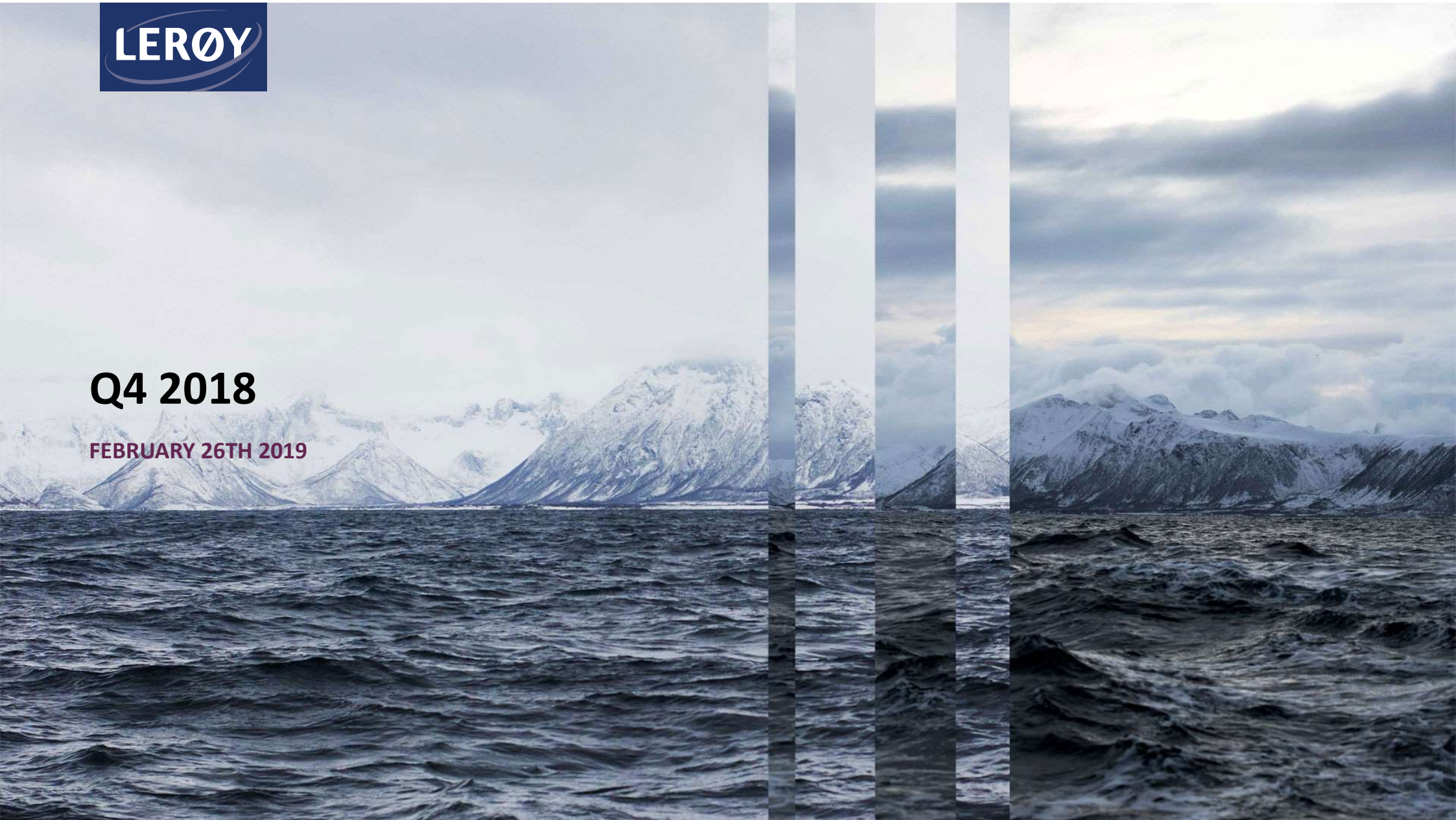




**Q4 2018**

**FEBRUARY 26TH 2019**



1. Highlights
2. Key Financial Figures
3. Outlook

# Agenda

# Highlights



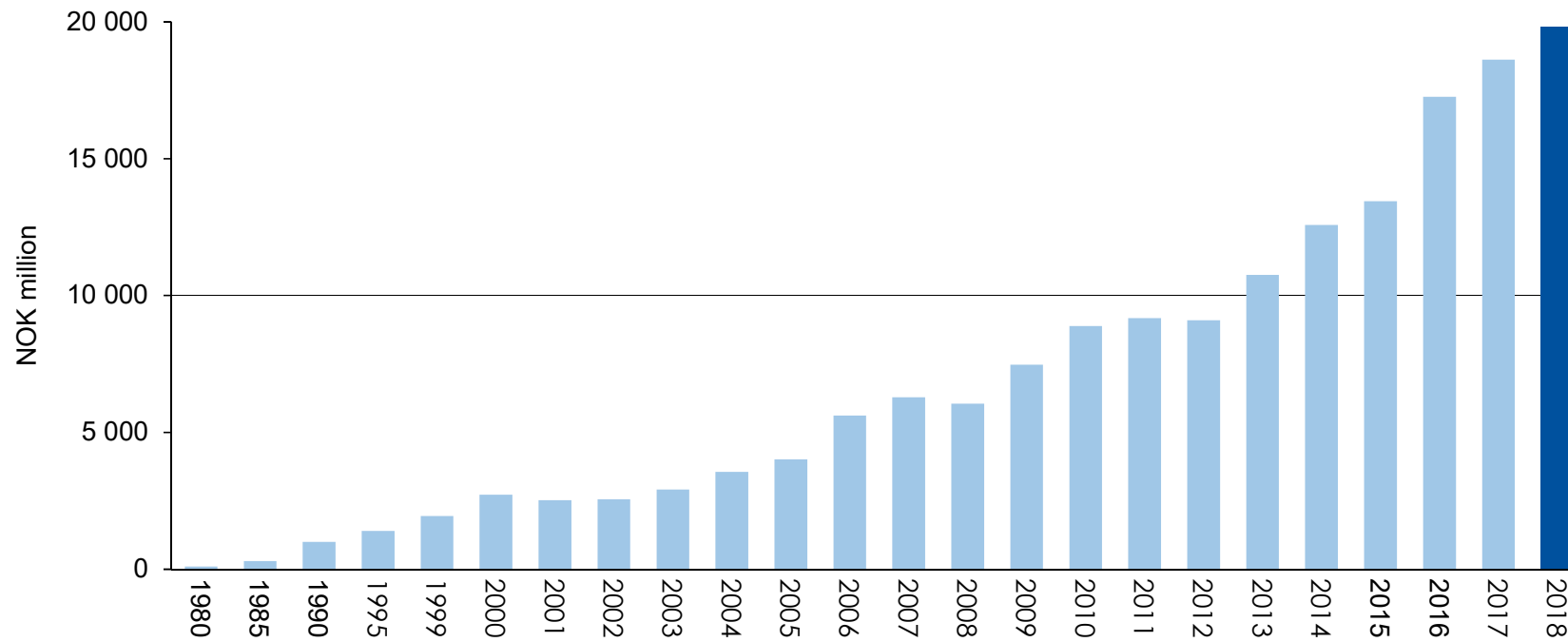
## Q4 2018

- EBIT before FV adj. NOK 948 million
- Harvest volume 49 414 GWT
- EBIT/kg all incl. (excl. EBIT Havfisk & LNWS) of NOK 18.1
- Contract share of 23%
- NIBD NOK 2 546 million
- Harvest guidance 174 000 GWT for 2019
- Proposed dividend at NOK 2,0 per share





