



Lerøy Seafood Group ASA



Q3 2016

November 10th

Oslo

Henning Beltestad
Sjur S. Malm
Webjørn Barstad



Agenda

- 1 Highlights
- 2 Key financial figures
- 3 Outlook

Q3 2016

- EBIT before FV adj. NOK 481 million
- EBIT/kg all inclusive NOK 15.2
- Low biomass into quarter (-10% y-o-y), high flexibility
- Harvest volume Q3 16 of 31 744 GWT, down 22% y-o-y
- Contract share of 44%
- NIBD NOK -2 752 million at end Q3 2016
- Harvest guidance 152 000 GWT for 2016



Q3 2016

- The agreement with Aker for acquisition of its shares in Havfisk ASA and Norway Seafoods Group AS was completed, and a offer to acquire all shares in the companies launched
- End October 2016 Lerøy is the sole owner in both companies
- These acquisitions will significantly strengthen Lerøy's position in the whitefish segment



Q3: Farming highlights

- Spot prices above last year
 - NOS Q3/16 NOK 59.7 vs NOK 40.2 in Q3/15 (+49%)
 - Down NOK 3.8/kg q-o-q, and up NOK 19.6/kg y-o-y
 - Trout prices below salmon prices
- Contract prices well below spot prices
- Challenging situation in Central Norway
- Cost in increase from Q2/16
 - Salmon: Cost increase q-o-q
 - Trout: Cost decrease q-o-q
- Biomass at sea
 - End Q2/16 at 81,700 tons vs 90,661 tons end Q2/15 (-10%)
 - End Q3/16 at 100,656 tons vs 104,840 tons end Q3/15 (-4%)



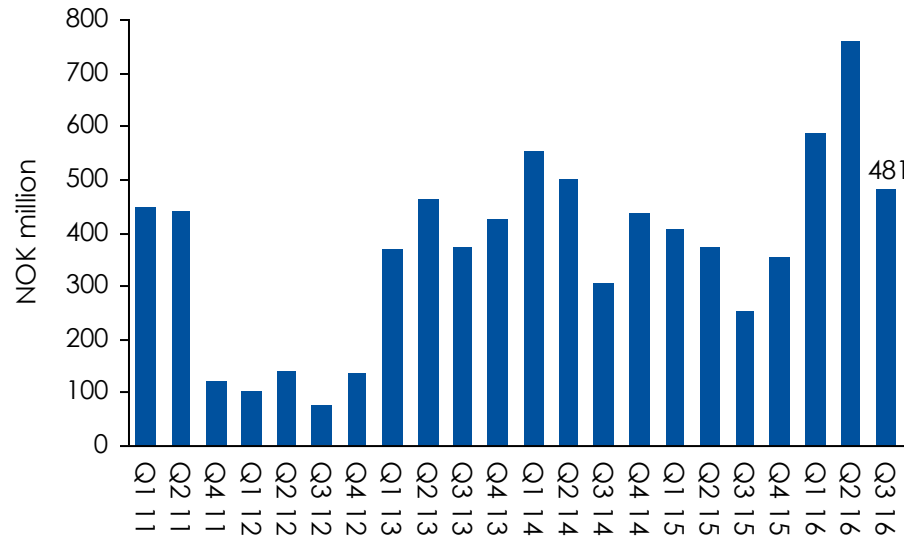
Q3: VAP and S&D highlights

- Value added processing (VAP)
 - Revenue NOK 524m, up 9% y-o-y
 - High raw material prices is a challenge
 - EBIT NOK 8.5m (1.6%) in Q3/16 vs. NOK 31m (6.5%) in Q3/15

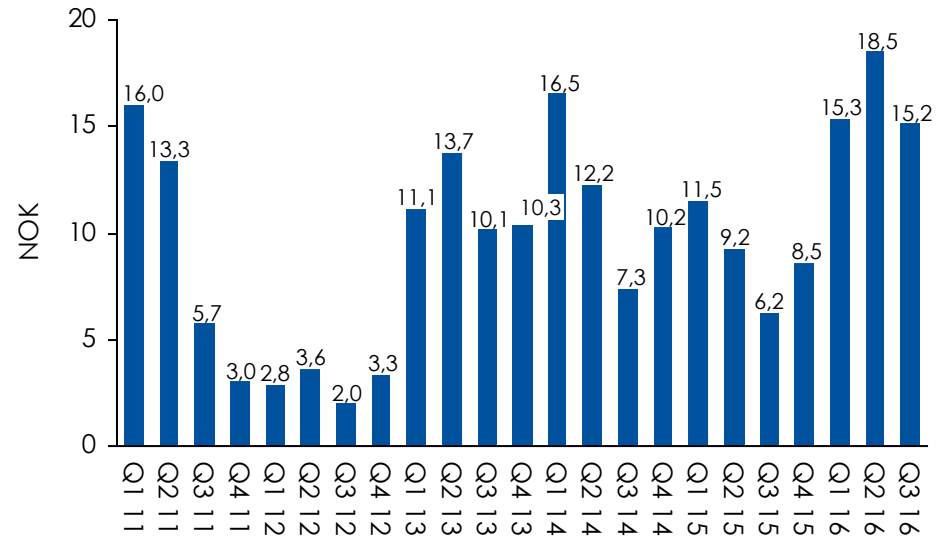
- Sales & Distribution
 - Revenue NOK 4 062m, up 27%
 - High raw material prices is a challenge, but consumers willingness to pay is higher than expected
 - EBIT NOK 82m (2.1%) in Q3/16 vs. NOK 60m (2.0%) in Q3/15

Quarterly historic figures

EBIT*



EBIT/kg*, all inclusive



*before biomass adjustment

Lerøy Seafood Group ASA

Farming

Catching

VAP

Sales & Distribution



Havfisk and Norway Seafoods

Havfisk ASA

- 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 2015 catch 58,200 MT head off gutted weight
 - 28,900 MT of cod, 7,900 MT of haddock and 9,100 MT of saithe
- Owns 5 processing plants linked to trawler licenses, operated by Norway Seafoods



Norway Seafoods Group AS

- Norway Seafoods is one of Europe's largest processing, sales and distribution companies for white fish
 - Products primarily sold in large retail chains throughout Europe. Sales offices in Norway, Denmark and Spain
- 9 primary processing facilities
 - 8 in Norway, 1 in Denmark
- 3 secondary production facilities
 - 2 in Norway, 1 in Denmark
- Norway's largest sourcing network for white fish
 - On top of 8 primary processing sites in Norway (which also buys fish) 5 buying stations, bringing a total of 13 "buying stations" along the coast of Northern Norway
 - Handling more than 70,000 tons of round fish equivalents of white fish, purchased from more than 600 vessels
- 2015 turnover of NOK 1,979 million



Strategic fit

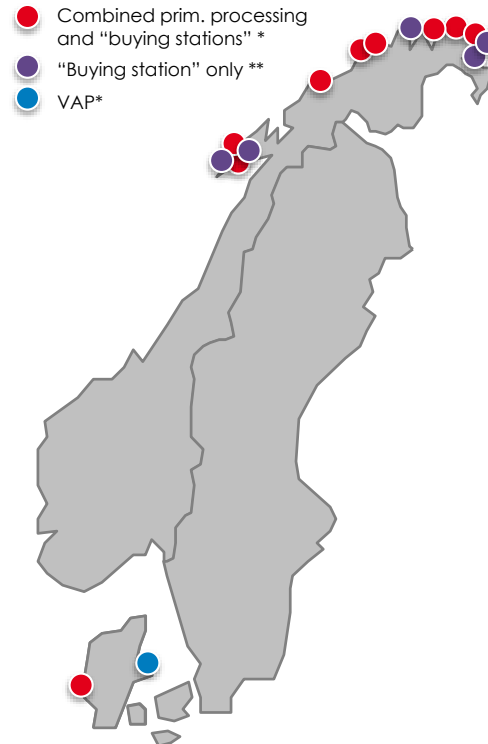
Raw material supply

- Norway Seafoods' sourcing network is a strategic asset to the enlarged Lerøy Seafood Group
 - Norway's largest sourcing network, with 12 stations along the coast of Northern Norway
 - 2/3 of Norwegian white fish quota is held by the coastal fleet, - the majority of this catch is landed locally
 - Hence, important with local presence to secure stable access to this volume

Sales and processing integration

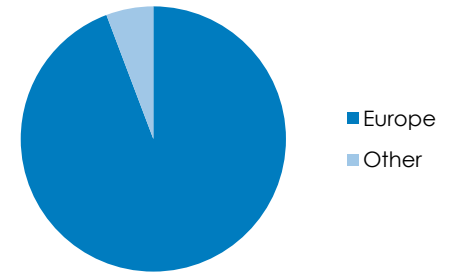
- Close to all of Norway Seafoods' volumes are sold into the European market; - Lerøy's key downstream market
- Ability to include Norway Seafoods' volumes into Lerøy's existing "fish-cut" facilities and hence increase factory utilization

Norway Seafoods sourcing/processing

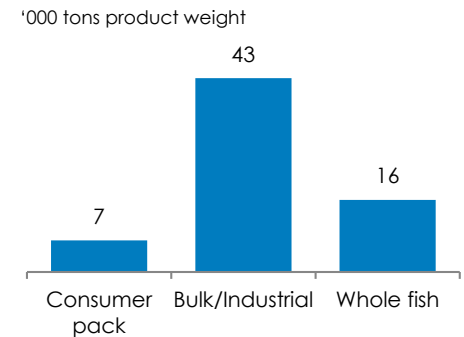


In total: 9 primary processing, 2 VAP and 13 buying stations
 * Facility at Melbu (in red) with VAP operations in addition to primary processing and sourcing/buying
 ** Vardø buying station to be closed down (31.7.2016)

