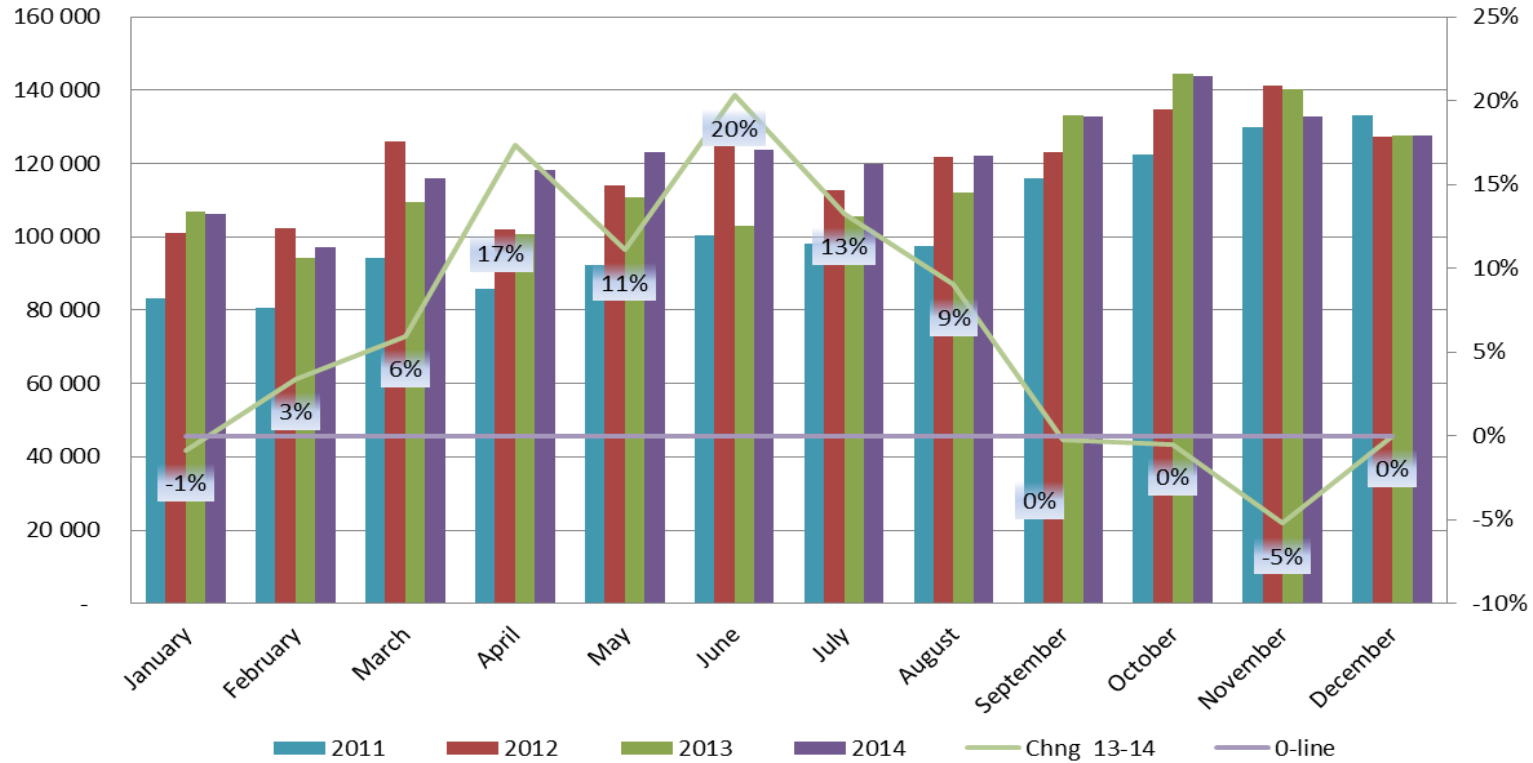
Figures as per 07.11.14
 Source: NOS/Lerøy

