

# Lerøy Seafood Group

## Quarterly report Third quarter 2006

November 1<sup>st</sup> 2006

Ole-Eirik Lerøy

President & CEO

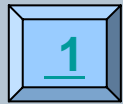
Helge Singelstad

Vice president & vice CEO



SEAFOOD INNOVATION SINCE 1899

# Agenda



Considerations



Key financial figures Q3 2006



Lerøy at a glance

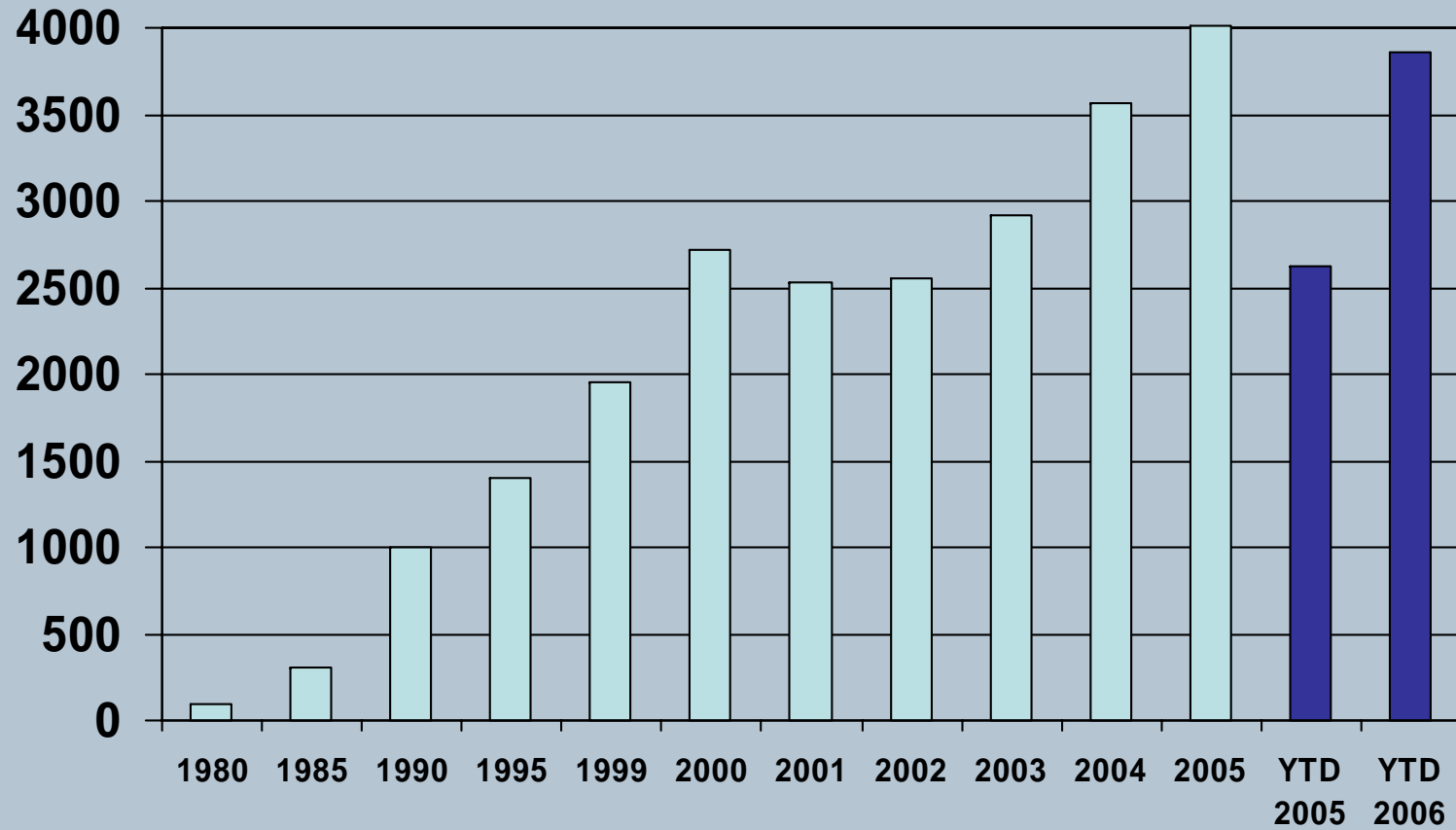


Market glance

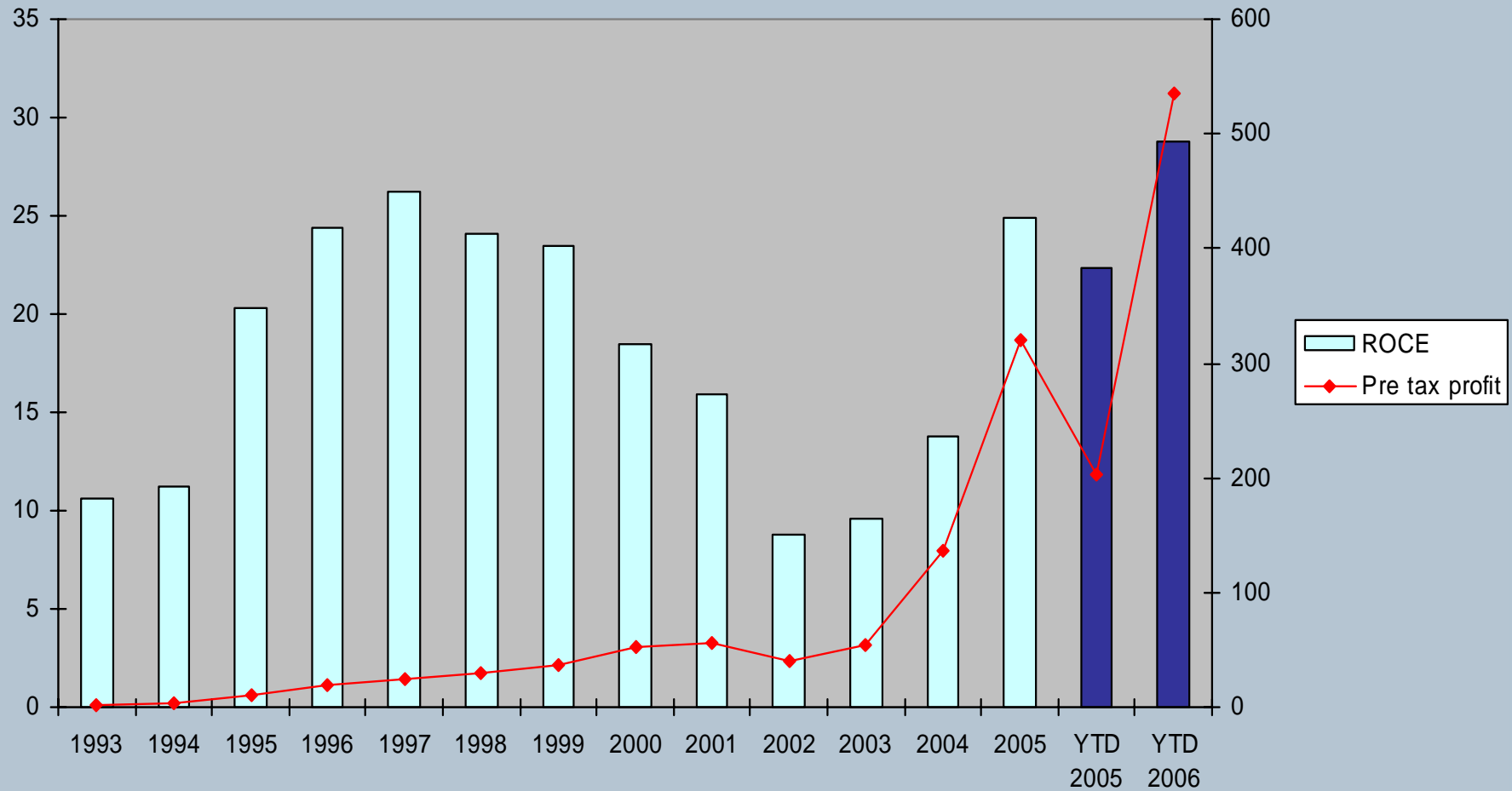


# Turnover LSG

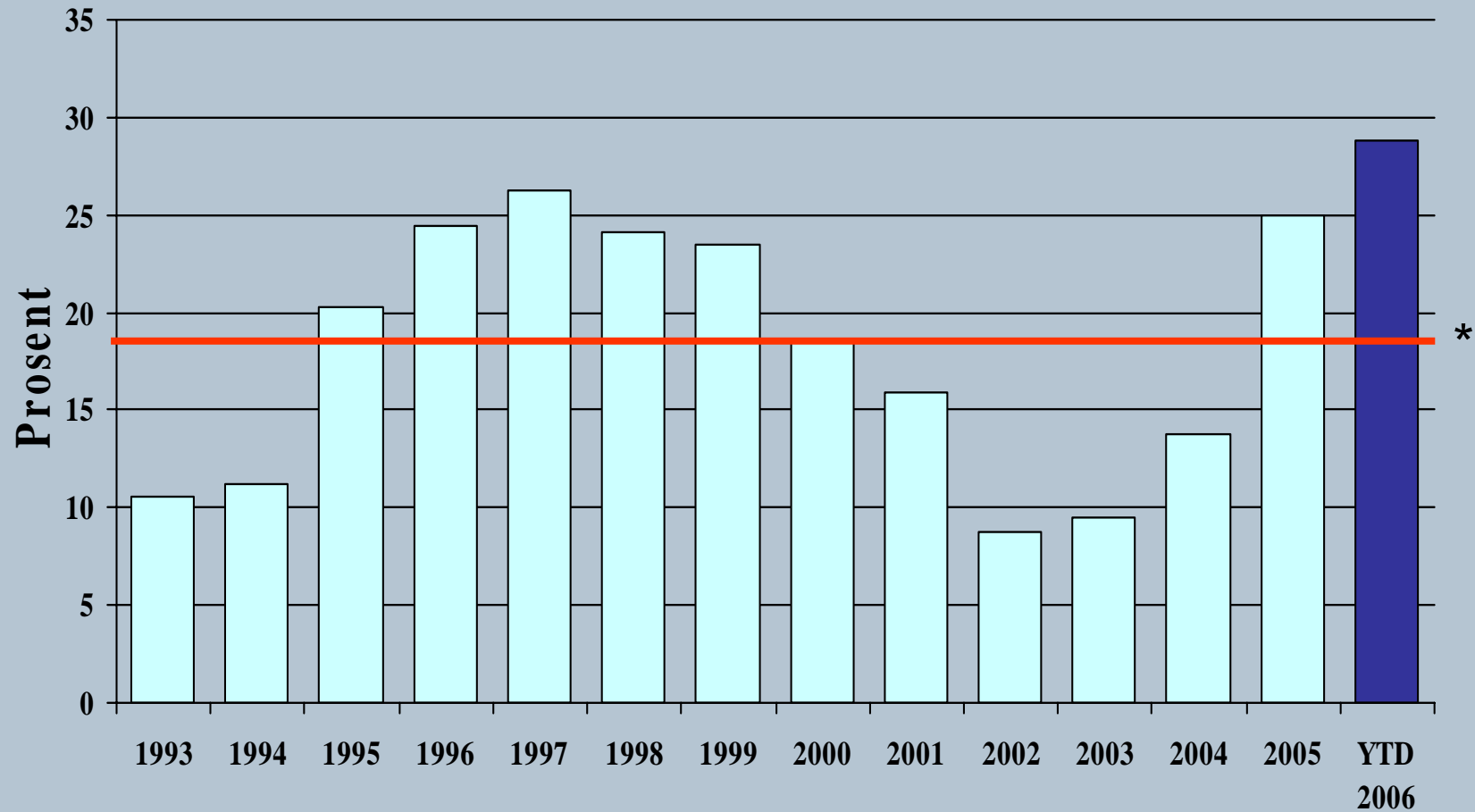
Mill. NOK



# ROCE (%) and PTP before biomass adjustments



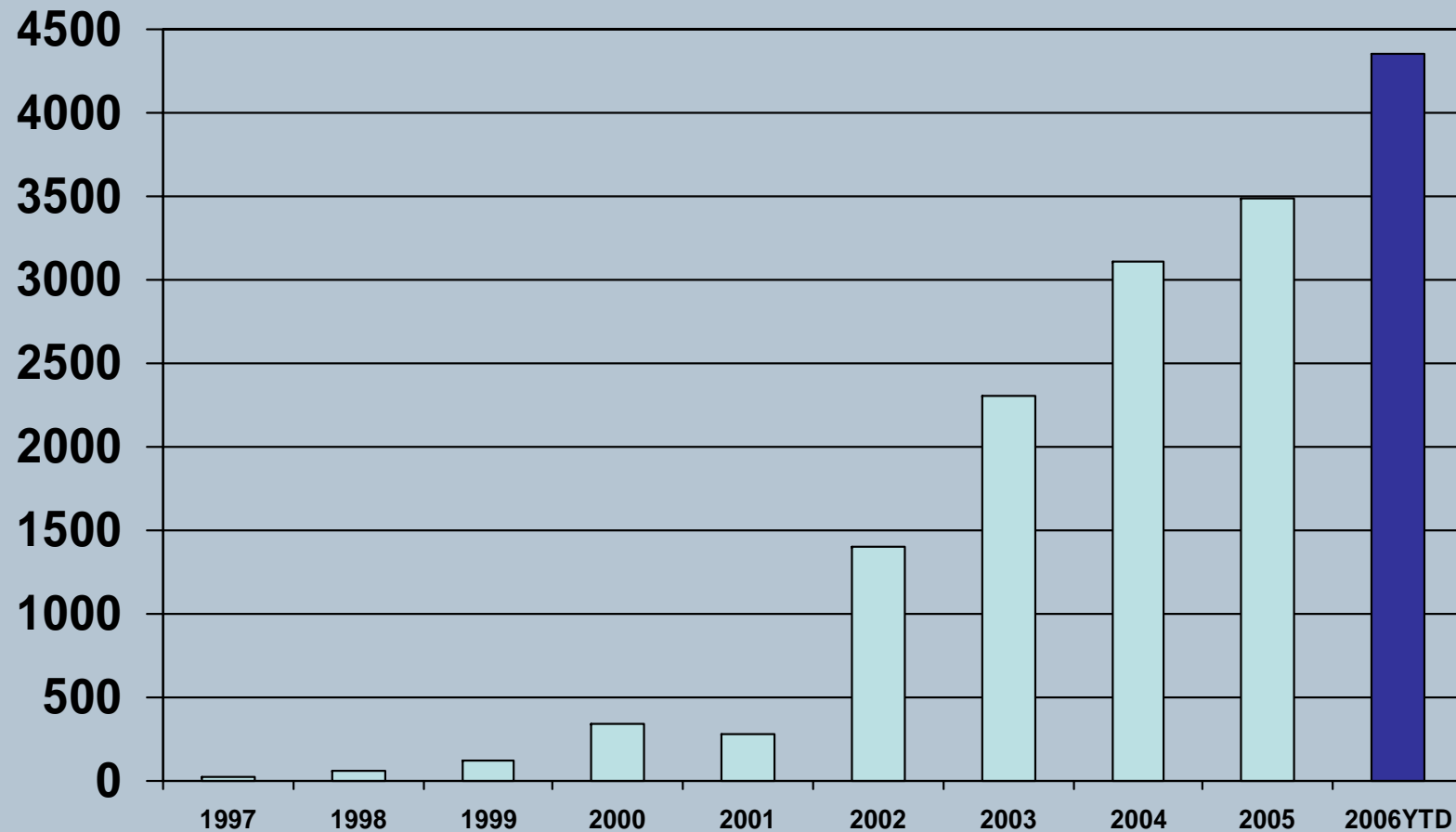
# Return on capital employed (ROCE) before biomass adjustments



\* Target set before IPO 2002



# Number of shareholders



# Shareholders 25.10.06

Shareholder	No. of shares	Ownership share
Profond AS*	6 788 040	15,87 %
Pareto Aksje Norge	1 908 500	4,46 %
Skagen Vekst	1 786 500	4,18 %
MP Pensjon	1 701 984	3,98 %
Ferd AS	1 519 000	3,55 %
Credit Suisse Securities	1 128 310	2,64 %
Verdipapirfond Odin	1 114 750	2,61 %
Lime AS*	960 573	2,25 %
Morgan Stanley & Co. Client	959 440	2,24 %
Pareto Aktiv	851 600	1,99 %
JPMorgan Chase Bank	752 470	1,76 %
JPMorgan Chase Bank	729 861	1,71 %
Verdipapirfond Odin	598 650	1,40 %
JPMorgan Chase Bank	590 311	1,38 %
Bank of New York	527 870	1,23 %
Kverva Holding AS	492 826	1,15 %
Meidell AS	483 240	1,13 %
George Harald Lerøy	465 000	1,09 %
Bear Stearns Securities	447 420	1,05 %
KOS Bergen AS	406 640	0,95 %
Total 20 largest share owners	24 212 985	56,60 %
Others	18 564 383	43,40 %
<b>Total shares</b>	<b>42 777 368</b>	<b>100,00 %</b>