Norway Seafoods sales by geography 2015



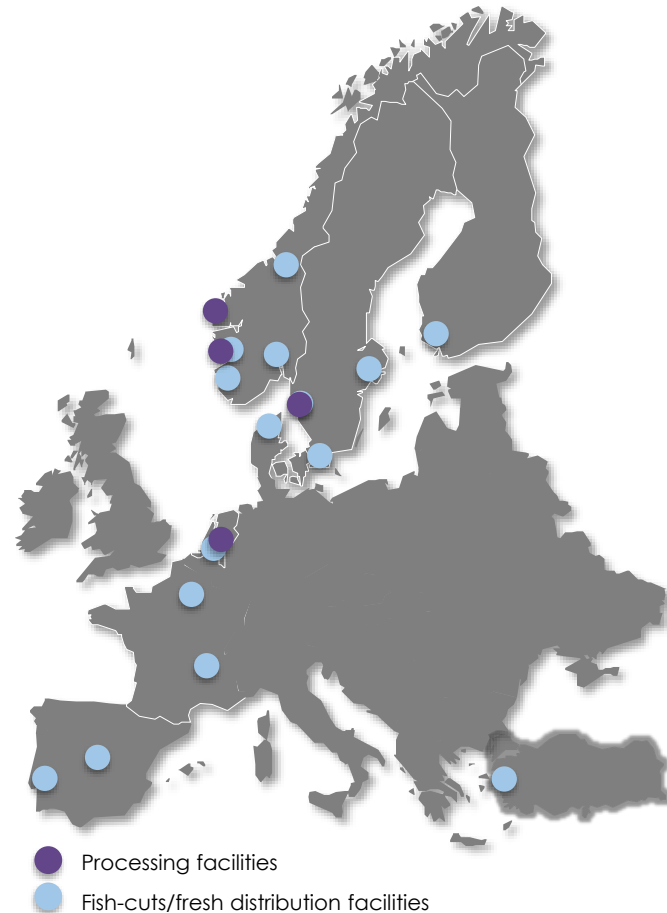
Norway Seafoods sales by product (2015)



Leveraging the strong LSG distribution network

EU is our key distribution market...

- 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

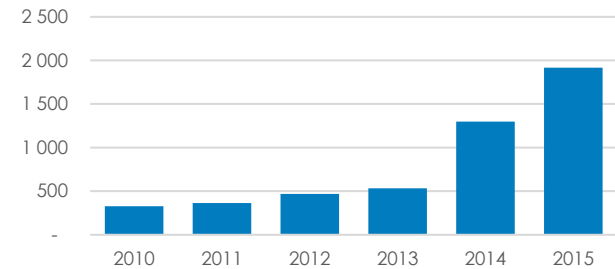
Well advanced in salmon, just started for white fish

Example from low cost retailer in Norway



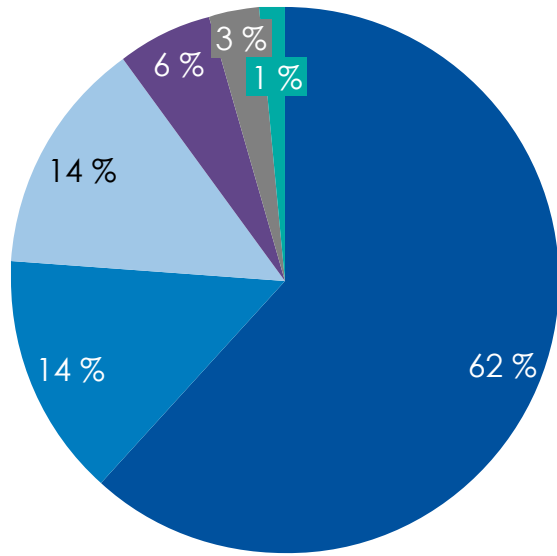
- Fresh and refreshed MAP packets give more efficient value chain, significant improvement in availability as well as more convenient products
 - Driving demand and willingness to pay for both salmon and cod (see data beneath)
- Example from low cost retailer in Norway, which some years ago did not have 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)

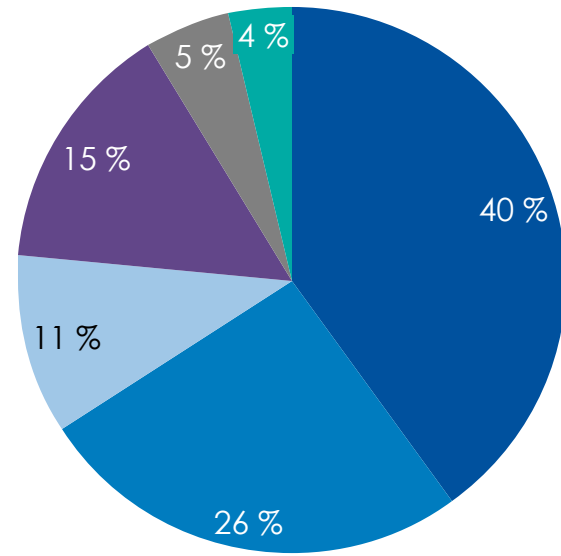


Source: Norwegian Seafood Council

Sales per market and product Q3 2016



- EU
- Norway
- Asia Pacific
- USA & Canada
- Rest of Europe
- Others



- Whole salmon
- Processed salmon
- Whitefish
- Salmontrout
- Shellfish
- Others

Farming volumes: Will be dependent on decisions on additional license capacity offered

	Licences	Smolt cap.	2011 GWT	2012 GWT	2013 GWT	2014 GWT	2015 GWT	2016E 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	53 000	59 000
Lerøy Sjøtroll	63	22,6	56 200	71 600	61 700	63 200	57 100	69 000	67 000
Total Norway	146	56,1	136 600	153 400	144 800	158 300	157 700	152 000	165 000
Villa Organic AS**						6 000			
Norskott Havbruk (UK)***			10 900	13 600	13 400	13 800	13 500	13 000	15 000
Total			147 500	167 100	158 200	178 100	171 200	165 000	180 000

*) 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



Agenda

- 1 Highlights
- 2 Key financial figures
- 3 Outlook

Key financial figures, Q3 2016

<i>(NOKm)</i>	Q3 2016	Q3 2015	▲%
Revenue	4 268	3 295	30 %
Other gains and losses	0	-3	
EBITDA	612	365	68 %
Depreciation & amortisation	131	112	
EBIT*	481	253	90 %
Income from associates*	75	15	
Net finance	-22	-37	
Pre-tax profit*	534	231	131 %
EPS (NOK)*	6,36	3,37	89 %
Harvested Volume (GWT)	31 744	40 682	-22 %
EBIT*/kg all inclusive (NOK)	15,2	6,2	144 %
ROCE* (%)	17,9 %	10,7 %	68 %

* Before biomass adjustment

Key financial figures, YTD 2016

<i>(NOKm)</i>	YTD 2016	YTD 2015	▲%
Revenue	12 345	9 886	25 %
Other gains and losses	0	35	
EBITDA	2 185	1 336	64 %
Depreciation & amortisation	359	309	
EBIT*	1 826	1 027	78 %
Income from associates*	157	55	
Net finance	-82	-97	
Pre-tax profit*	1 901	985	93 %
EPS (NOK)*	23,45	12,95	81 %
Harvested Volume (GWT)	111 039	116 000	-4 %
EBIT*/kg all inclusive (NOK)	16,4	8,9	86 %
ROCE* (%)	21 %	15 %	43 %

* Before biomass adjustment

Balance sheet

(NOKm)	30.09.2016	31.12.2015	▲ %
Intangible assets	7 229	4 391	65 %
Tangible fixed assets	4 281	2 900	48 %
Financial non-current assets	725	695	4 %
Total non-current assets	12 236	7 987	53 %
Biological assets at cost	3 469	3 350	4 %
Fair value adjustment of biomass	920	971	-5 %
Other inventory	753	552	36 %
Receivables	2 078	1 877	11 %
Cash and cash equivalents	1 944	1 248	56 %
Total current assets	9 165	7 997	15 %
Total assets	21 400	15 984	34 %
Equity	12 367	8 764	41 %
Equity ratio	57,8 %	54,8 %	5 %
NIBD	2 752	2 595	6 %

Funding

NOK million	2016	2017	2018	2019	2020	Later	Total
To be paid	420	462	439	568	414	2 184	4 487
Total	730	462	439	568	414	2 184	4 796

	Covenants	Q3 2016
NIBD/EBITDA	<5	1,03
Adj. Equity ratio	>30 %	75.2 %

Cash flow / NIBD

	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FY 2015
EBITDA	612	365	2 185	1 336	1 814
Paid tax	-1	-7	-201	-357	-376
Working capital	1	-199	138	-347	-662
Other **	31	20	14	-29	-8
Cash from operating activities	643	178	2 135	603	767
Acquisitions and purchase of shares from minorities ***	-2 367	0	-2 367	-68	-88
Net investments in capex and licences	-170	-128	-492	-412	-576
Dividends received	25	49	77	49	49
Other investments and disinvestments	111	26	32	-48	-50
Cash from investing activities	-2 401	-53	-2 750	-480	-665
Net financial cost	-33	-36	-93	-91	-128
New equity	0	0	2 174	0	1
Dividends	0	0	-664	-680	-680
Cash from financing activities *	-33	-36	1 416	-772	-807
Change in NIBD from business combinations	-985	0	-985	-7	-6
Other changes (incl.currency effects)	18	-13	26	-3	-7
Net cash flow / change in NIBD	-2 759	77	-157	-658	-719
NIBD at beginning	-7	2 611	2 595	1 876	1 876
Change in NIBD	2 759	-77	157	658	719
NIBD at end	2 752	2 534	2 752	2 534	2 595