Atlantic salmon - Harvest Quantities WW 2014



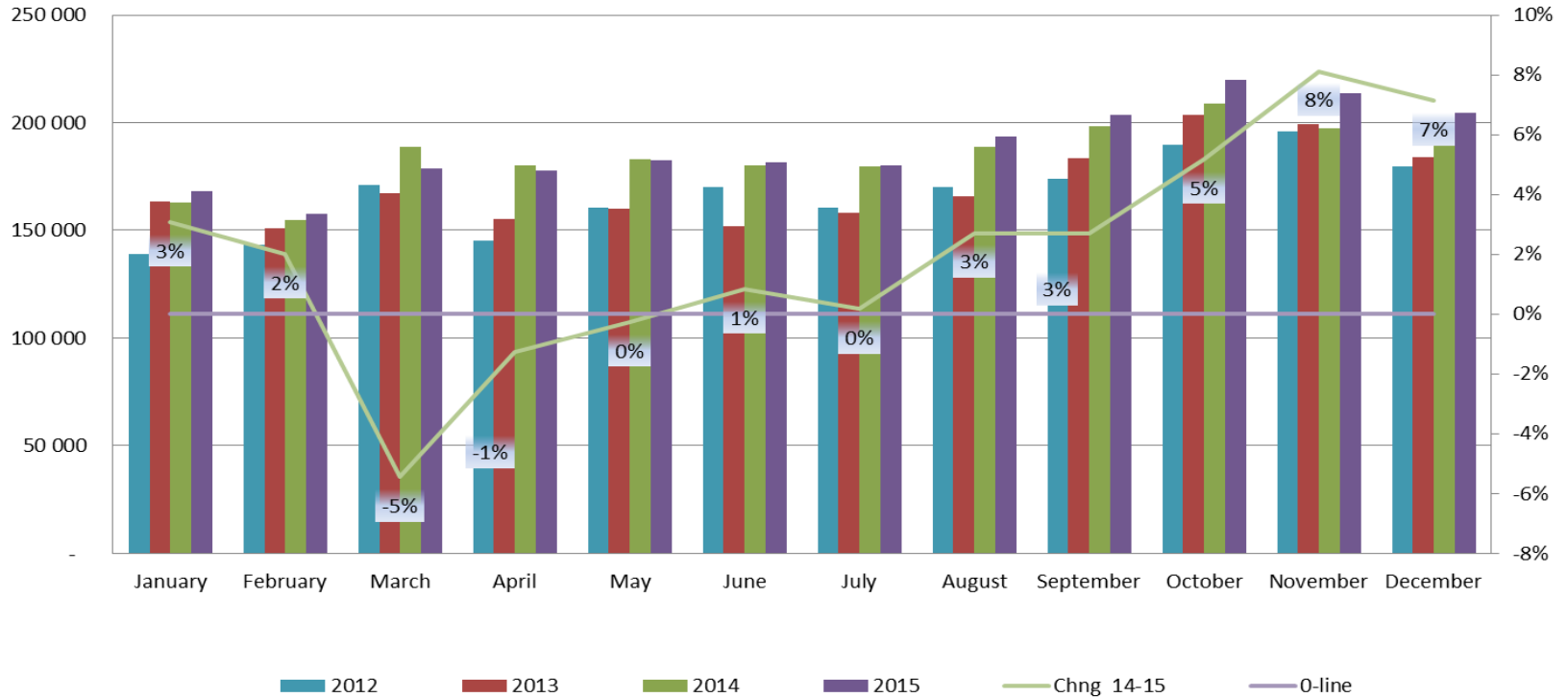
Figures as per 07.11.14
Source: Kontali

Atlantic salmon - Harvest