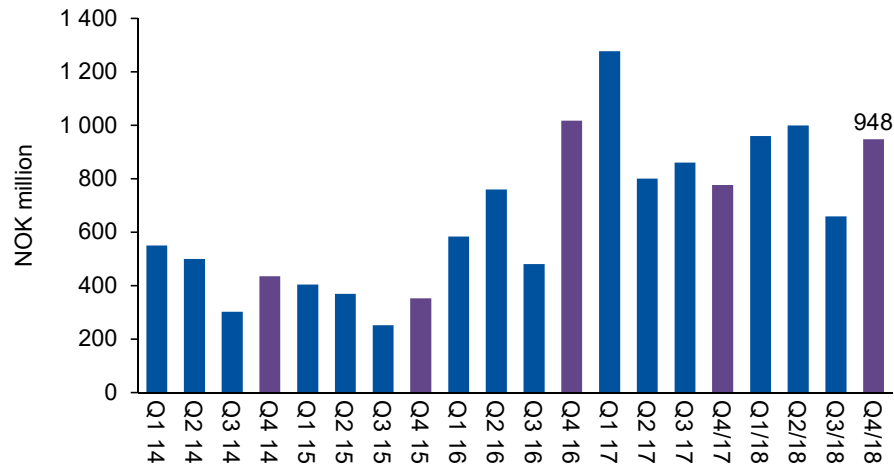
## Turnover Lerøy Seafood Group



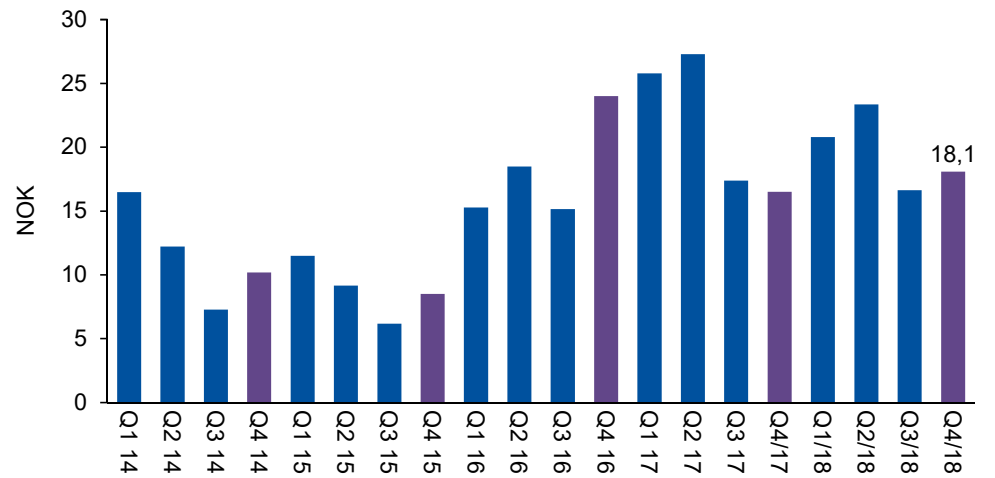


## Quarterly historic figures

EBIT\*



EBIT/kg\*\*, all inclusive



\*before biomass adjustment

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



# Lerøy Seafood Group ASA

Farming

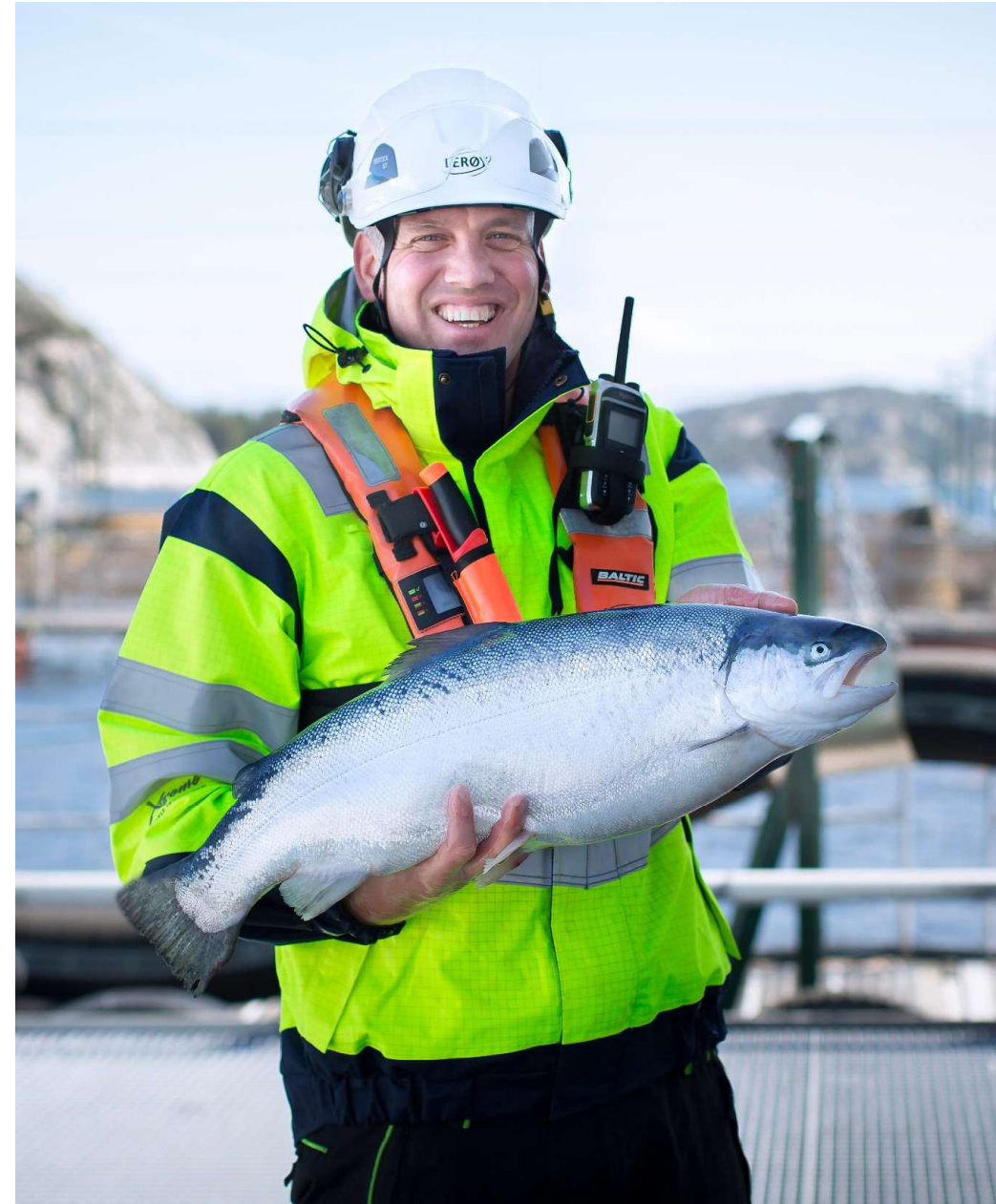
Wild catch

VAP, Sales and Distribution



## Q4 2018: Farming Highlights

- Spot prices below last year
  - NSI Q4/18 NOK 55.4 vs NOK 49.3 in Q4/17 (12%)
  - Up NOK 1/kg q-o-q, and up NOK 6/kg y-o-y
- Trout price achievement NOK 12/kg below salmon due to significant challenges with downgrades
- Contract prices above spot prices
- Cost (RFS) down q-o-q and y-o-y
- Biomass at sea
  - End Q4/18 at 110,105 LWT vs 112,489 LWT end Q4/17 (-2%)