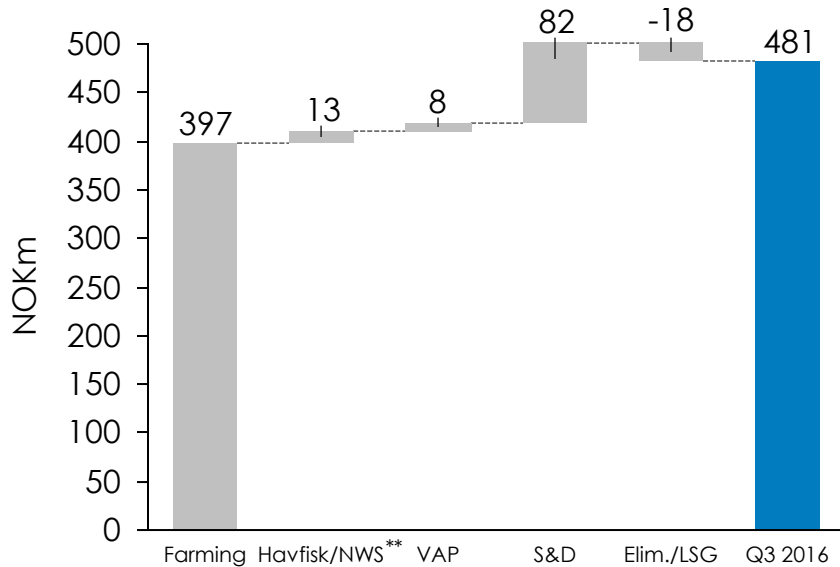
* Before change in interest bearing debt

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

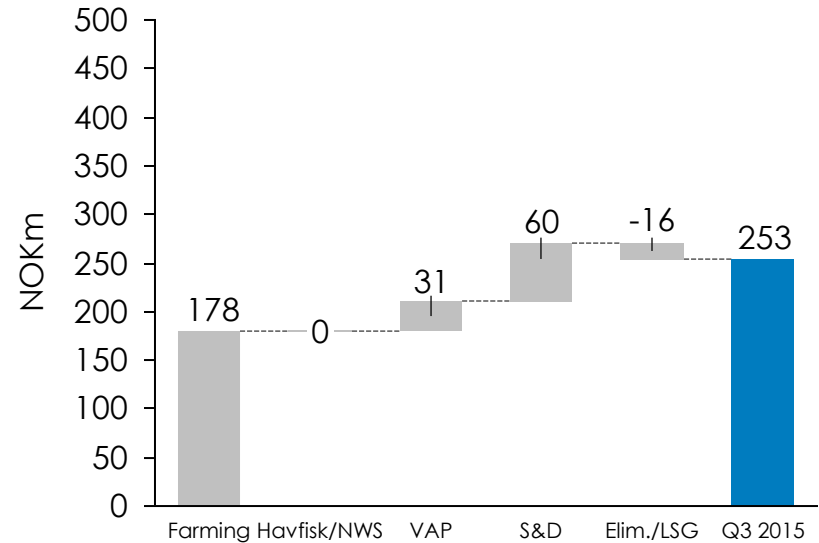
*** Amount actually paid, before cash received through business combinations

EBIT per segment

EBIT* Q3 2016



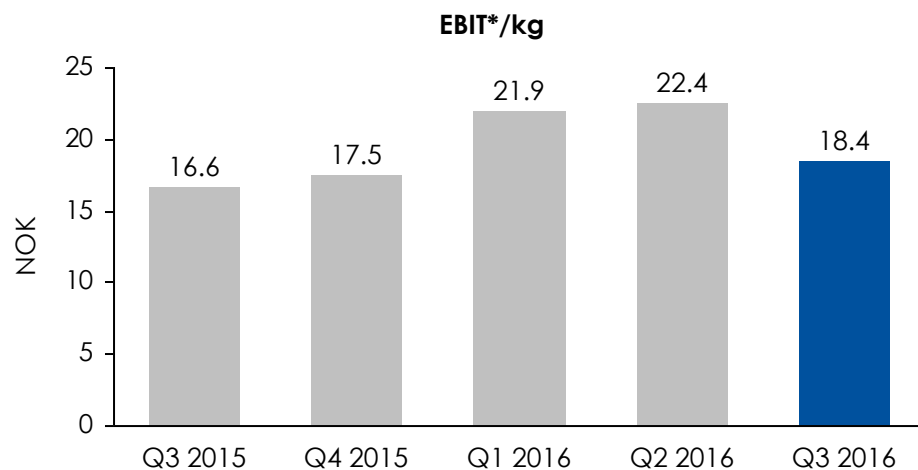
EBIT* Q3 2015



* Before biomass adjustment
 ** Only included one month

Lerøy Aurora

	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Revenue (NOKm)	279	285	1 045	907
EBIT* (NOKm)	79	91	371	269
Harvested volume (GWT)	4 286	5 497	17 465	18 833
EBIT/kg* (NOK)	18.4	16.6	21.2	14.3



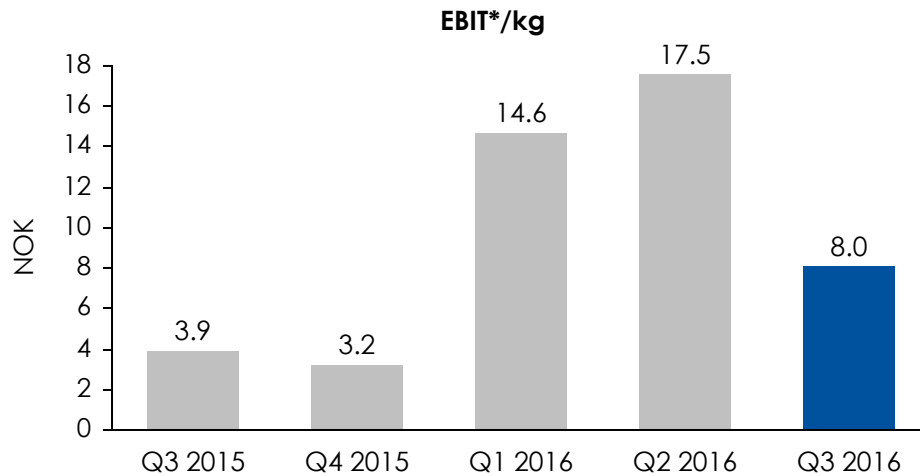
- As expected higher RFS (release-from-stock) cost q-o-q, with higher feed costs
- One site with with external smolt with disappointing results
- Expect lower RFS cost from Q4 2016
- Strong growth on 2016G
- Expected harvest volume in 2017 39,000GWT

*before biomass adj.

Lerøy Midt

	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Revenue (NOKm)	769	864	2 270	2 240
EBIT* (NOKm)	113	86	560	419
Harvested volume (GWT)	14 161	21 922	41 901	56 292
EBIT/kg* (NOK)	8.0	3.9	13.4	7.4

- A very challenging quarter
- Low average harvest weights has significant impact on price realisation, cost, and produced volume
- Positive development into Q4 2016 and expect significant reductions in costs
- Expected harvest volume in 2017 is 59,000 GWT



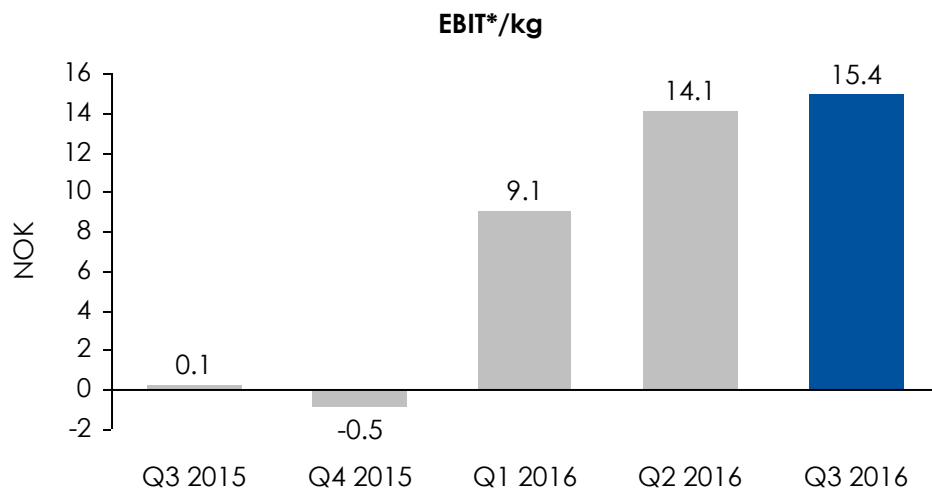
*before biomass adj.