\*controlled by CEO Ole-Eirik Lerøy

The company has a total of 4.359 shareholders



# Internal considerations Q3 2006

All figures in mill NOK

	<b>Q3 - 06</b>	Q3 - 05	Change	<b>YTD 2006</b>	YTD 2005	Change
<b>Turnover</b>	<b>1 399</b>	940	49 %	<b>3 856</b>	2 622	47 %
<b>EBIT bef adj biom</b>	<b>206</b>	93	122 %	<b>476</b>	169	182 %
<b>Operating profit</b>	<b>208</b>	121	72 %	<b>536</b>	226	137 %
<b>Affiliated comp.</b>	<b>54</b>	28	93 %	<b>97</b>	47	106 %
<b>Pre-tax profit</b>	<b>254</b>	143	78 %	<b>613</b>	260	136 %







## Internal considerations Q3 2006

### Financially Solid

- Well positioned for future organic and strategic growth

### 4.359 shareholders as of 25 October 2006

- Up from 3.484 shareholders at year end 2005

### Consolidated business areas

- Satisfactory operation in production
  - Development according to plans
- Difficult conditions for operations in sales and distribution
  - Volatile Salmon prices
  - Trade barrier from EU is negative in the long run

### Affiliated companies

- Satisfactory operation





# Internal considerations Q3 2006

## Sales and distribution

- Acquisitions done in H106
  - Delico AS, Stavanger
  - Haarberg & Larssen AS, Trondheim
  - Fisker'n Maritime Produkter AS, Oslo

## Production

- Acquisitions done in Q306
  - Lerøy Hydrotech AS
    - Spawn
    - Smolt
    - Farming
    - Processing
- Lerøy Fossen AS acquired smolt business
  - Present capacity 1,7 million smolt
  - Extension possibilities



## External considerations Q3 2006

### Volatile salmon and trout spot prices Q2/Q3

- Prices down 13,37% from Q206, strong, but volatile market in Q306
- Prices YTD 33,5% higher than comparable figures YTD05
- Prices so far in Q406 higher than prices in Q405
- Strong market, less volatility

### Currencies

- Future will bring great volatility

### Political issues / trade barriers

- Minimum import price to the EU for Norwegian salmon and trout
  - Process is unfair and based on faulty information
  - Damaging for all parties in the global seafood business
  - WTO



# Agenda



Key financial figures Q3 2006



Lerøy at a glance



Market glance



# Resultatregnskap / Income Statement Q3 2006

Alle tall i NOK 1.000 / All figures in NOK 1,000

	Q3 - 2006	Q3 - 2005	YTD 2006	YTD 2005	2005
<b>Salgsinntekter / Operating revenue</b>	<b>1 399 602</b>	940 458	<b>3 855 573</b>	2 621 525	4 014 454
Vareforbruk / Cost of goods sold	<b>987 137</b>	727 015	<b>2 847 861</b>	2 129 215	3 254 686
Lønnskostnader / Salaries and wages	<b>100 473</b>	59 381	<b>259 456</b>	160 477	245 819
Andre driftskostnader / Other operating costs	<b>82 893</b>	47 385	<b>215 054</b>	128 255	191 625
Ordinære avskrivninger / Ordinary depreciation	<b>22 875</b>	13 678	<b>56 976</b>	34 107	48 214
<b>EBIT før verdij. Biomasse / EBIT bef fair value adjustm biomass</b>	<b>206 224</b>	92 999	<b>476 226</b>	169 471	274 110
Verdijustering biomasse / Fair value adjustment biomass	<b>1 674</b>	27 824	<b>60 086</b>	56 319	69 412
<b>Driftsresultat / Operating profit</b>	<b>207 898</b>	120 823	<b>536 312</b>	225 790	343 522
Inntekt tilknyttede selskaper / Income from affiliated companies	<b>53 939</b>	27 888	<b>96 870</b>	46 664	64 534
Netto finansposter / Net financial items	<b>-7 433</b>	-5 483	<b>-20 031</b>	-12 015	-17 090
<b>Resultat før skattekostnad / Profit before tax</b>	<b>254 404</b>	<b>143 228</b>	<b>613 151</b>	260 439	390 966
Beregnete skatter / Estimated taxation	<b>-73 023</b>	-33 843	<b>-162 144</b>	-61 464	-90 019
<b>Periodens resultat / Profit for the period</b>	<b>181 381</b>	<b>109 385</b>	<b>451 007</b>	198 975	300 947



# Balanse / Balance Sheet Q3 2006

Alle tall i NOK 1.000 / All figures in NOK 1,000

	Q3 - 2006	Q3 - 2005	2005
Immaterielle eiendeler / Intangible assets	1 948 110	434 383	443 908
Varige driftsmidler / Tangible fixed assets	651 935	270 388	284 832
Finansielle anleggsmidler / Financial fixed assets	275 536	307 158	325 348
<b>Sum anleggsmidler / Total fixed assets</b>	<b>2 875 581</b>	1 011 929	1 054 088
Varer / Inventories	1 166 233	597 924	623 460
Fordringer / Receivables	930 453	516 687	678 627
Betalingsmidler / Cash and equivalents	437 335	263 982	191 157
<b>Sum omløpsmidler / Total current assets</b>	<b>2 534 021</b>	1 378 593	1 493 244
<b>Sum eiendeler / Total assets</b>	<b>5 409 602</b>	2 390 522	2 547 332



# Balanse / Balance Sheet Q3 2006

Alle tall i NOK 1.000 / All figures in NOK 1,000

	Q3 - 2006	Q3 - 2005	2005
Innskutt egenkapital / Equity contributions	1 282 589	852 887	855 967
Opptjent egenkapital / Earned equity	814 493	309 880	413 274
Minoritetsinteresser / Minority interests	18 875	3 713	6 705
<b>Sum egenkapital / Total equity</b>	<b>2 115 957</b>	1 166 480	1 275 946
Avsetning for forpliktelser / Accrued liabilities	7 849	2 762	4 191
Langsiktig gjeld / Long-term liabilities	2 234 747	589 107	612 782
Kortsiktige kreditter / Short-term loans	174 393	152 961	131 082
Annen kortsiktig gjeld / Other short-term liabilities	876 656	479 212	523 331
<b>Sum gjeld / Total liabilities</b>	<b>3 293 645</b>	1 224 042	1 271 386
<b>Sum egenkapital og gjeld / Total equity and liabilities</b>	<b>5 409 602</b>	2 390 522	2 547 332



# Key figures - Lerøy Seafood Group Q3 2006

Nøkkeltall / Key figures	Q3 - 2006	Q3 - 2005	YTD 2006	YTD 2005	2005
Resultatmargin / Profit margin	<b>18,18 %</b>	15,23 %	<b>15,90 %</b>	9,93 %	9,74 %
Driftsmargin / Operating margin	<b>14,85 %</b>	12,85 %	<b>13,91 %</b>	8,61 %	8,56 %
Resultat per aksje / Earnings per share	<b>4,23</b>	2,82	<b>10,96</b>	5,38	8,14
Utvannet resultat per aksje / Diluted earnings per share	<b>4,17</b>	2,81	<b>10,85</b>	5,35	8,08
Avkastning på sysselsatt kapital (annualisert) / ROCE	<b>36,98 %</b>	45,24 %	<b>31,70 %</b>	27,63 %	29,53 %
Egenkapitalandel / Equity ratio	<b>39,11 %</b>	48,80 %	<b>39,11 %</b>	48,80 %	50,09 %
Netto rentebærende gjeld / Net interest bearing debt	<b>1 536 608</b>	374 182	<b>1 536 608</b>	374 182	398 470
Kontantstrøm per aksje / Cash-flow per share	<b>0,75</b>	1,49	<b>9,90</b>	4,06	4,13
Utvannet kontantstrøm pr aksje/Dil. cash-flow pr share	<b>0,74</b>	1,48	<b>9,80</b>	4,05	4,11