## Farming volumes

	2013 GWT	2014 GWT	2015 GWT	2016 GWT	2017 GWT	2018 GWT	2019E GWT
Lerøy Aurora AS*	24 200	26 800	29 200	30 000	39 200	36 800	37 000
Lerøy Midt AS	58 900	68 300	71 400	52 200	64 500	66 500	71 000
Lerøy Sjøtroll	61 700	63 200	57 100	68 000	54 000	58 800	66 000
<b>Total Norway</b>	<b>144 800</b>	<b>158 300</b>	<b>157 700</b>	<b>150 200</b>	<b>157 800</b>	<b>162 000</b>	<b>174 000</b>
Villa Organic AS**		6 000					
Norskott Havbruk (UK)***	13 400	13 800	13 500	14 000	15 500	13 700	15 000
<b>Total</b>	<b>158 200</b>	<b>178 100</b>	<b>171 200</b>	<b>164 200</b>	<b>173 300</b>	<b>175 800</b>	<b>189 000</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



## Q4 2018: Wild Catch

- Q4/18 harvest volume at 11,515 tons, compared to 12,345 tons in Q4 17. Decrease in catch of cod y-o-y.
- Average prices up 11% y-o-y. Y-o-y prices for cod up 20%, haddock 17% and saithe up 10%.
- As it takes time to adjust prices to end-market, increase in raw material prices is a challenge within processing





## Q4 2018: VAP, Sales and Distribution

- Positive development in quarter, both in terms of profitability and development with key strategic customers
- Seeing gradually more and more positive effects from being a full fledged and integrated supplier
- EBIT in Q4/18 of NOK 134m compared to NOK 122m in Q4/17



# Key Financial figures



## Key financial figures – Q4 2018

<i>(NOKm)</i>	Q4 2018	Q4 2017	▲%
Revenue	5 340	4 567	17 %
Other gains and losses	7	-12	
EBITDA	1 134	921	23 %
Depreciation & amortisation	185	144	
<b>EBIT*</b>	<b>948</b>	<b>777</b>	<b>22 %</b>
Income from associates*	61	56	
Net finance	-41	-61	
<b>Pre-tax profit*</b>	<b>968</b>	<b>772</b>	<b>25 %</b>
EPS (NOK)*	1,41	1,12	25 %
Harvested Volume (GWT)	49 414	42 280	17 %
EBIT*/kg all inclusive, excl Wildcatch (NOK)	18,1	16,5	10 %
ROCE* (%)	22,1 %	20,9 %	6 %

\* Before biomass adjustment



## Key financial figures – 2018

<i>(NOKm)</i>	FY 2018	FY 2017	▲%
Revenue	19 838	18 624	7 %
Other gains and losses	42	-4	
EBITDA	4 228	4 300	-2 %
Depreciation & amortisation	660	583	
<b>EBIT*</b>	<b>3 569</b>	<b>3 717</b>	<b>-4 %</b>
Income from associates*	290	298	
Net finance	-161	-210	
<b>Pre-tax profit*</b>	<b>3 697</b>	<b>3 805</b>	<b>-3 %</b>
<b>EPS (NOK)*</b>	<b>4,90</b>	<b>4,90</b>	<b>0 %</b>
Harvested Volume (GWT)	162 039	157 768	3 %
EBIT* all incl. excl. Wildcatch	19,6	21,1	-7 %
ROCE* (%)	22,3 %	25,8 %	-14 %

\* Before biomass adjustment



## Balance sheet

<i>(NOKm)</i>	31.12.2018	31.12.2017	▲%
Intangible assets	8 180	8 048	2 %
Tangible fixed assets	6 607	5 148	28 %
Financial non-current assets	1 091	1 089	0 %
<i>Total non-current assets</i>	15 878	14 286	11 %
Biological assets at cost	4 017	3 710	8 %
Fair value adjustment of biomass	1 548	748	107 %
Other inventory	1315	991	33 %
Receivables	2 579	2 409	7 %
Cash and cash equivalents	3 036	3 514	-14 %
<i>Total current assets</i>	12 495	11 372	10 %
<b>Total assets</b>	<b>28 373</b>	<b>25 658</b>	<b>11 %</b>
<b>Equity</b>	<b>17 134</b>	<b>14 482</b>	<b>18 %</b>
Equity ratio	60,4 %	56,4 %	7 %
<b>NIBD</b>	<b>2 546</b>	<b>2 262</b>	<b>13 %</b>

\* Before biomass adjustment



## Funding

NOK million	2019	2020	2021	2022	2023	Later	Total
To be paid	591	574	1 669	548	564	1 195	5 141