* Before biomass adjustment

Lerøy Sjøtroll

	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Revenue (NOKm)	907	574	3 227	1 840
EBIT* (NOKm)	200	2	654	78
Harvested volume (GWT)	13 297	13 263	51 672	40 875
EBIT/kg* (NOK)	15.4	0.1	12.8	1.9

- 66% of quarterly harvest volume was trout, which continue to be priced at a discount to salmon.
- Positive development in production. RFS cost decline q-o-q.
- Expected harvest volume in 2017 is 67 000 GWT

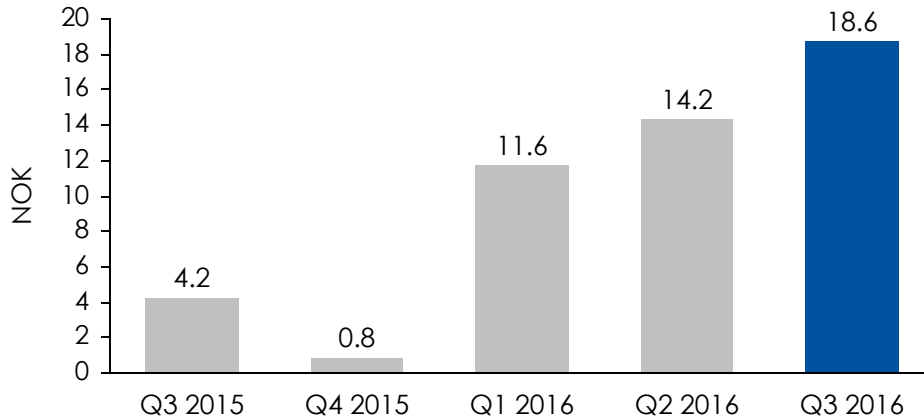


*before biomass adj. including EBIT from Norsk Oppdrettsservice

Norskott Havbruk (associate)

	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Revenue (NOKm)	512	463	1 366	1 131
EBIT* (NOKm)	151	36	333	116
Harvested volume (GWT)	8 148	8 588	22 284	20 733
EBIT/kg* (NOK)	18.6	4.2	15.0	5.6

EBIT*/kg



- Strong quarter
- Contract share 50%
- Biological challenges in Shetland region led to early harvest of some sites with negative impact on volume in Q3, Q4 and Q1 2017
- Good biological situation in both Scotland and Orkney
- Expected harvest volume in 2017 is 30 000 GWT

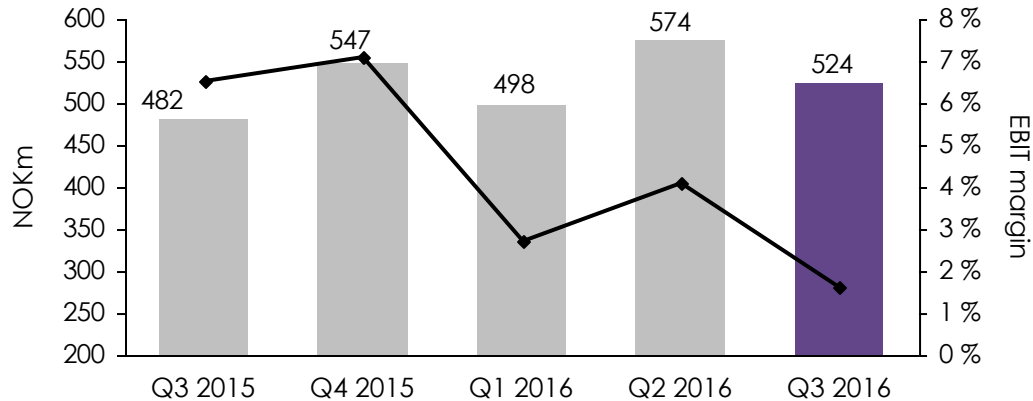
* Before biomass adjustment

VAP – Value Added Processing

	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Revenue (NOKm)	524	482	1 595	1 374
EBIT (NOKm)	8	31	45	67
EBIT margin	1.6 %	6.5 %	2.8 %	4.9 %

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

Revenue and EBIT margin

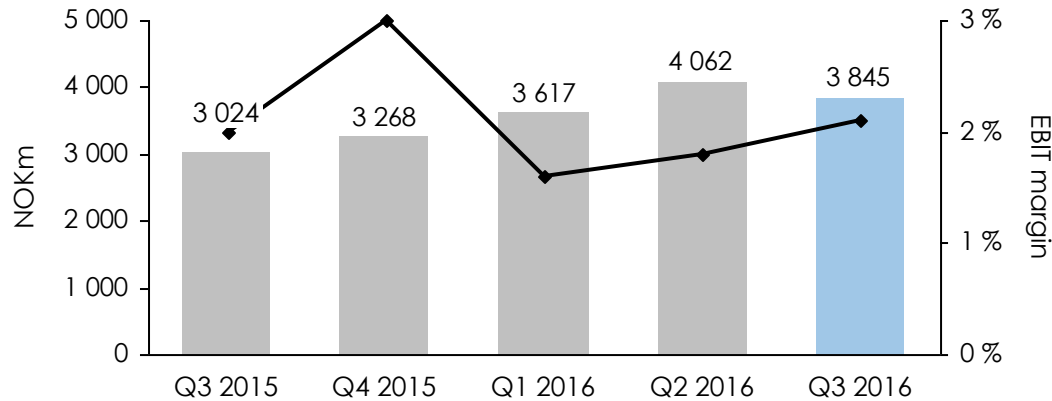


Sales & Distribution

	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Revenue (NOKm)	3 845	3 024	11 524	9 291
EBIT (NOKm)	82	60	213	190
EBIT margin	2.1 %	2.0 %	1.8 %	2.0 %

- Underlying positive development in many operations, but it takes time to adjust product prices to reflect raw material price
- 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





Agenda

- 1 Highlights
- 2 Key financial figures
- 3 Outlook

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 %	1 182 900	-4,2 %	1 219 200	3,1 %
United Kingdom	159 400	3,0 %	157 800	-1,0 %	170 500	8,0 %	166 300	-2,5 %	163 000	-2,0 %	170 300	4,5 %
Faroe Islands	70 300	24,9 %	72 600	3,3 %	82 700	13,9 %	76 900	-7,0 %	80 000	4,0 %	89 700	12,1 %
Ireland	15 600	-2,5 %	10 600	-32,1 %	12 300	16,0 %	15 700	27,6 %	15 000	-4,5 %	17 000	13,3 %
Iceland	2 900	190,0 %	3 100	6,9 %	4 000	29,0 %	5 200	30,0 %	7 600	46,2 %	11 000	44,7 %
Total Europe	1 431 300	16,0 %	1 387 700	-3,0 %	1 468 500	5,8 %	1 498 300	2,0 %	1 448 500	-3,3 %	1 507 200	4,1 %
Chile	364 000	64,7 %	468 100	28,6 %	582 900	24,5 %	598 200	2,6 %	483 600	-19,2 %	501 700	3,7 %
Canada	136 500	14,2 %	115 100	-15,7 %	95 000	-17,5 %	135 200	42,3 %	143 500	6,1 %	141 000	-1,7 %
USA	19 600	7,1 %	20 300	3,6 %	24 000	18,2 %	20 200	-15,8 %	21 500	6,4 %	22 000	2,3 %
Australia	40 000	11,1 %	39 000	-2,5 %	42 000	7,7 %	55 000	31,0 %	56 000	1,8 %	58 000	3,6 %
Others	8 100	62,0 %	11 200	38,3 %	15 200	35,7 %	14 900	-2,0 %	12 900	-13,4 %	13 100	1,6 %
Total Others	568 200	42,1 %	653 700	15,0 %	759 100	16,1 %	823 500	8,5 %	717 500	-12,9 %	735 800	2,6 %
Total World-wide	1 999 500	22,4 %	2 041 400	2,1 %	2 227 600	9,1 %	2 321 800	4,2 %	2 166 000	-6,7 %	2 243 000	3,6 %

Figures as per 31.10.2016

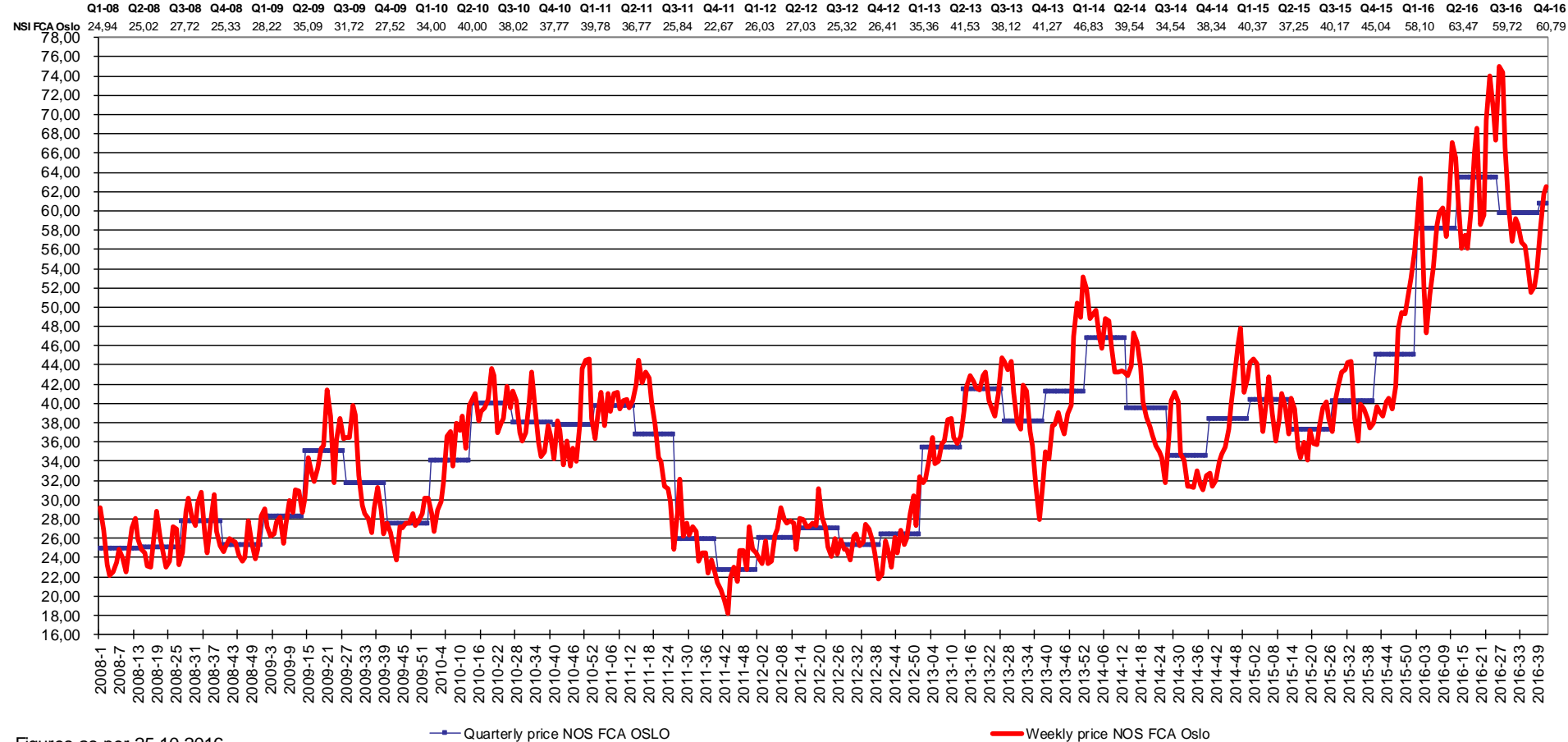
Source: Kontali



SPOT prices, fresh Atlantic salmon
cross-section, FCA Oslo
as of week 42-2016 (Superior quality).