Quantities Europe 2014



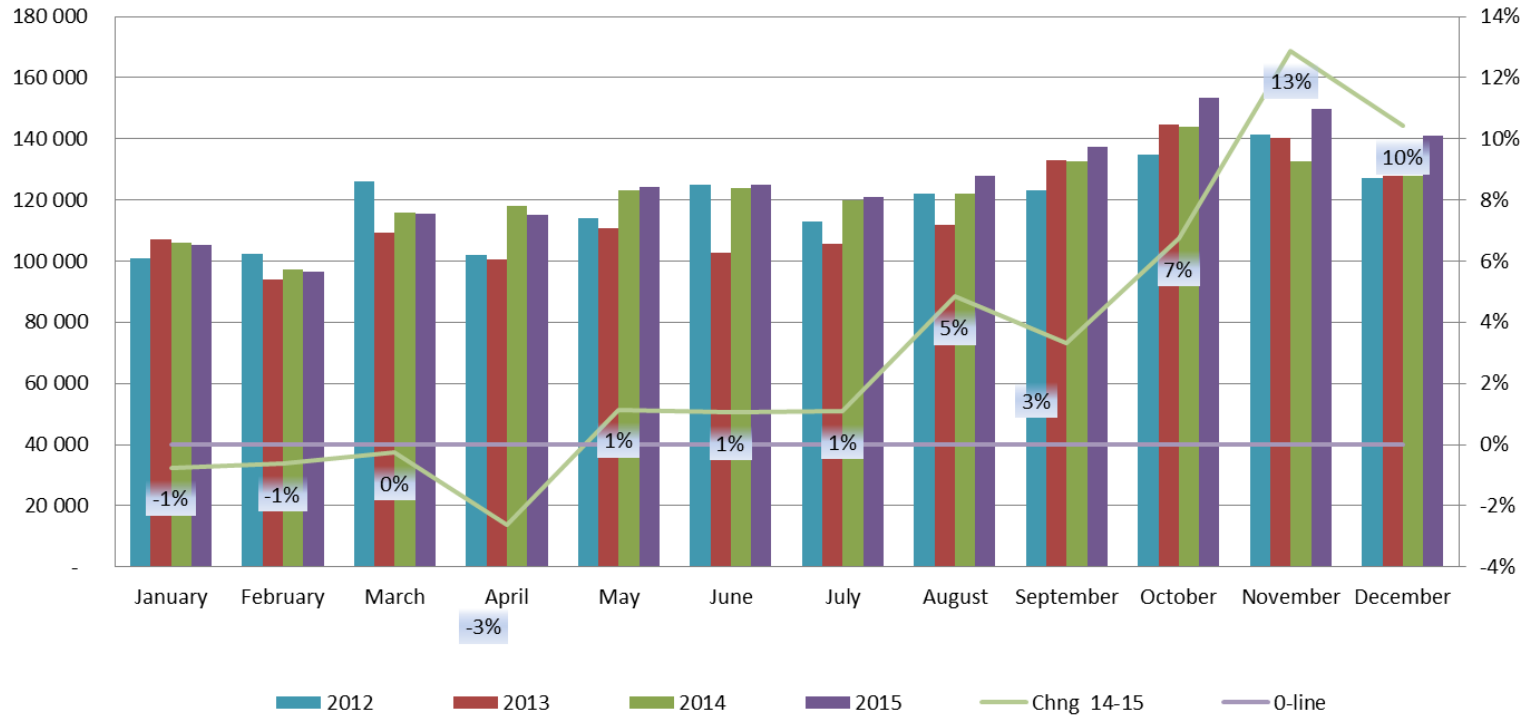
Figures as per 07.11.14
Source: Kontali

Atlantic Salmon – Harvest Quantities WW 2015