	Covenants	Q4 2018
NIBD/EBITDA	<5	0.60
Adj. Equity ratio	>30 %	68.9 %





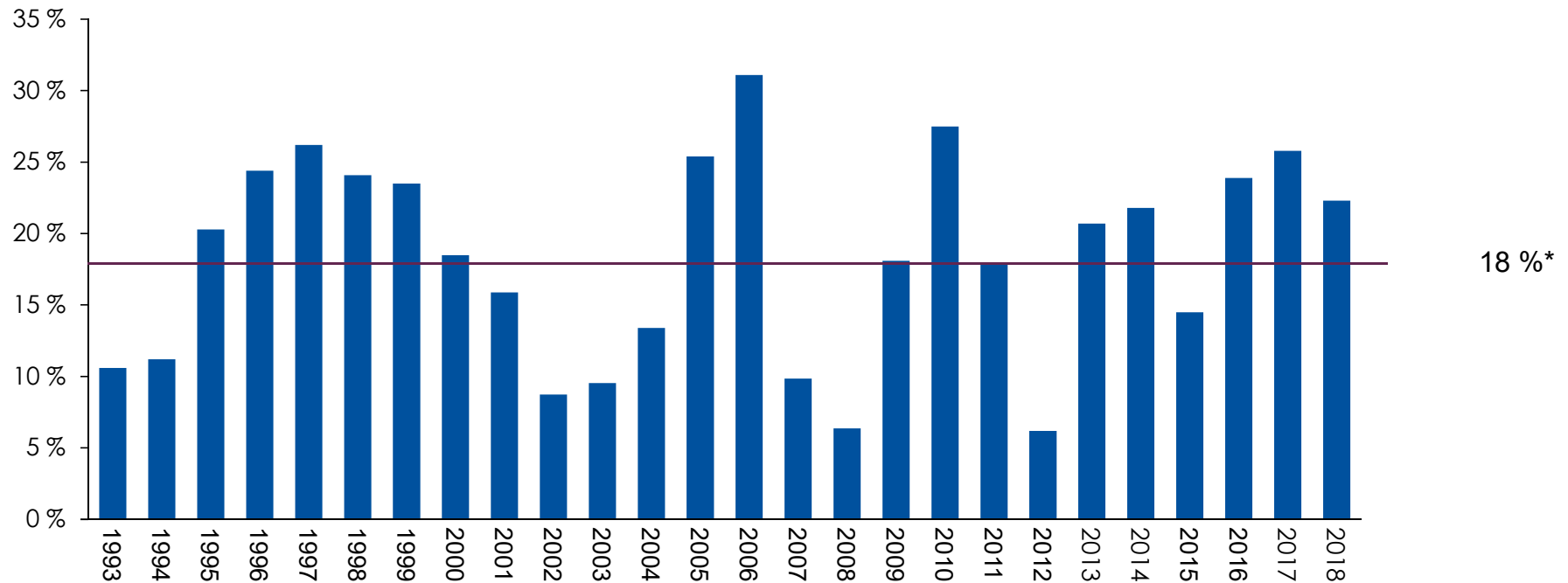
## Cash flow

	Q4 2018	Q4 2017	FY 2018	FY 2017
EBITDA before fair value adjustment on biological assets	1 134	921	4 228	4 300
Paid tax	-33	-12	-851	-494
Change in working capital	31	155	-535	-97
Other	-24	-13	-59	-21
<b>Cash from operating activities</b>	<b>1 108</b>	<b>1 051</b>	<b>2 783</b>	<b>3 688</b>
Business combinations and redemption of non-controlling interests *	-9	-5	-136	-6
Net investments in capex and intangibles	-489	-535	-2 139	-1 484
Dividends received	3	28	245	164
Other changes in non-current assets	2	-2	50	-104
<b>Cash from investing activities *</b>	<b>-492</b>	<b>-515</b>	<b>-1 979</b>	<b>-1 430</b>
Net financial cost	-30	-48	-160	-188
New equity	0	0	2	0
Dividends distributed	0	0	-950	-834
<b>Cash from financing activities</b>	<b>-30</b>	<b>-48</b>	<b>-1 107</b>	<b>-1 023</b>
Change in NIBD from business combinations	-1	0	19	0
Other changes (incl.currency effects)	-20	-18	0	-64
<b>Net cash flow / change in NIBD</b>	<b>565</b>	<b>471</b>	<b>-284</b>	<b>1 171</b>
NIBD at beginning	3 111	2 733	2 262	3 433
Change in NIBD	-565	-471	284	-1 171
<b>NIBD at end</b>	<b>2 546</b>	<b>2 262</b>	<b>2 546</b>	<b>2 262</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.