H1 16 NOK 60,79 vs H1 15 38,81 (+56,6)

Q3 16 NOK 59,72 vs Q3 15 NOK 40,17 (+48,67 %)

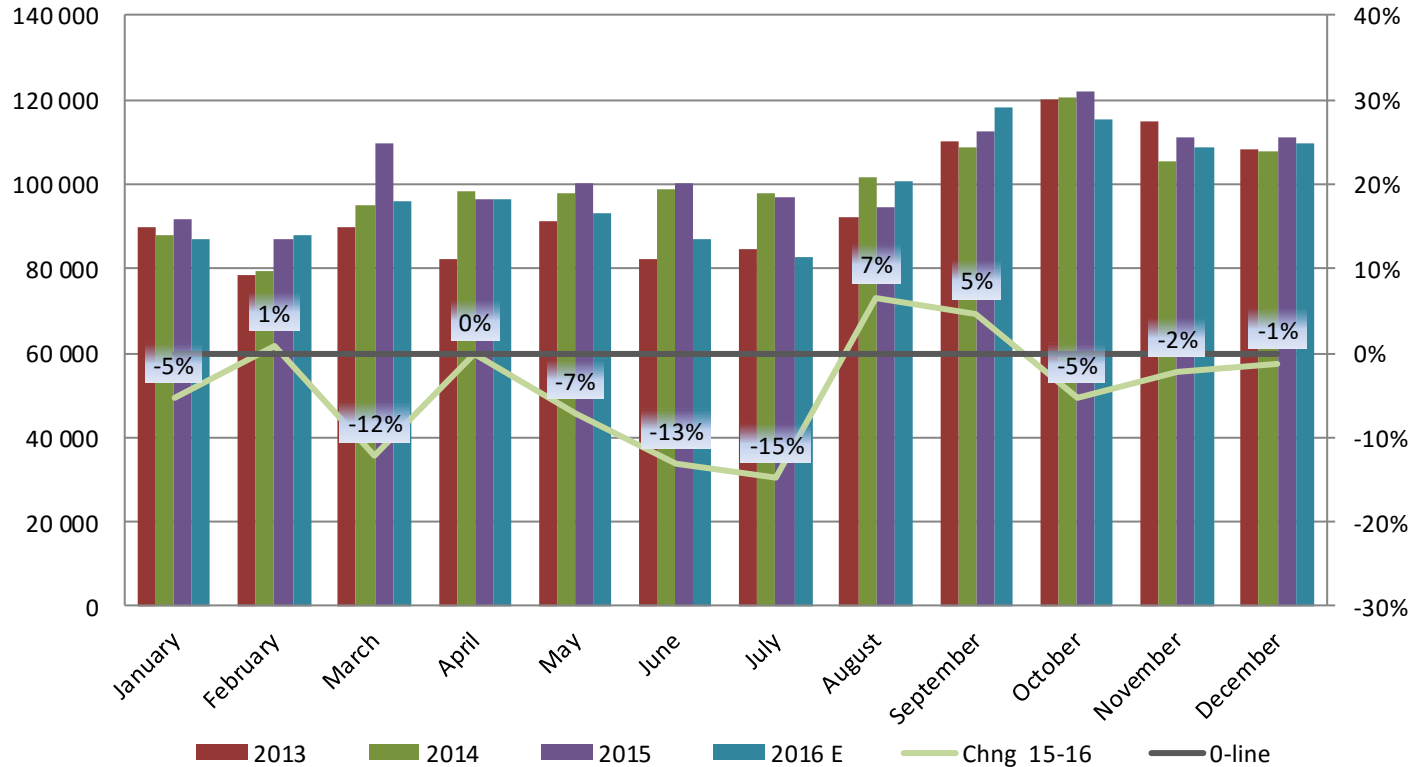


Figures as per 25.10.2016

Source: Lerøy/Nasdaq

Atlantic salmon - Harvest Quantities Norway in tons WFE

2016

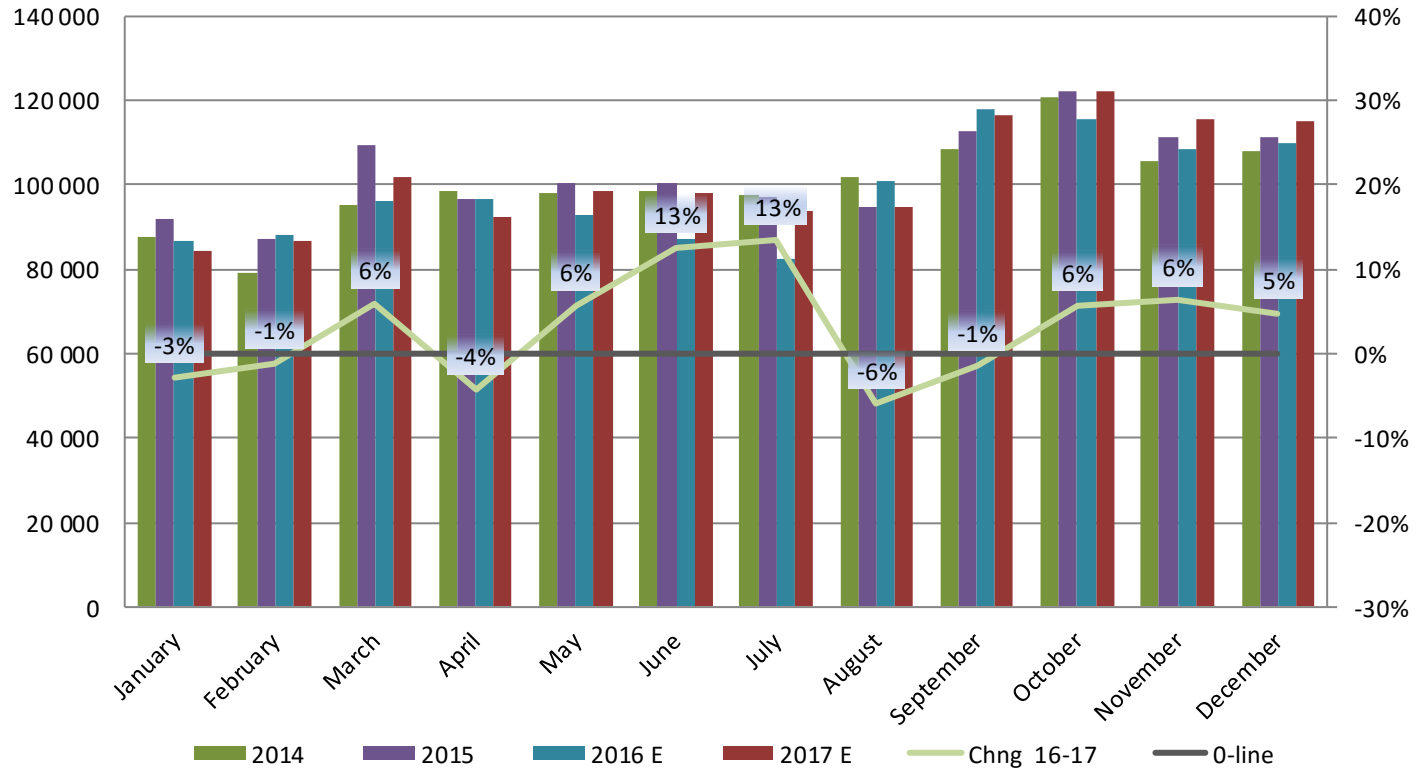


Figures as per 31.10.2016

Source: Kontali

Atlantic salmon - Harvest Quantities Norway in tons WFE

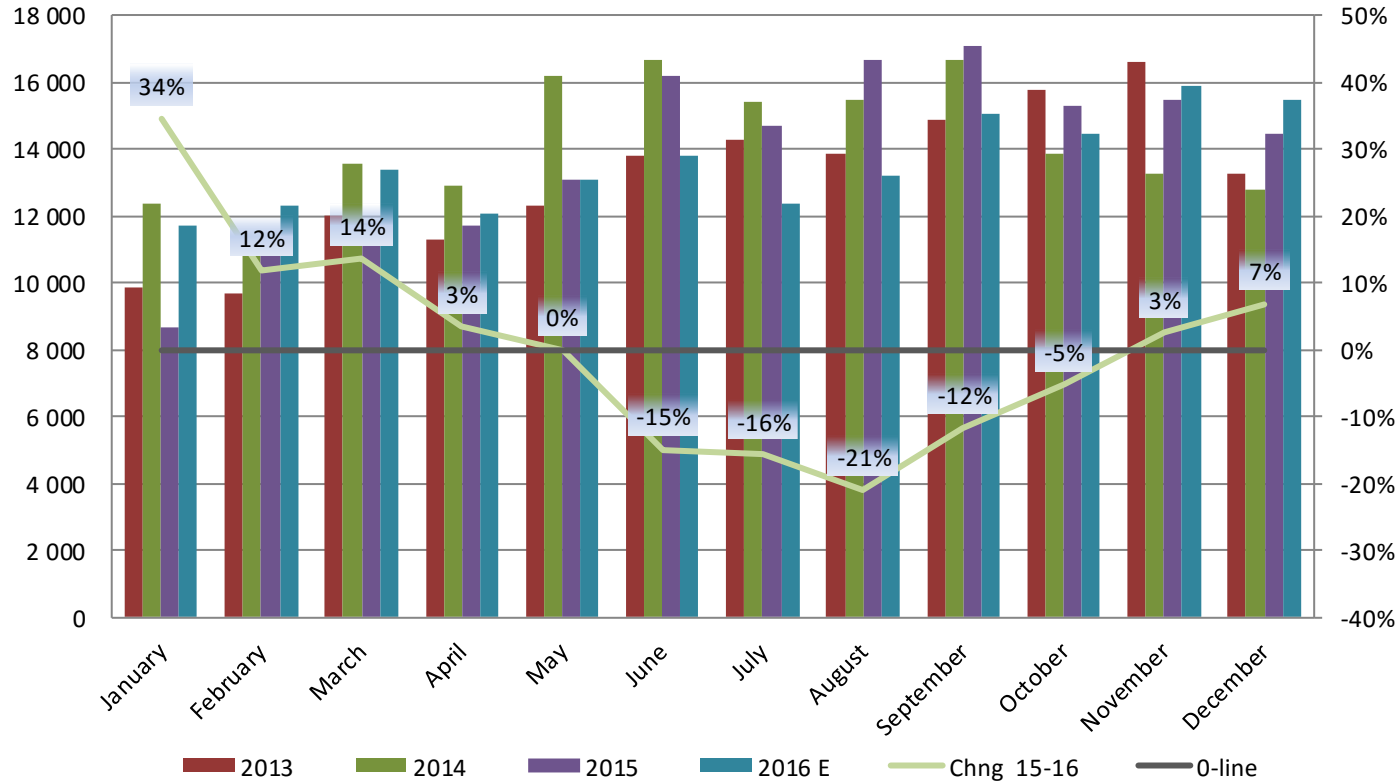
2017



Figures as per 31.10.2016
Source: Kontali

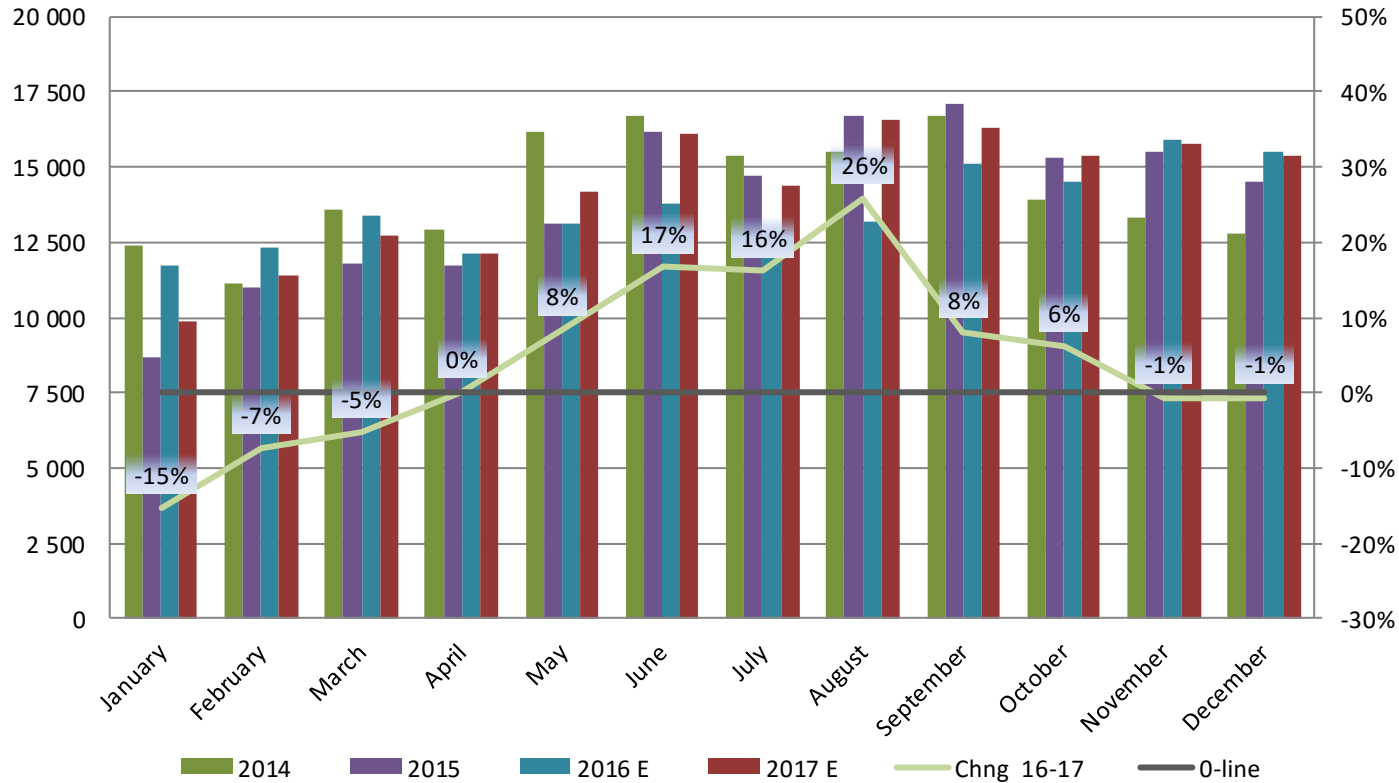