Figures as per 07.11.14
Source: Kontali

Atlantic Salmon – Harvest Quantities Europe 2015

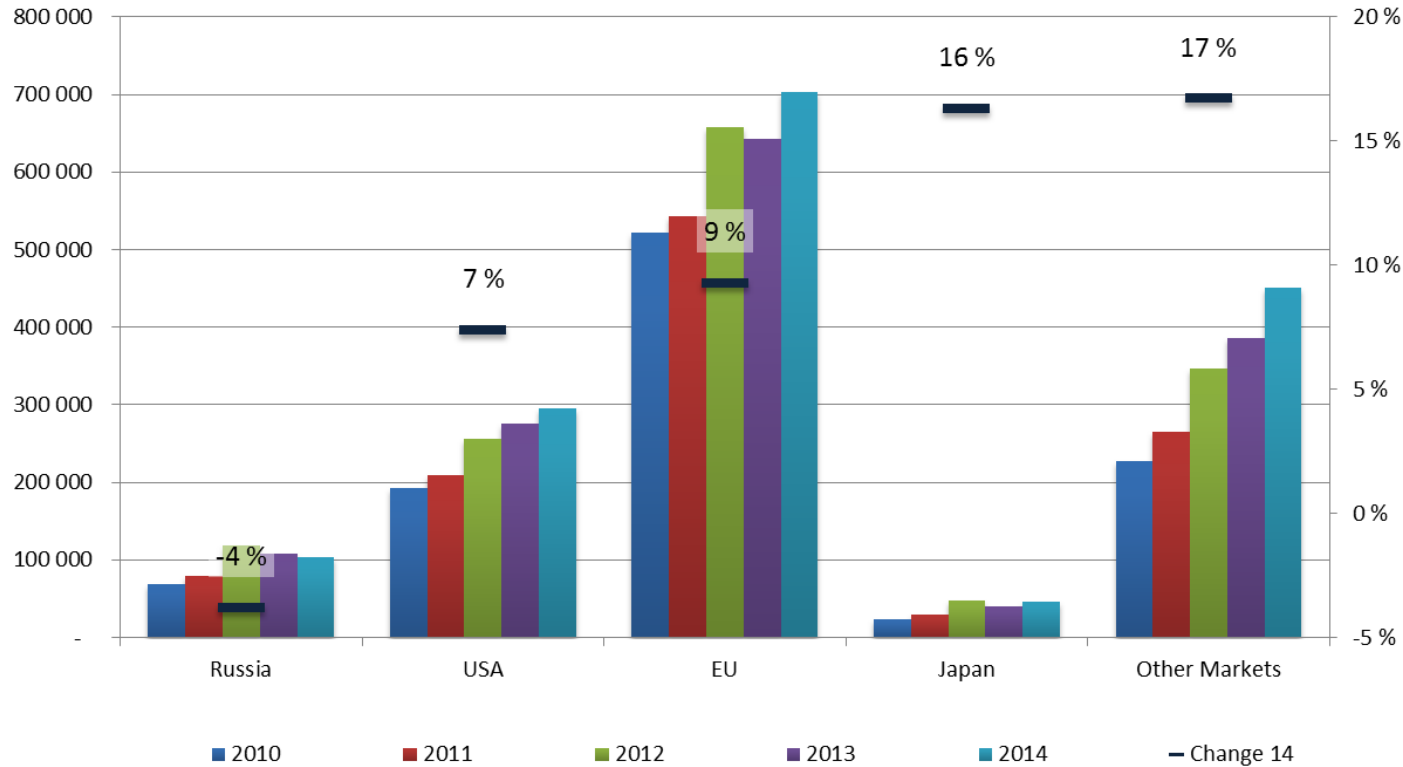


Figures as per 07.11.14