# Affiliated companies, LSG-share profit after tax

All figures in mill NOK

	Q3 2006	Q3 2005	YTD 2006	Korr.varer / adj.inventory	YTD 2005	Korr.varer / adj.inventory
Lerøy Hydrotech (39%) <sup>1)</sup>	16 057	8 971	39 497	1 575	17 038	784
Egersund Fisk AS (27%)	2 130	184	2 616	0	1 624	0
Norskott Havbruk AS (50%)	34 958	18 567	53 382	14 877	27 487	231
Andre / Others	794	166	1 375	0	515	0
<b>Sum / Total</b>	<b>53 939</b>	27 888	<b>96 870</b>	16 452	46 664	1 015

1) Affiliated until 31.08.06



# Lerøy Seafood Group Consolidated Key figures 30 September 2006

Total equity (39,11%)	2.116 mill NOK
Net interest bearing debt	1.536 mill NOK
Total intangible assets	1.948 mill NOK
• Licences smolt / fish farming Norway 763 mill	
• Goodwill / def. tax 1.185 mill	
Total LSG-shares September 2006	42.777.368



# Agenda



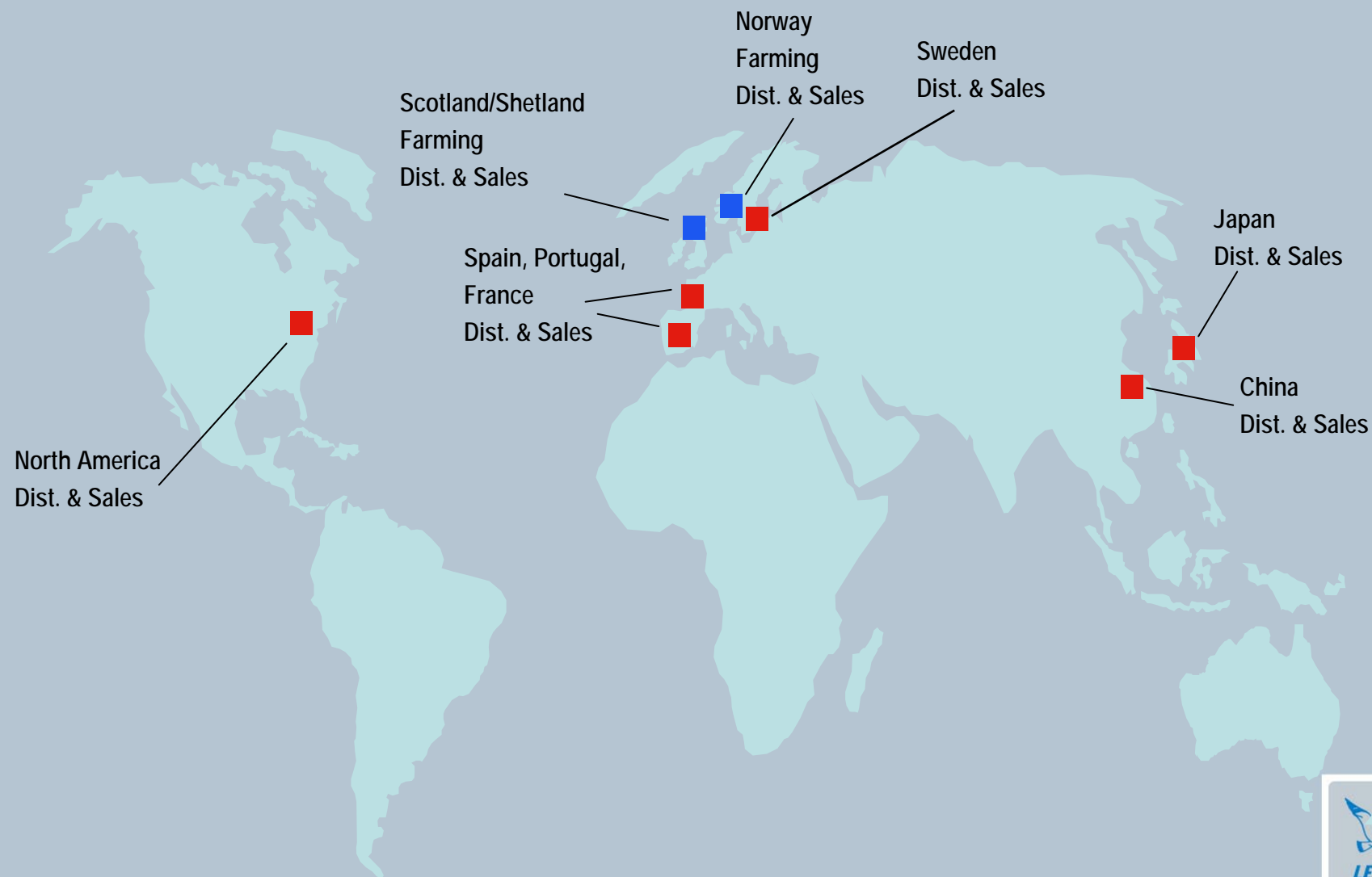
Lerøy at a glance



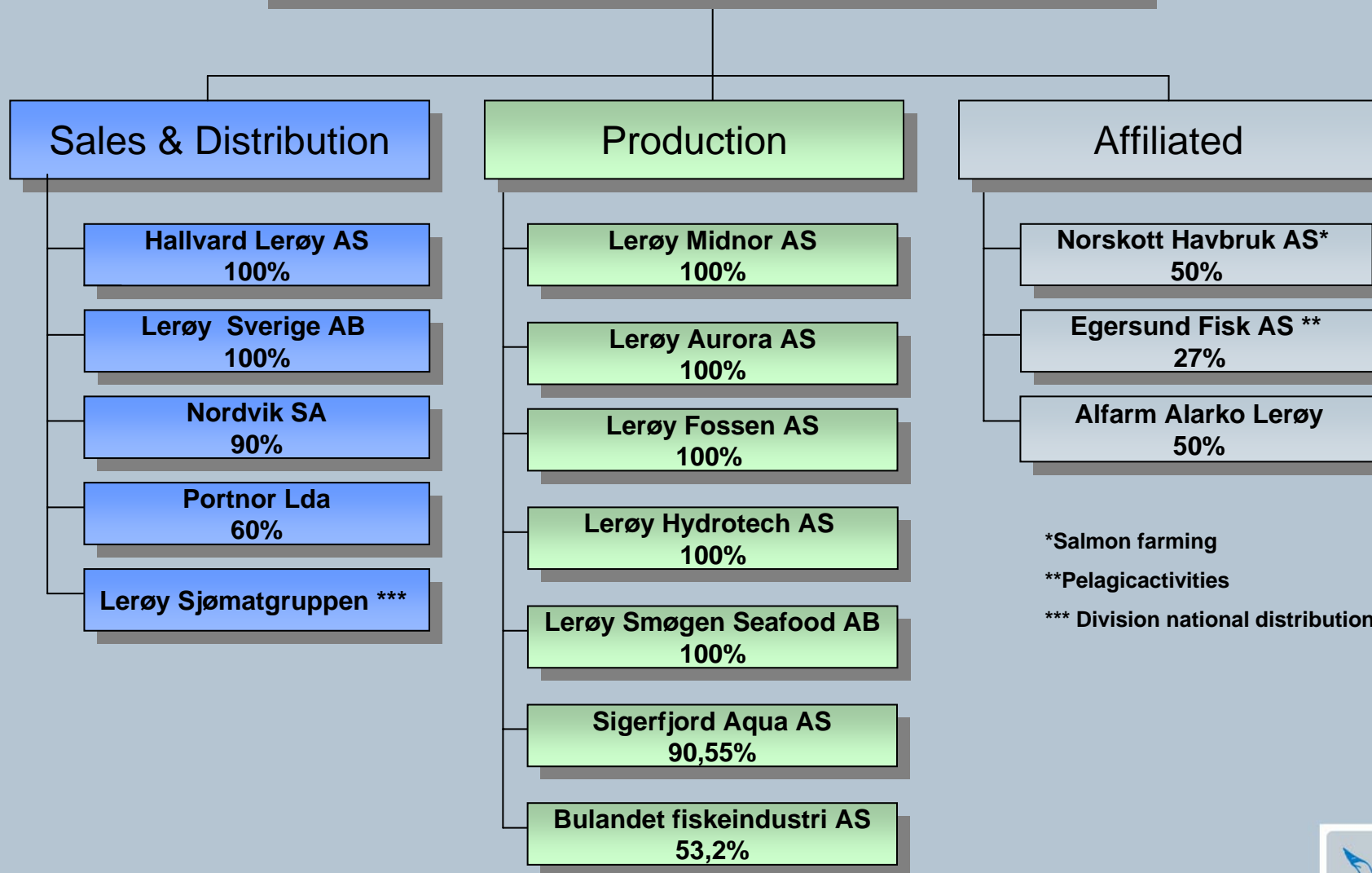
Market glance



# Lerøy Seafood Group - Global organization



# Lerøy Seafood Group ASA

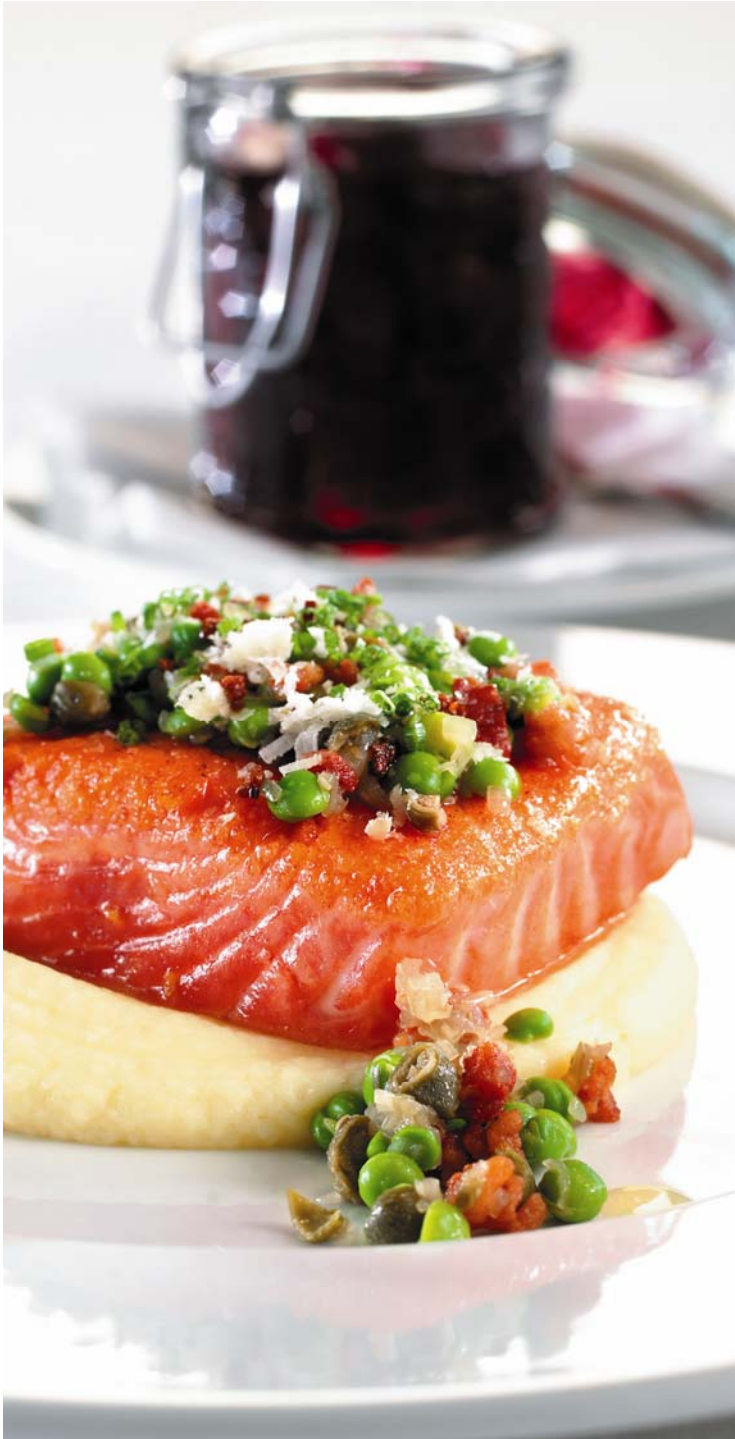


# Lerøy Seafood Group

Employees, September 2006

Sales and distribution	372
Production and farming	626
<b>Total Group</b>	<b>998</b>
Affiliates	301
<b>Total included affiliates</b>	<b>1 299</b>





# Lerøy Seafood Group

## Norway's largest seafood exporter in 2005

- 11,0 % share of Norwegian Seafood tot exports value
- 15,4 % of Norwegian salmon export
  - 14,6 % of Norwegian salmon export in 2004
- 30,8 % of Norwegian value added salmon export

## Fish farming operations

- Lerøy Midnor AS (100%)
- Lerøy Aurora AS (100%)
- Lerøy Hydrotech AS (100%)
- Lerøy Fossen AS (100%)
- Scottish Sea Farms (50%), 2<sup>nd</sup> largest Scottish salmon producer
- Sigerfjord Aqua AS (90,55 %)





# 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, USA)







# Lerøy Seafood Group

Steady growth in operating profit and strong balance sheet

- Satisfactory earnings
- Growth potential within recently acquired businesses
- Satisfactory liquidity