Atlantic salmon - Harvest Quantities UK

in tons WFE



Atlantic salmon - Harvest Quantities UK

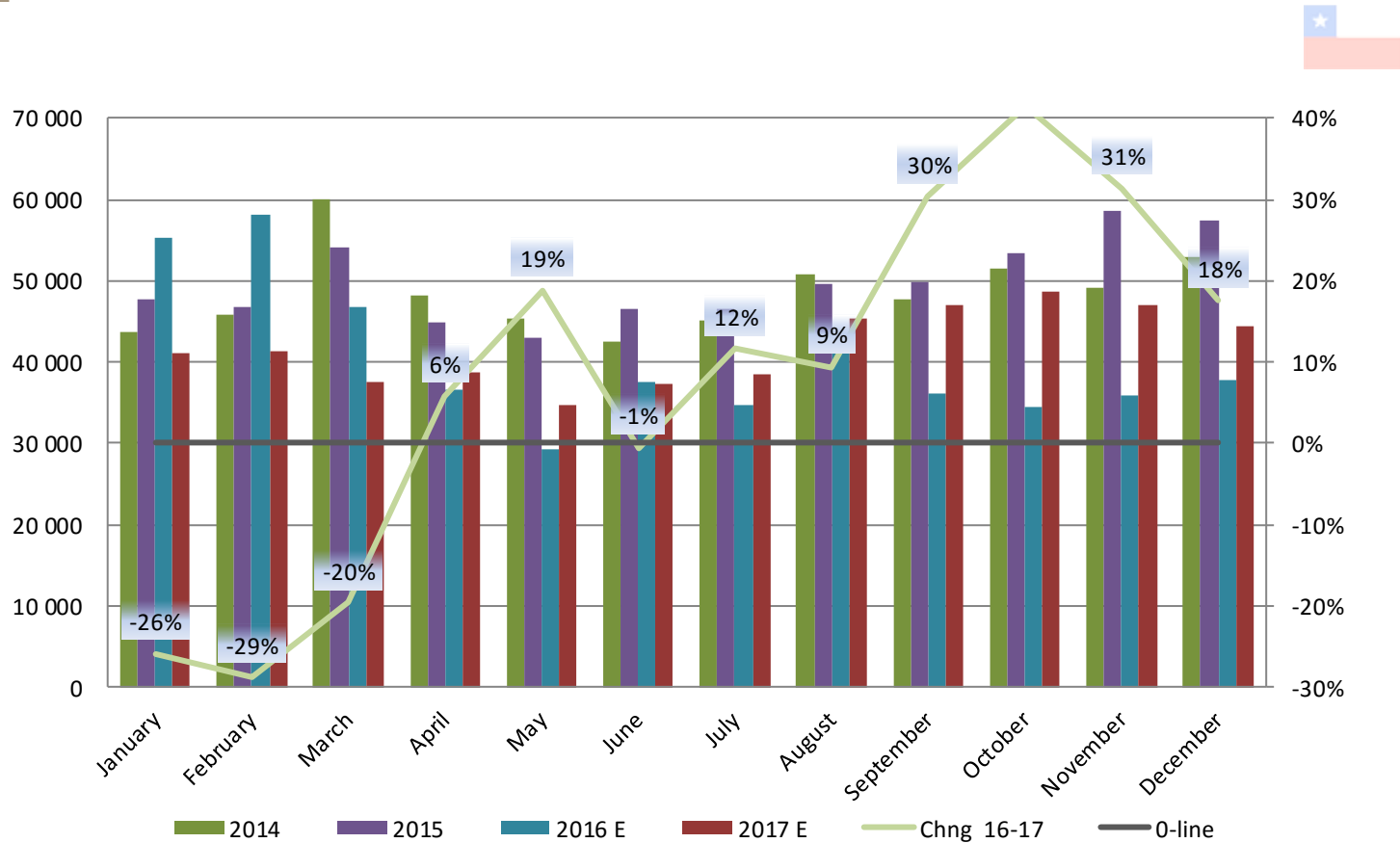
in tons WFE



Figures as per 31.10.2016
Source: Kontali

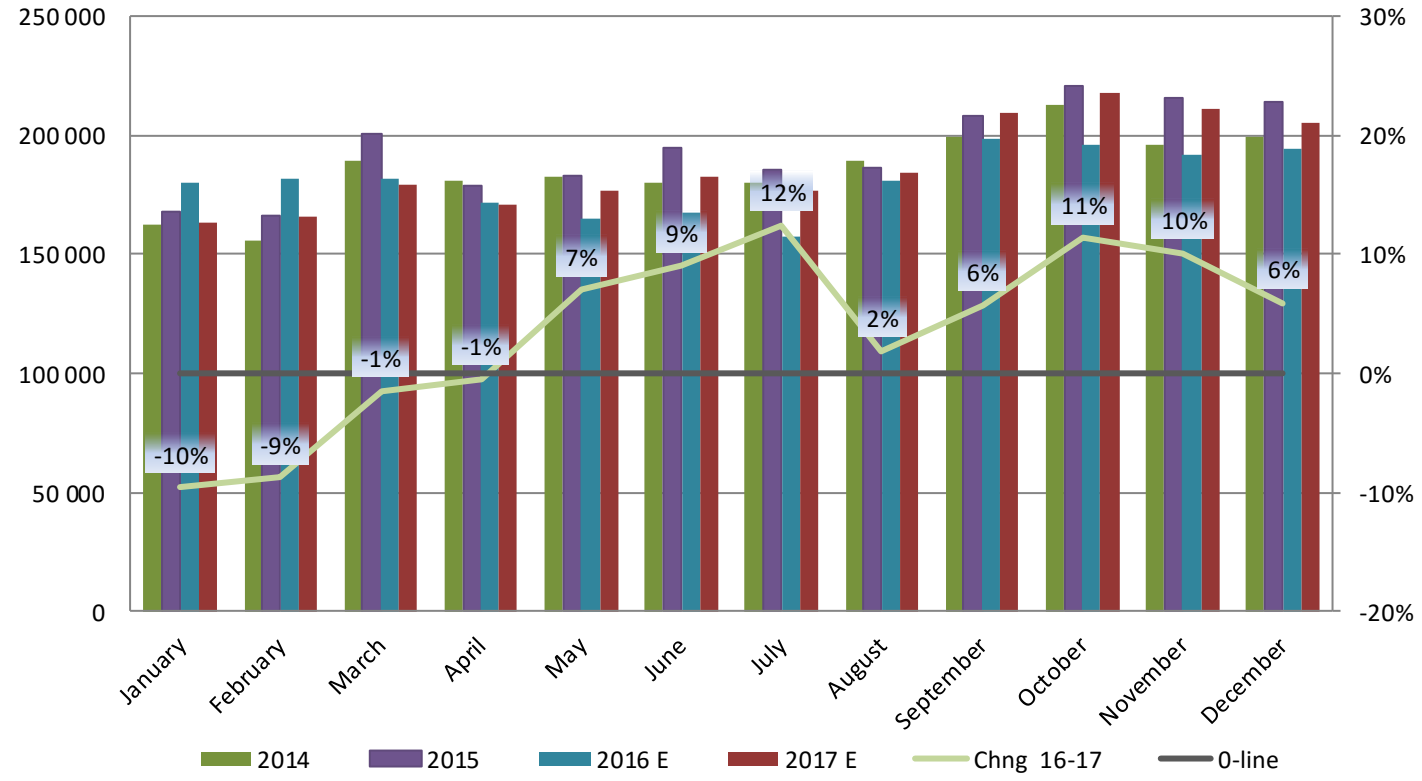
Atlantic salmon - Harvest Quantities Chile

in tons WFE



Atlantic salmon - Harvest Quantities WW

in tons WFE



Figures as per 31.10.2016
Source: Kontali

Atlantic Salmon Consumption

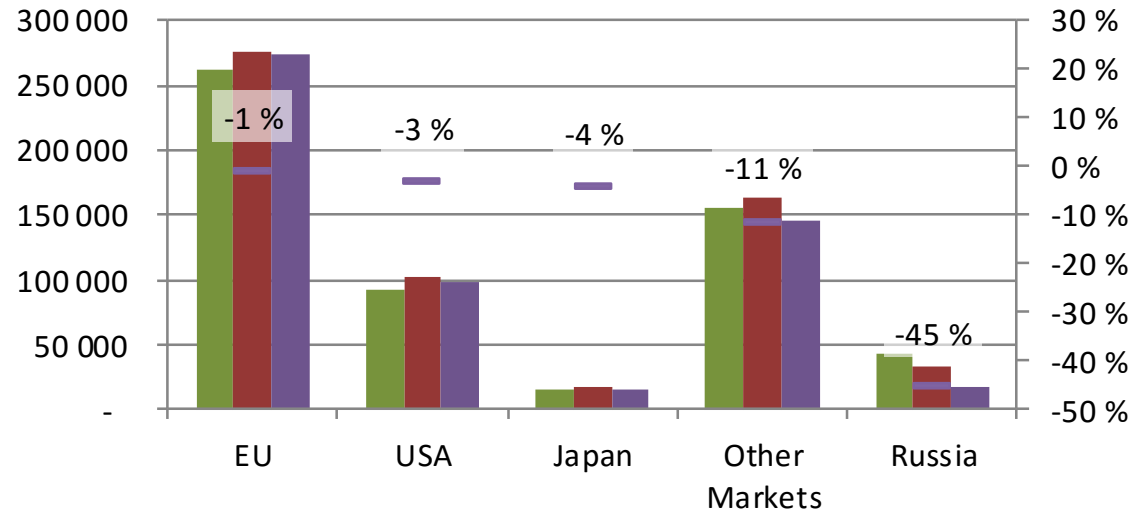
Q3 2016

NOK/KG (3-6) Q3:
60,80 +48,4 % (40,98)
(NSI -0,75 vs NOS)



Salmon