Source: Kontali



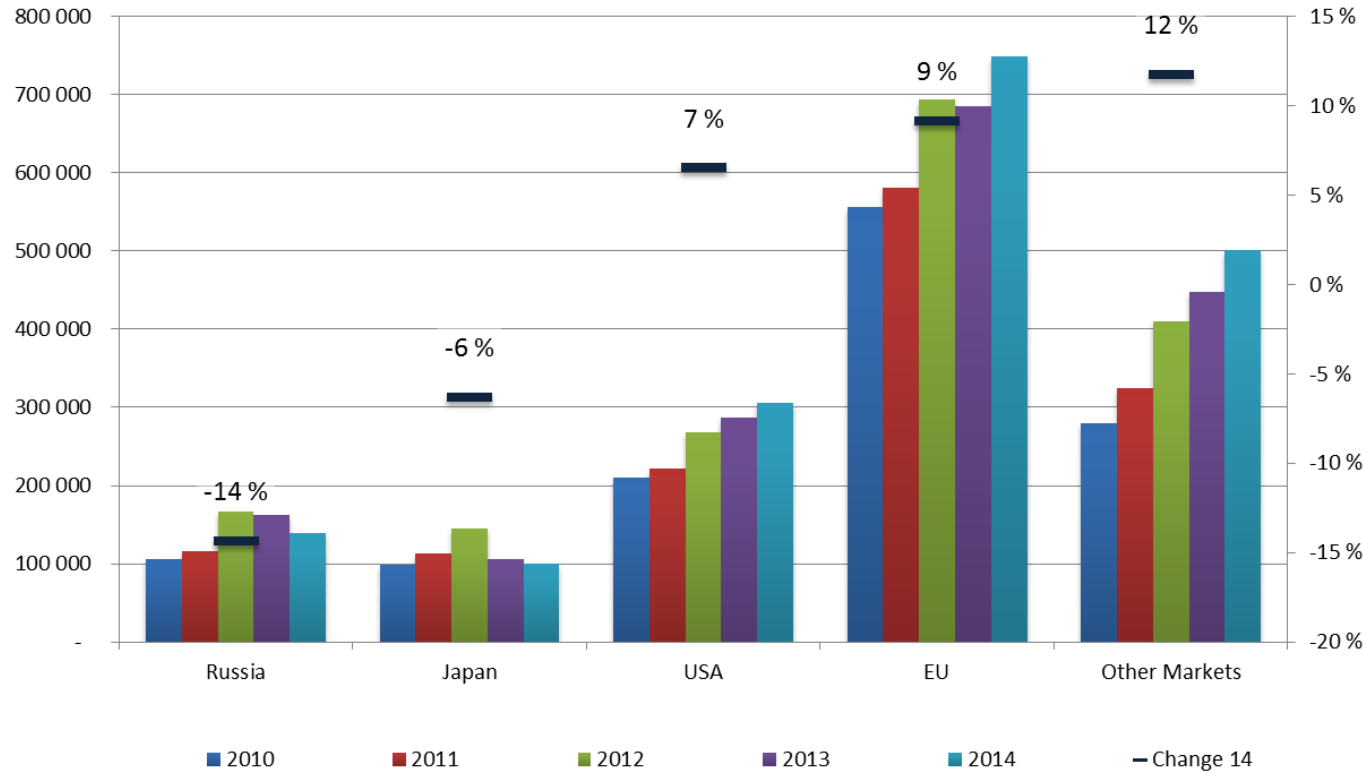
Consumption Atlantic Salmon WW YTD Q3 (+ 10%)

NOK/KG (3-6):
40,71 +4,4% (38,98)
(NSI -0,75 vs NOS)