Professional and highly motivated employees

Strong partnerships / Network of alliances





# 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



PELAGIC

WHITEFISH

FARMED FISH

# HALLVARD LERØY AS

DISTRIBUTION  
FRANCE

DIRECT EXPORT

DISTRIBUTION  
NORWAY

DISTRIBUTION  
UK

LERØY  
FRANCE

LERØY  
PORTUGAL

DISTRIBUTION  
SWEDEN

DISTRIBUTION  
PORTUGAL

LERØY  
CHINA

LERØY  
JAPAN

PROCESSING  
SWEDEN

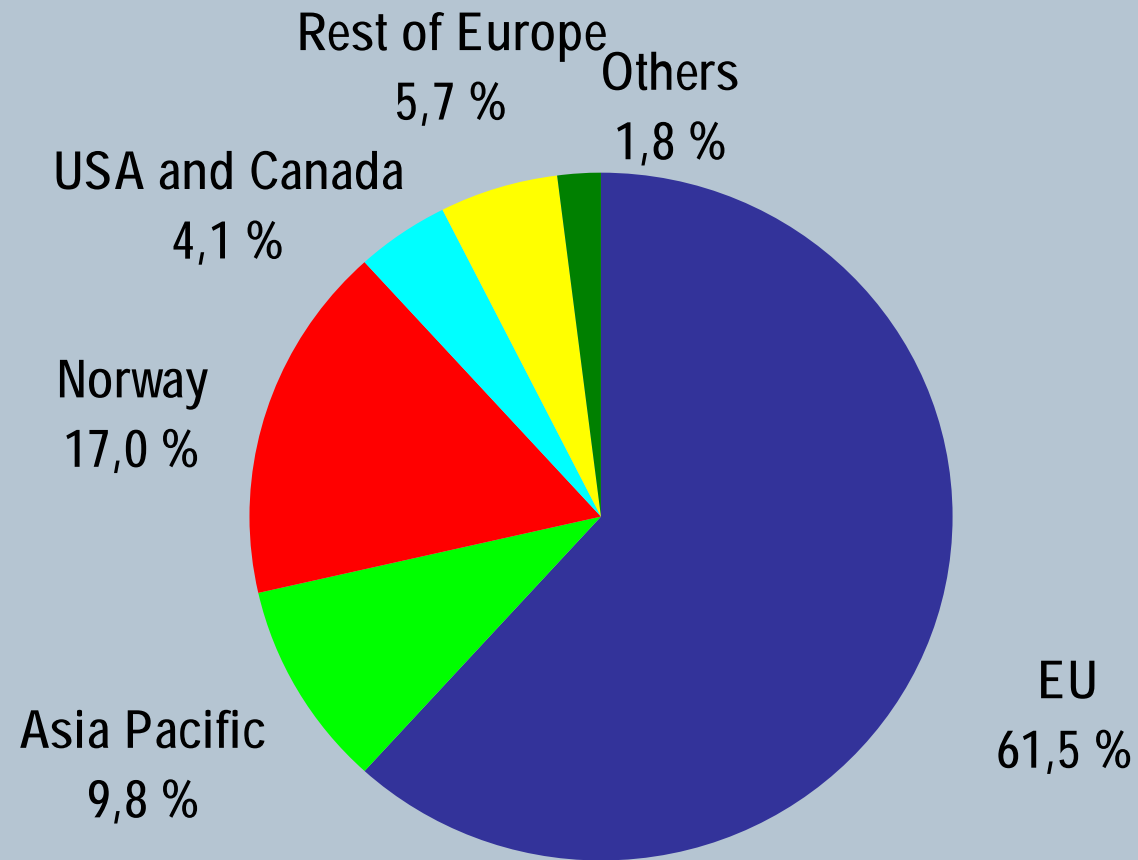
DISTRIBUTION  
TURKEY

LERØY  
USA

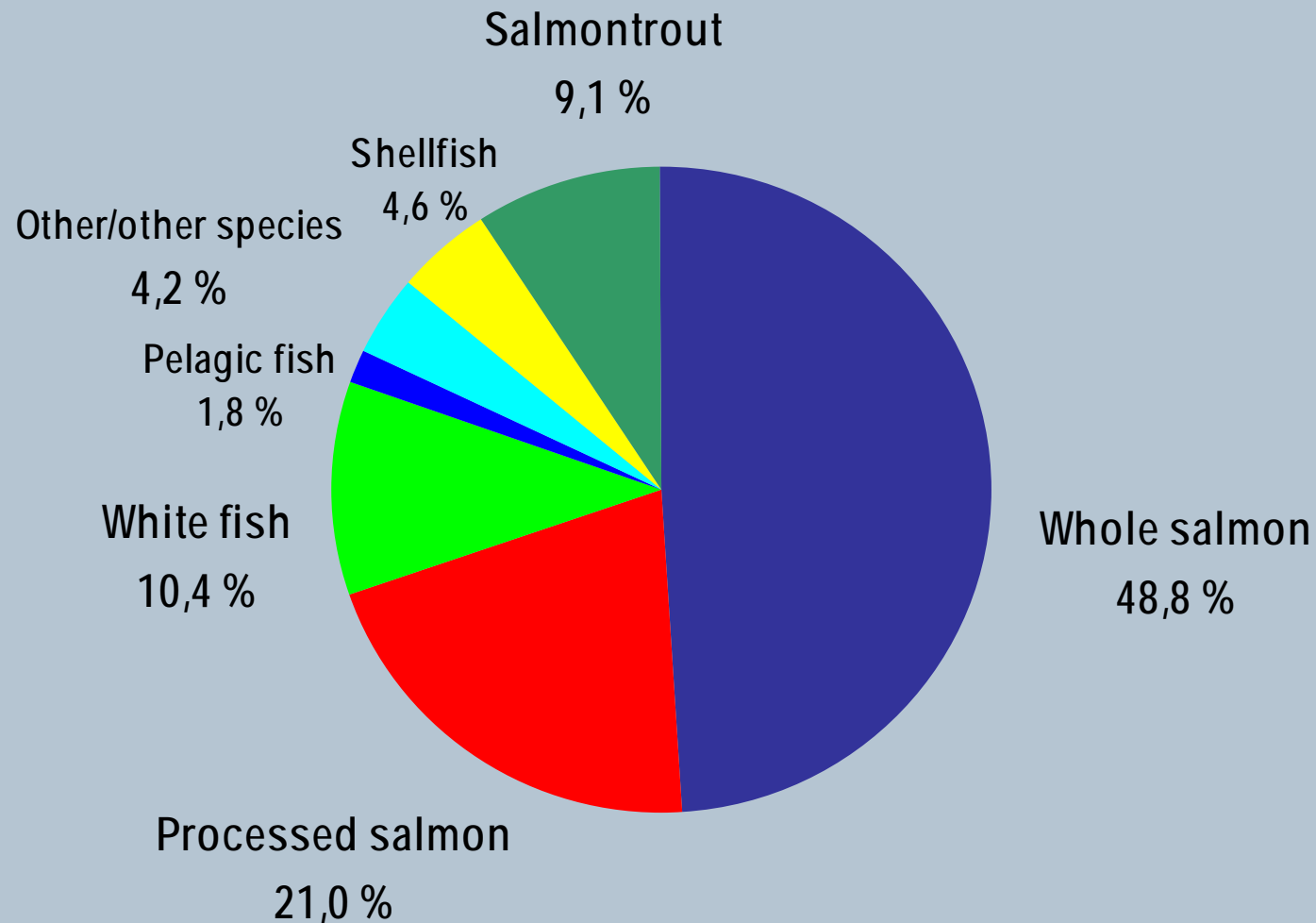
FARMING / PROCESSING  
NORWAY



# Lerøy Seafood Group - Sales per market Q3 2006



# Lerøy Seafood Group - Sales per product Q3 2006





# Lerøy Sweden

Lerøy Allt i Fisk

Lerøy Fiskgrossisterna

Lerøy Smøgen Seafood

Lerøy Nordhav



**Kallrökt norsk lax**



Hel sida, skivad



Skivad  
100 g  
200 g  
400 g  
500 g  
1000 g

Hel sida / bit  
med skinn

# New factory in spring 2007



- Site 26.000 kvm
- Base 6.500 kvm





# Processing, France





# Farming Norway

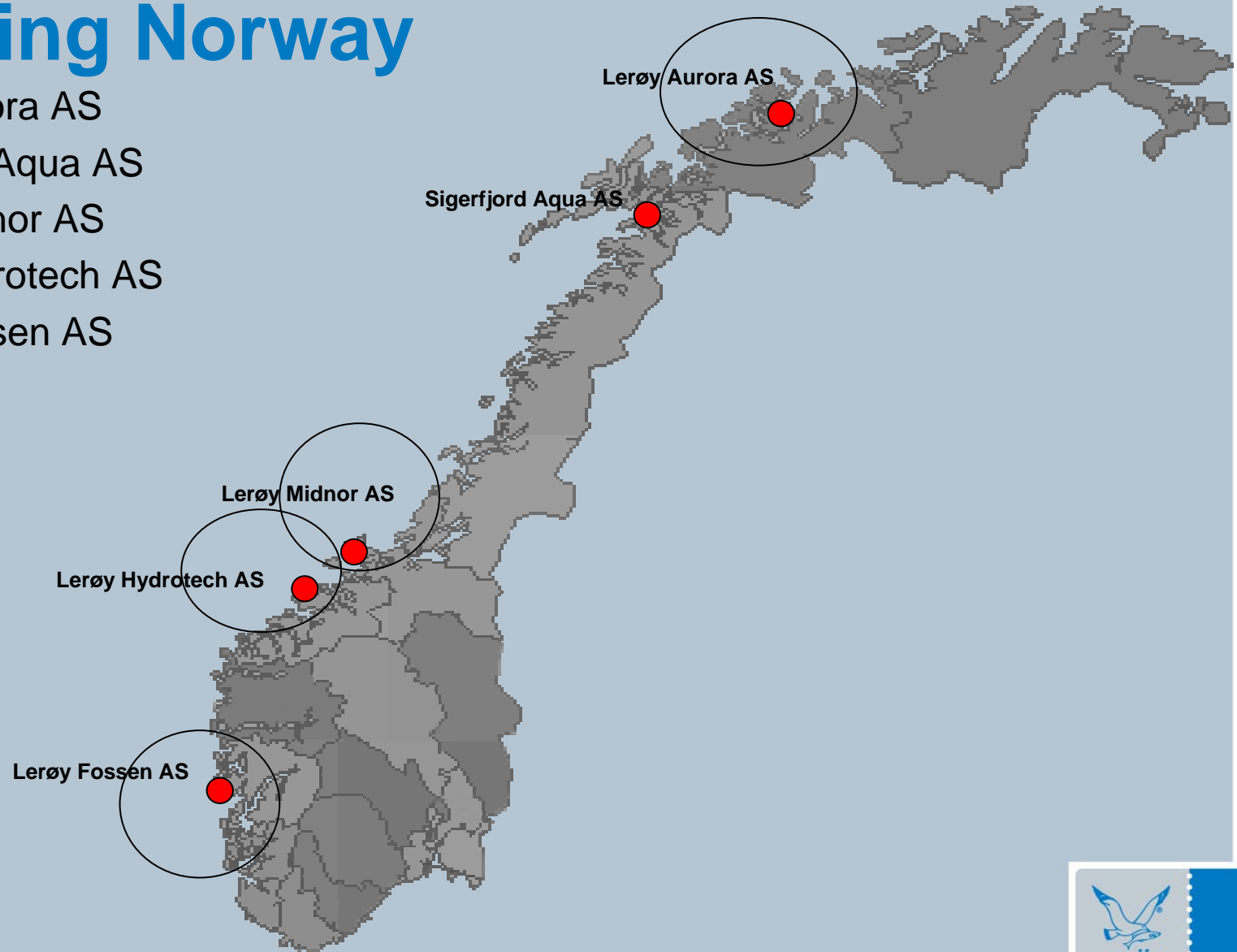
Lerøy Aurora AS

Sigerfjord Aqua AS

Lerøy Midnor AS


Lerøy Hydrotech AS

Lerøy Fossen AS



# Lerøy Seafood Group – salmon/trout farming

Company	Ownership share	Licences	Mill. smolt individuals	Volume Total	gwt 2006E LSG share	Volume Total	gwt 2007E LSG share
Lerøy Midnor AS	100 %	28	7,0	27 000	27 000	27 000	27 000
Lerøy Aurora AS	100 %	16	3,5	13 000	13 000	15 000	15 000
Lerøy Fossen AS*	100 %	7	2,7	5 500	5 500	7 000	7 000
Lerøy Hydrotech AS**	100 %	22,5	7,0	20 000	20 000	22 000	22 000
Total Norway		73,5	20,2	65 500	65 500	71 000	71 000
Norskott Havbruk AS (UK)	50 %		6,0	21 000	10 500	25 000	12 500
Total			26,2	86 500	76 000	96 000	83 500