Market	2014	2015	2016	Growth	Growth %
EU	261 800	276 200	273 800	-2 400	-1 %
USA	91 600	101 800	98 500	-3 300	-3 %
Japan	15 200	16 300	15 600	-700	-4 %
Other Markets	155 700	163 600	145 300	-18 300	-11 %
Russia	43 700	32 500	17 800	-14 700	-45 %
Total Consumption	568 000	590 400	551 000	-39 400	-7 %



Figures as per 31.10.2016

Source: Kontali/Nasdaq

■ 2014 ■ 2015 ■ 2016 — Growth %

Atlantic Salmon Consumption

YTD october - 2016

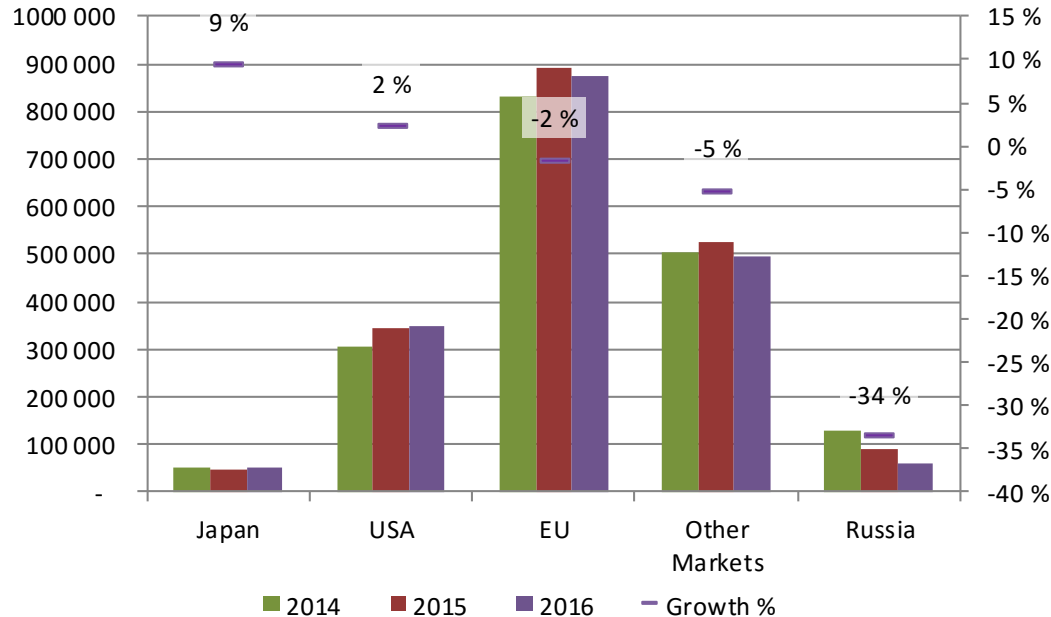
NOK/KG (3-6) YTD w42:

61,31 +54,2 % (39,75)

(NSI -0,75 vs NOS)