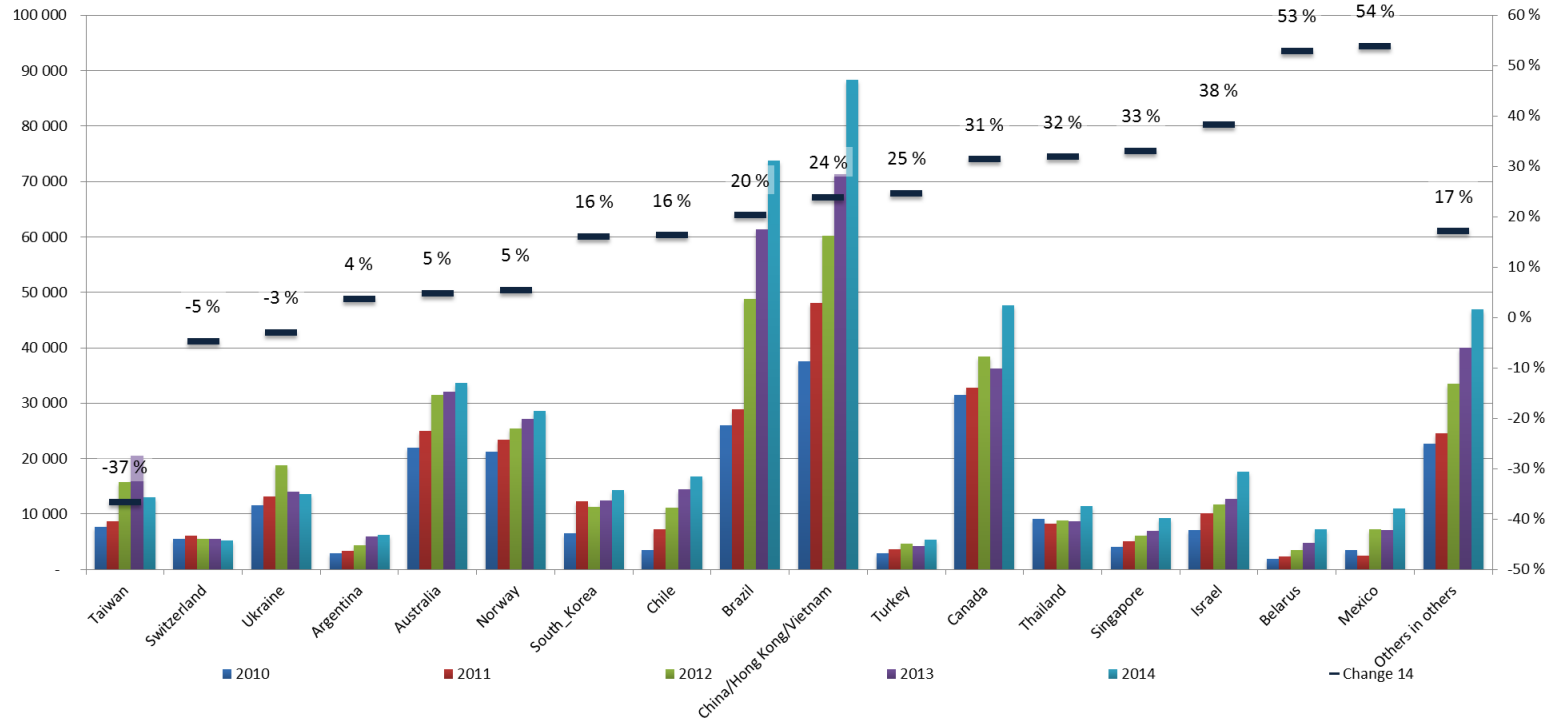
Consumption Atlantic Salmon and Trout WW YTD Q3 (+6%)

NOK/KG (3-6):
40,71 +4,4% (38,98)
(NSI -0,75 vs NOS)



Consumption Atlantic Salmon «Other markets» YTD Q3 2010 to 2014 (+17%)

NOK/KG (3-6):
40,71 +4,4% (38,98)
(NSI -0,75 vs NOS)