 Consolidated, farming

 Affiliated, farming

\*) Consolidated from 1 April 2006

\*\*) Consolidated from 1 September 2006



# Key Figures Production Q3 2006

<i>Figures MNOK</i>	Lerøy Midnor	Lerøy Hydrotech <sup>1)</sup>	Lerøy Aurora	Lerøy Fossen <sup>2)</sup>	Others	Total Harvested
Revenues	222,0	69,7	80,2	54,1	109,2	535,2
EBIT before biom.adj.	105,8	24,0	32,2	19,8	2,6	184,4
EBIT	86,8	20,2	56,7	19,8	2,6	186,1
Volumes (gwt)	7,0	5,7	2,7	1,2	-	16,6

1) Included from 1.9.2006, volumes from 1.7.2006

2) Included from 1.4.2006



# Key Figures Production YTD Q3 2006

<i>Figures MNOK</i>	Lerøy Midnor	Lerøy Hydrotech <sup>1)</sup>	Lerøy Aurora	Lerøy Fossen <sup>2)</sup>	Others	Total Harvested
Revenues	594,8	69,7	288,9	112,6	224,1	1 290,1
EBIT before biom.adj.	266,9	24,0	102,0	29,4	9,6	431,9
EBIT	318,5	20,2	114,3	29,4	9,6	492,0
Volumes (gwt)	18,0	11,0	9,9	3,6	-	42,5

1) Included from 1.9.2006, volumes from 1.1.2006

2) Included from 1.4.2006, volumes from 1.1.2006



# Norskott Havbruk

<b>NOKm</b>	<b>Q3 - 2006</b>	Q3 - 2005	<b>YTD 2006</b>	YTD 2005	2005
Revenues	<b>193</b>	185	<b>561</b>	543	775
EBITDA	<b>62</b>	36	<b>141</b>	93	136
EBIT bef adj biom	<b>56</b>	30	<b>122</b>	74	110
EBIT	<b>104</b>	48	<b>165</b>	75	114
Pre tax	<b>100</b>	43	<b>152</b>	55	90
Volumes (gwtt)	<b>5,3</b>	5,2	<b>13,1</b>	15,2	20,7
<b>Balance sheet</b>			<b>30.09.2006</b>	30.09.2005	31.12.2005
Licences, Goodwill			<b>388</b>	379	389
Tangible fixed assets			<b>128</b>	97	111
Inventories			<b>451</b>	296	300
Other current assets			<b>82</b>	86	132
<b>Total assets</b>			<b>1 049</b>	858	932
Equity			<b>445</b>	334	335
Debt			<b>604</b>	524	597
<b>Total equity and debt</b>			<b>1 049</b>	858	932
Net interest bearing debt			<b>327</b>	339	273



# Lerøy Hydrotech AS

<b>NOKm</b>	<b>Q3 - 2006</b>	Q3 - 2005	<b>YTD 2006</b>	YTD 2005	2005
Revenues	<b>223</b>	119	<b>443</b>	261	374
EBITDA	<b>87</b>	39	<b>93</b>	80	118
EBIT bef adj biom	<b>82</b>	34	<b>165</b>	66	99
EBIT	<b>99</b>	34	<b>188</b>	69	102
Pre tax	<b>95</b>	31	<b>180</b>	62	96
Volumes (gwt)	<b>5,7</b>	3,5	<b>11,0</b>	8,8	12,4

<b>Balance sheet</b>	<b>30.09.2006</b>	30.09.2005	31.12.2005
Licences, Goodwill	<b>662</b>	140	140
Tangible fixed assets	<b>183</b>	149	149
Inventories	<b>273</b>	142	142
Other current assets	<b>143</b>	46	48
<b>Total assets</b>	<b>1 261</b>	477	479
Equity	<b>332</b>	157	183
Debt	<b>929</b>	320	296
<b>Total equity and debt</b>	<b>1 261</b>	477	479
Net interest bearing debt	<b>653</b>	210	187



# Agenda



Market glance



# Fresh Atlantic Salmon Norway (4-5 kgs)

– price development week 01-1997 – week 43-2006 (FHL/NSL)

NOK / Kg



Figures per 26.10.06

Source: FHL/NSL





# Oslo Salmon export from Norway as of week 43-2006

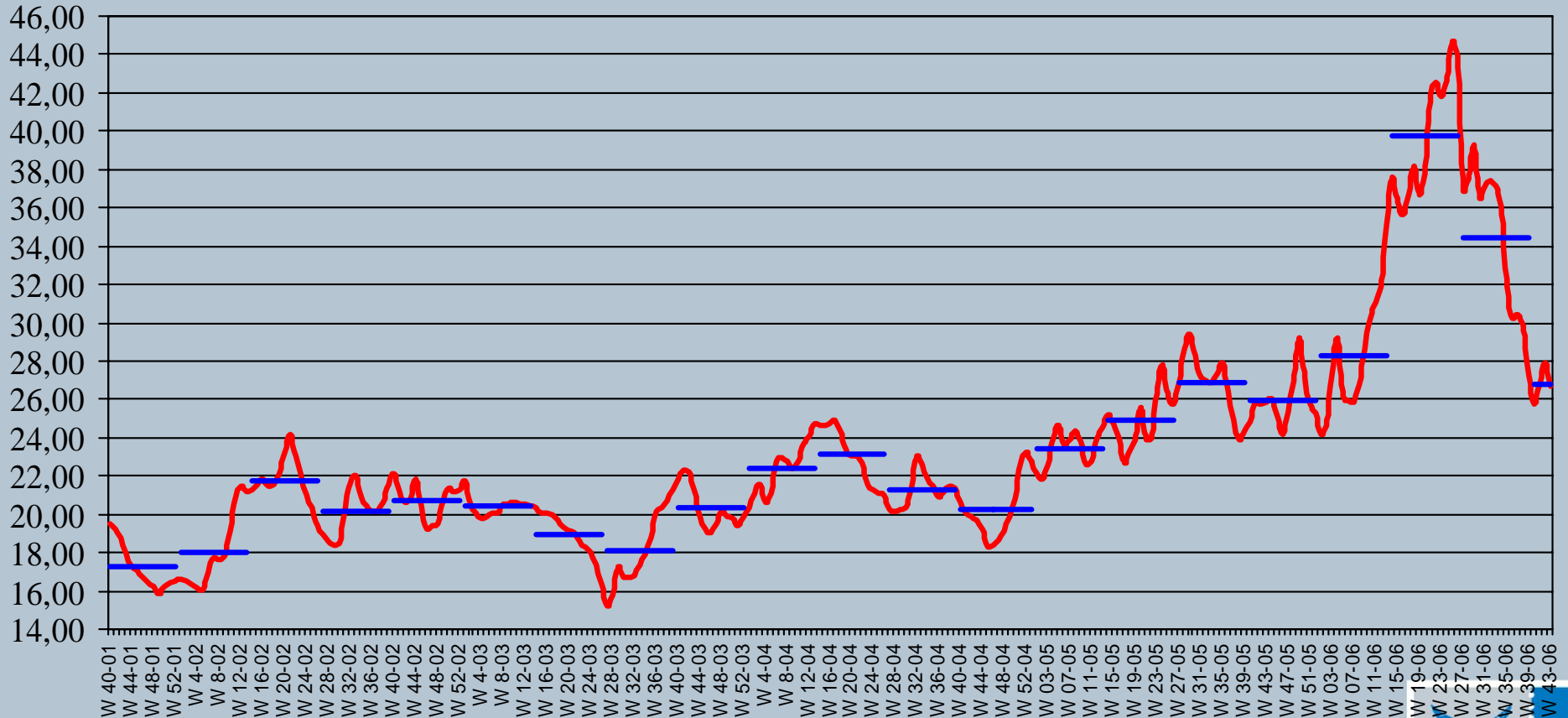
## Fresh atlantic salmon, cross-section, FCA