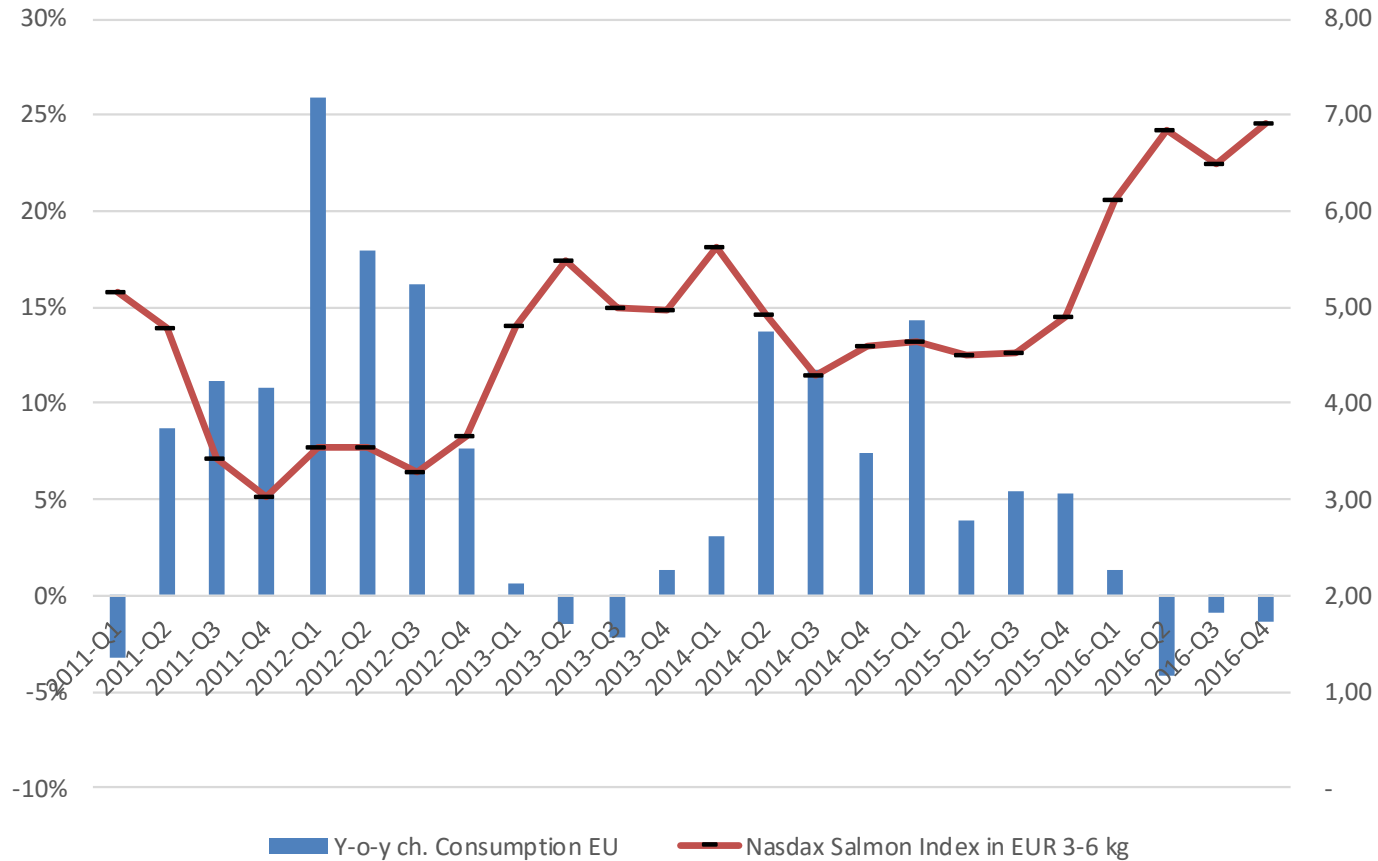
Market - Salmon	2014	2015	2016	Growth	Growth %
Japan	52 000	47 100	51 500	4 400	9 %
USA	307 300	342 700	350 400	7 700	2 %
EU	831 500	891 500	876 300	-15 200	-2 %
Other Markets	504 000	523 900	496 700	-27 200	-5 %
Russia	128 300	91 000	60 400	-30 600	-34 %
Total Consumption	1 823 100	1 896 200	1 835 300	-60 900	-3 %



Figures as per 31.10.2016

Source: Kontali/Nasdax

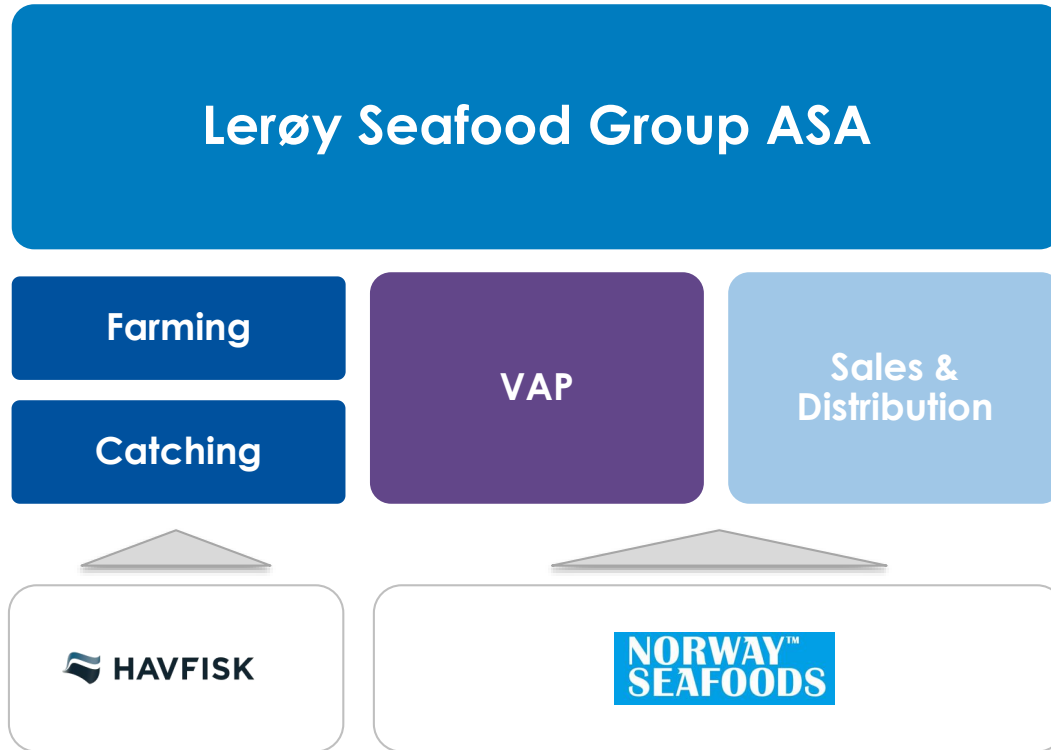
EU consumption growth and price at boarder Norway



Outlook

- Market outlook supports strong prices
 - Global supply decline of ~7% in 2016
 - Global supply increase of 3-4% in 2017
- Harvest guidance 180.000 GWT (including associates) for 2017
- Expected contract share Q4 ~35%

Integration – Havfisk and Norway Seafoods as part of Lerøy



- Havfisk becomes a new upstream segment within Lerøy Seafood Group
- Norway Seafoods Group natural part of VAP and Sales & Distribution segment

Havfisk ASA

	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Revenue (NOKm)	363	267	1 020	771
EBITDA (NOKm)	137	87	362	261
EBIT (NOKm)	106	56	272	168
Catch volume (H/G)	17 189	12 765	50 378	41 429
-of which Cod	8 592		22 049	
-of which Haddock	977		10 131	
-of which Saithe	3445		8 773	
-of which Shrimps	177		1 433	
-of which Other	3998		7 991	
EBITDA/kg* (NOK)	8.0	6.8	7.2	6.3

- **Consolidated in LSG from 01.09.2016.** One month, equal to EBIT of NOK 18m, included in LSG's consolidated accounts in Q3
- In Q3 2016 catch value per day increased by 38% due to change in fleet structure, higher catch efficiency and change in product mix with less shrimps
- Lower fuel costs in Q3, but slightly increased maintenance costs
- Remaining quota for Q4:
 - Cod 7 834 MT
 - Haddock 2 092
 - Saithe 2 096
 - +Other

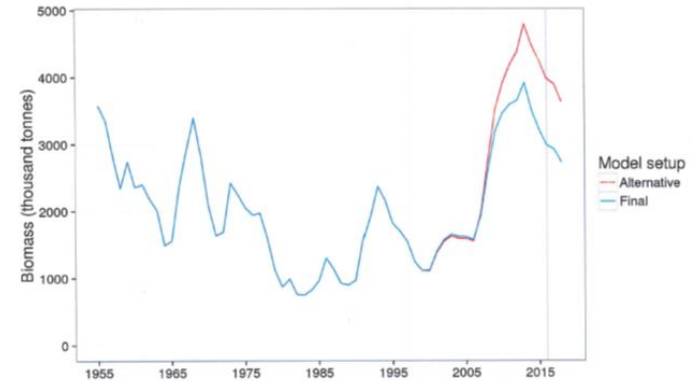
HAVFISK

Outlook

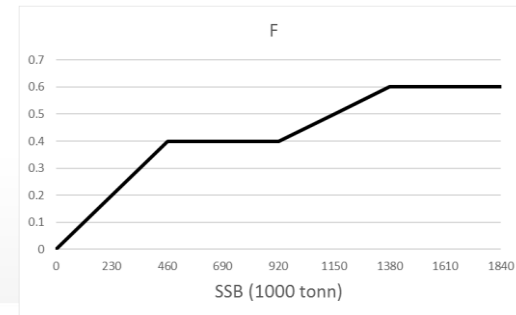
Robust quota situation 2017:

- Cod
 - Same quota as 2016, new management strategy implemented
 - Increasing F with increasing SSB
 - Increased annual change rule (20%)
- Haddock
 - Quota reduction of 5%
- Saithe North
 - ICES advice + 7%
- Saithe S
 - ICES advice + 61%
 - (vessel level ca. +35%)

Cod – basis for advice and alternative view



Cod - new management strategy



HAVFISK

Outlook

Scientific expectations beyond 2017:

- Cod expected to stabilize over the next years
 - Indications that level of old fish is underestimated
- Haddock expected to reduce further to around 150 - 200 000 MT (15 - 30%) and stabilize there
- Saithe expected to be stable or increase slowly over the next years

Markets

- Demand for cod is good and prices increasing
- Returned to normal prices for haddock
- Stable saithe prices
- More challenging markets for shrimp and redfish



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!