## Return on capital employed

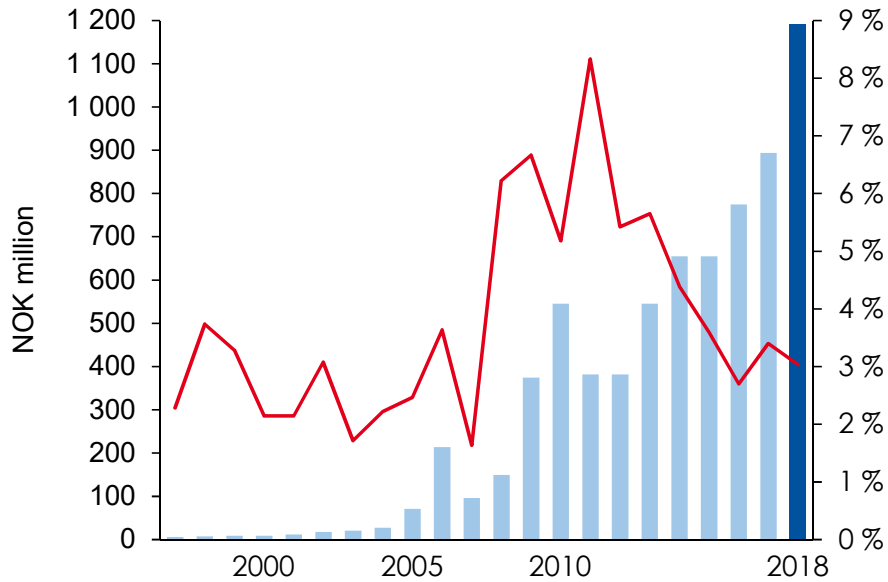


\* Target communicated at the listing on Oslo Stock Exchange 03.06.2002

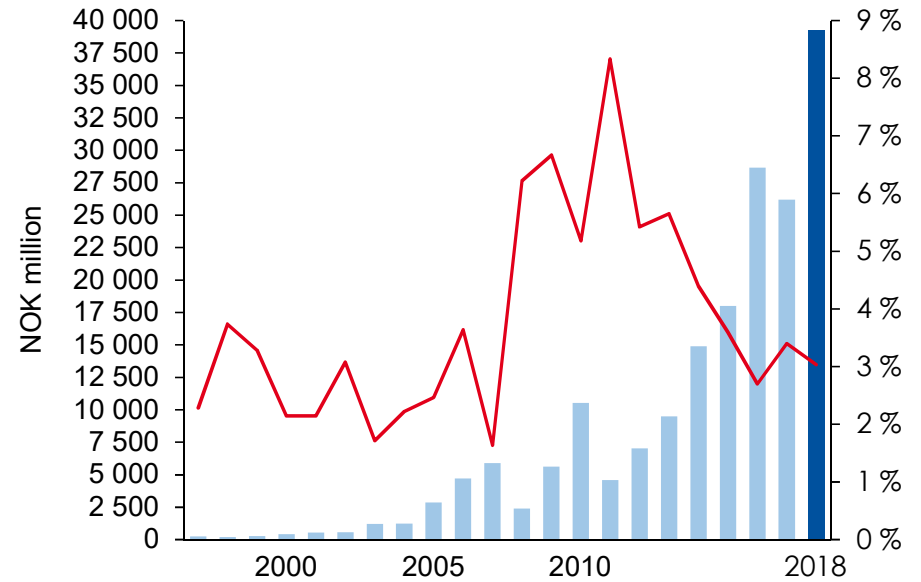


# Annual dividend since 1995

Dividend & Dividend yield



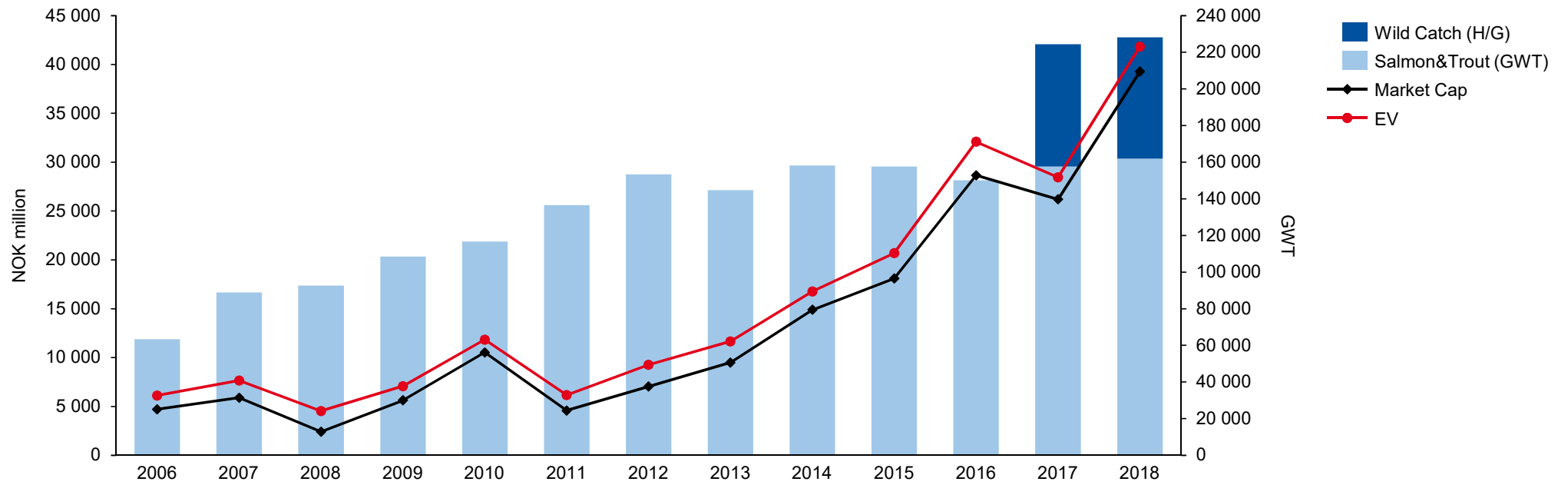
Market Cap & Dividend yield



The dividend in the table above is the proposed dividend based on present year's profit, for distribution in the following year.