Figures as per 11.11.14
Source: Kontali

Outlook

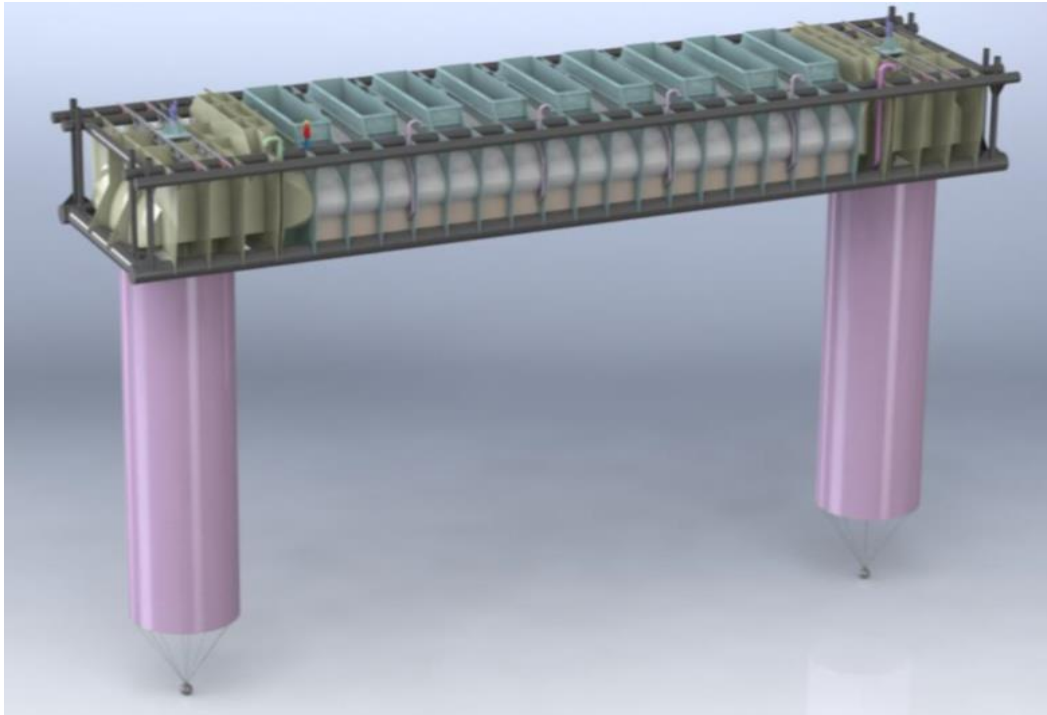
- Limited global supply growth
 - Norwegian supply growth at 4% in 2015
 - Global supply growth at 2% in 2015
- Strong potential in VAP and S&D segments
- Harvest guidance 2015 166.000 GWT
 - 181.500 GWT including associates
- Expected contract share Q4 ~35-40%
- Significant steps taken to lower cost in 2015

Cleanerfish. Significant increase in investments

- Very positive results in sites with sufficient cleanerfish
- Investing in production as well as knowledge for cleanerfish
 - Bought 34% of Norsk Oppdrettservice AS in the quarter
- Significant increase in production and availability of cleanser fish. Annual increase:
 - 2015: 3 million cleanerfish
 - 2016: ~3 million cleanerfish
- Growth from “own” produced/farmed lump fish
- Expect further positive impact in 2015



Preline – first fish early 2015



Investing in smolt quality and size



Belsvik Lerøy Midt – first fish harvested end 2014



Laksefjord Lerøy Aurora



Lerøy Sjøtroll

- Lerøy Midt – capacity 22 mill smolt
 - NOK 350m investment in Belsvik (14m smolts), finished early 2013
- Laksefjord – new capacity 11 mill smolt
 - NOK 150m in investment in Laksefjord (11m smolts), finished H1 2015
- Lerøy Sjøtroll – capacity 23 mill smolt
- Selfsufficient in smolt in all regions



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!

Historical figures

	2014	2014	2014	2013					2012	2011
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	FY	FY	FY
Revenue										
Farming	1 420,4	1 660,2	1 508,8	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	410,2	254,9	294,1	305,5	381,9	1 236,3	1 027,0	783,0
S&D	3 066,7	2 998,8	2 820,3	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	-1 777,5	-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	2 961,8	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	48,5	80,8	96,1	66,3	115,9	359,0	83,1	155,1
Lerøy Midt	228,3	184,1	101,0	131,7	112,2	109,4	154,4	507,7	147,3	519,6
Lerøy Sjøtroll	179,1	159,2	4,8	71,8	191,7	134,2	62,7	460,3	7,7	303,1
Farming	505,7	420,7	154,3	284,2	400,0	309,8	332,9	1327,0	238,1	977,7
VAP	15,1	21,1	27,8	9,1	17,4	16,5	28,7	71,6	49,7	33,5
S&D	38,7	64,1	56,0	29,0	54,0	52,1	69,0	204,1	192,5	237,5
LSG/Elim	-9,2	-5,6	64,7	47,0	-9,3	-8,7	-6,0	23,0	-30,2	-35,8
EBIT before biomass adj.	550,4	500,3	302,8	369,4	462,2	369,7	424,6	1625,8	450,1	1212,9