Av. Q3-05 NOK 26,86  
 Av. Q3-06 NOK 34,44  
 Up by 28,2 %.  
 Av. YTD 06 NOK 33,45

NOK / kg

Oslo

Q1-02	Q2-02	Q3-02	Q4-02	Q1-03	Q2-03	Q3-03	Q4-03	Q1-04	Q2-04	Q3-04	Q4-04	Q1-05	Q2-05	Q3-05	Q4-05	Q1-06	Q2-06	Q3-06
A.18,04	A.21,77	A.20,16	A.20,76	A.20,42	A.18,92	A.18,09	A.20,35	A.22,38	A.23,10	A.21,26	A.20,23	A.23,44	A.24,89	A.26,86	A.25,94	A.28,24	A.39,72	A.34,44



Figures per 26.10.06

Source: FHL/NSL



## Market development for Atlantic Salmon from Norway Jan-Sep 2005 vs Jan-Sep 2006

	Volume 2005	Volume 2006	Change	Value 2005	Value 2006	Change
EU	281 462	299 213	6 %	6 823 697	9 214 946	35 %
Others	30 460	37 896	24 %	771 766	1 227 588	59 %
Japan	21 324	18 433	-14 %	548 990	600 531	9 %
Russia	34 226	23 854	-30 %	750 758	748 760	0 %
USA	6 195	8 019	29 %	212 971	314 837	48 %
In total	373 667	387 415	4 %	9 108 182	12 106 662	33 %

Volume in tons round weight.

Value in thousand NOK.

Figures per 26.10.06.  
Source: NSEC



# Atlantic salmon – supply

In tonnes WFE

	2004	Change 03-04	2005	Change 04-05	2006 E	Change 05E-06E	2007 E	Change 06E-07E
Norway	537 000	6 %	572 200	7 %	600 400	5 %	635 800	6 %
United Kingdom	149 800	-8 %	119 700	-20 %	127 800	7 %	140 100	10 %
Faroe Islands	36 800	-22 %	17 200	-53 %	9 800	-43 %	17 200	76 %
Ireland	12 400	-33 %	12 400	0 %	14 500	17 %	17 000	17 %
Iceland	6 600	78 %	6 500	-2 %	4 000	-38 %	2 000	-50 %
<b>Total Europe</b>	<b>742 600</b>	<b>0 %</b>	<b>728 000</b>	<b>-2 %</b>	<b>756 500</b>	<b>4 %</b>	<b>812 100</b>	<b>7 %</b>

Chile	346 200	23 %	385 200	11 %	385 100	0 %	456 000	18 %
Canada	89 000	-3 %	107 500	21 %	116 000	8 %	118 000	2 %
Australia	15 200	9 %	16 000	5 %	17 000	6 %	17 500	3 %
USA	13 300	-26 %	9 600	-28 %	10 000	4 %	11 800	18 %
Others	2 400	33 %	2 400	0 %	2 400	0 %	2 400	0 %
<b>Total America</b>	<b>466 100</b>	<b>14,6 %</b>	<b>520 700</b>	<b>12 %</b>	<b>530 500</b>	<b>2 %</b>	<b>605 700</b>	<b>14 %</b>

<b>Total World-wide</b>	<b>1 208 700</b>	<b>5,4 %</b>	<b>1 248 700</b>	<b>3 %</b>	<b>1 287 000</b>	<b>3 %</b>	<b>1 417 800</b>	<b>10 %</b>
-------------------------	------------------	--------------	------------------	------------	------------------	------------	------------------	-------------

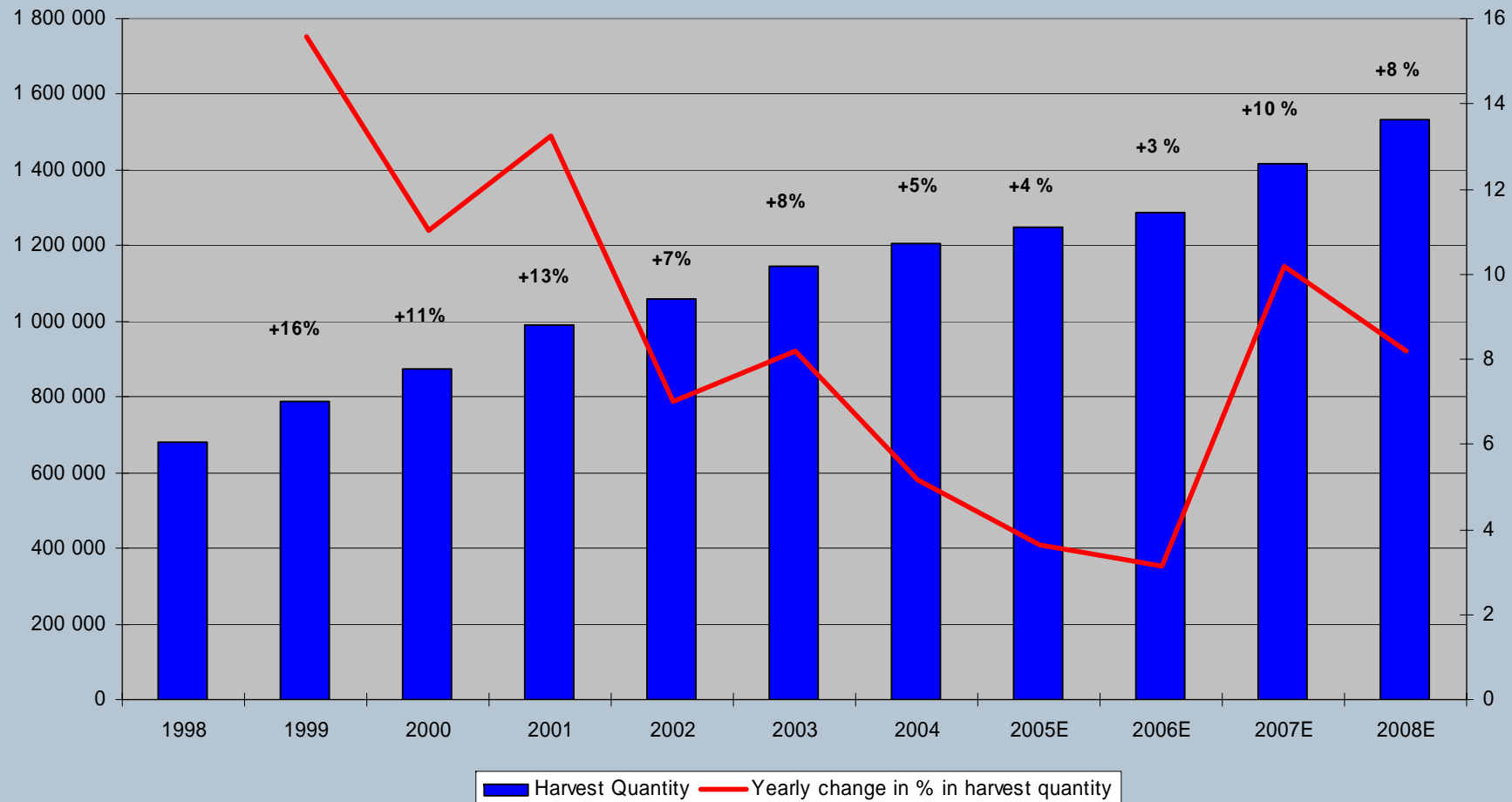
Figures per 26.10.06  
Source: Kontali / SSPO / CE / HL



# Harvest quantities Atlantic Salmon World Wide

Volumes in tons

Yearly change in %



Figures per 26.10.06  
Source: Kontali / SSPO / CE / HL



## Drivers Salmon per 30.09.2006

Norway total export volume of Atlantic Salmon (387.415 mt)	+ 4 %
Norway – EU (volume Atlantic Salmon) (299.213 mt)	+ 6 %
Norway – EU (value Atlantic Salmon) (9.215 MNOK)	+ 35 %
Sales of fish-feed in Norway (569.200 mt, as per August)	+ 7 %



# Thank you !



SEAFOOD INNOVATION SINCE 1899