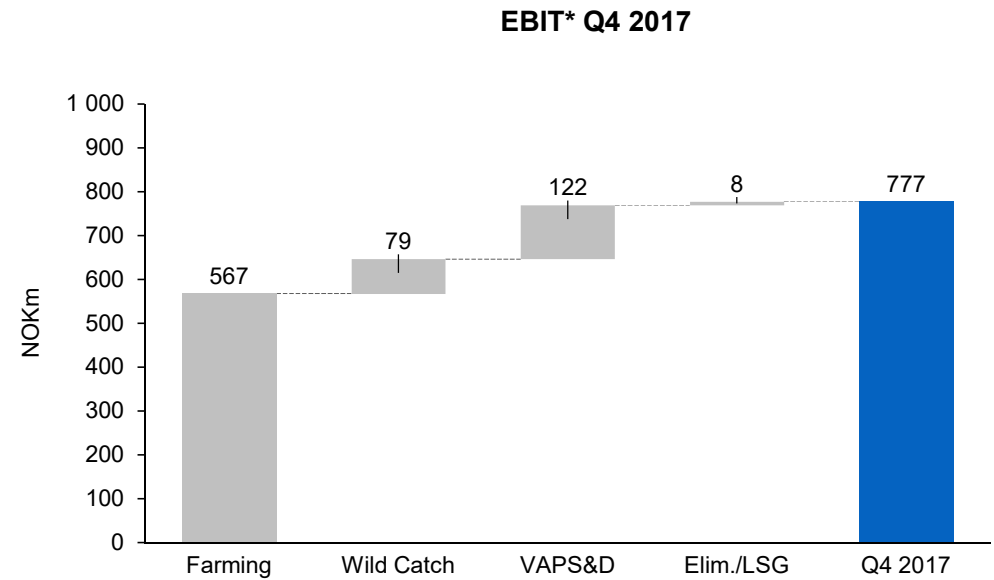
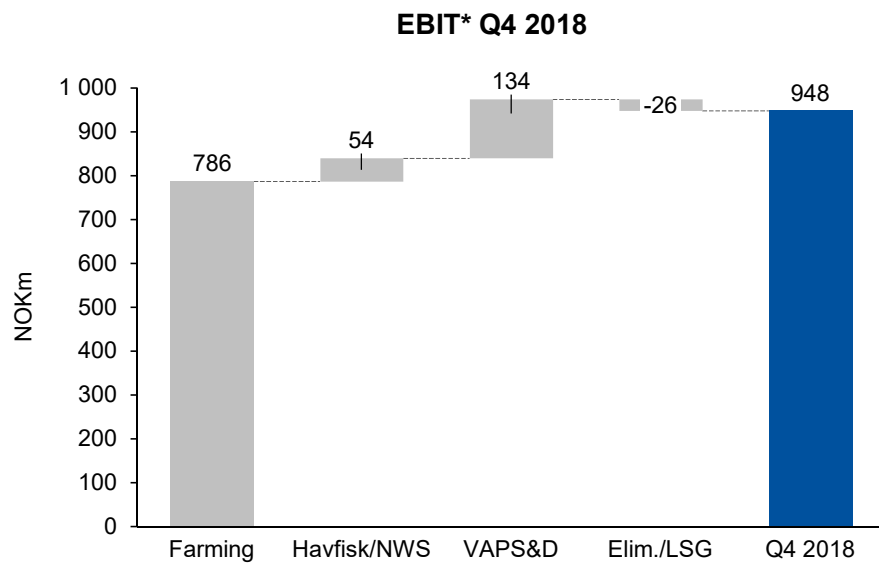


# Sustainable growth





## EBIT per segment

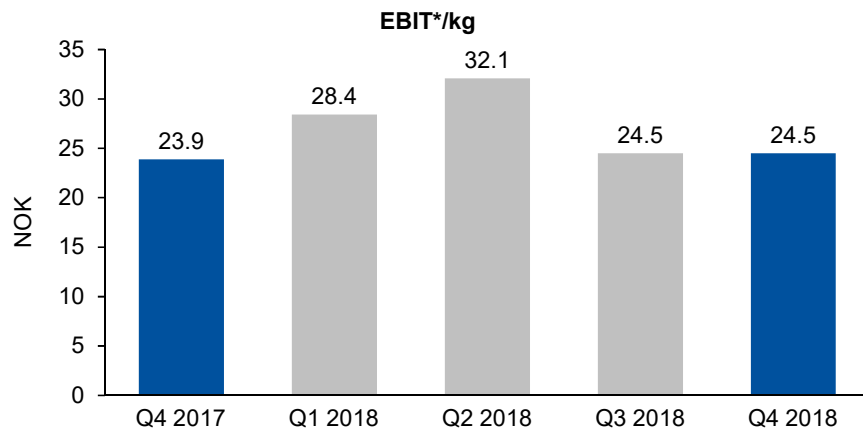


\* Before biomass adjustment



## Lerøy Aurora

	Q4 2018	Q4 2017	2018	2017
Revenue (NOKm)	875	678	2 380	2 468
EBIT* (NOKm)	354	273	989	1 025
Harvested volume (GWT)	14 420	11 410	36 783	39 209
EBIT/kg* (NOK)	24.5	23.9	26.9	26.1



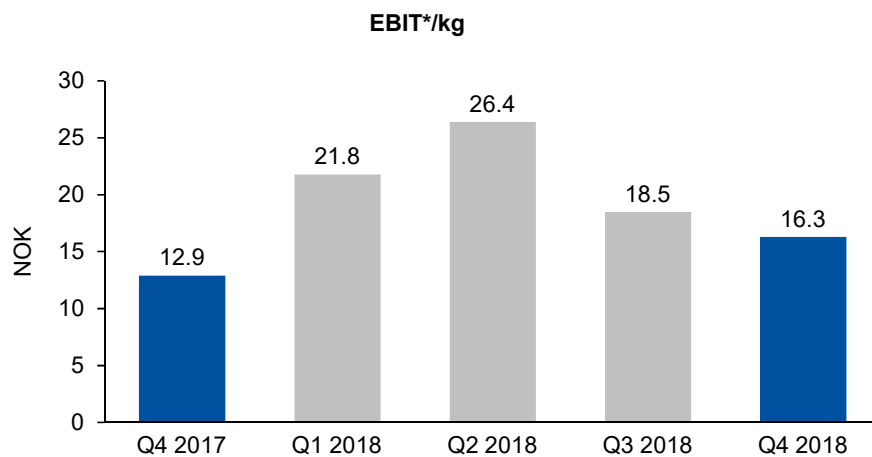
\* Before biomass adjustment

- Strong profitability in quarter. Release from cost down q-o-q.
- Fire at smolt facility in Laksefjord in January 2019, where 2.6m smolt was lost, and facility damaged. Reconstruction has already started, and efforts to replace smolt going well.
- Original plan from smolt investment was growth in volumes from 2020. Best estimate as of today is that this is postponed to 2021, and 2020 will see harvest volume on level with 2017 and 2018.



## Lerøy Midt

	Q4 2018	Q4 2017	2018	2017
Revenue (NOKm)	1 058	1 009	3 924	3 790
EBIT* (NOKm)	307	242	1 355	1 143
Harvested volume (GWT)	18 808	18 757	66 501	64 515
EBIT/kg* (NOK)	16.3	12.9	20.4	17.7



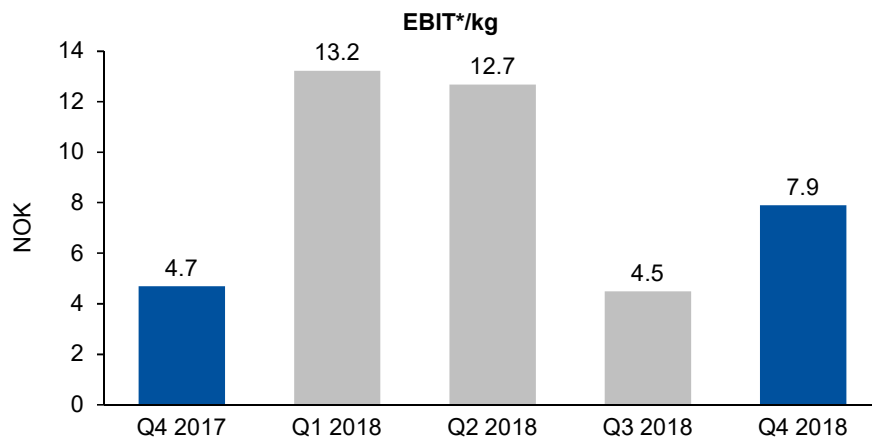
\* Before biomass adjustment

- Significant cost reduction year over year. However, growth towards end 2018 was below expectations which will impact cost in quarter and first half of 2019.
- In 2018, probably the world's most technology advanced harvest facility was started. Negative cost impact in 2018, but operations gradually improving.
- Potential for further cost reductions into 2019



## Lerøy Sjøtroll

	Q4 2018	Q4 2017	2018	2017
Revenue (NOKm)	817	611	3 222	3 189
EBIT* (NOKm)	127	57	586	779
Harvested volume (GWT)	16 186	12 113	58 755	54 043
EBIT/kg* (NOK)	7.9	4.7	10.0	14.4



\* Before biomass adjustment

- Significant cost reductions y-o-y, but still at a too high level
- 48% of quarterly harvest volume was trout. Cost of trout below cost of salmon, but price achievement for trout significantly negatively impacted by downgrades. Price achievement for the trout for the Group NOK 12/kg lower than salmon.
- New smolt facility progressing according to plan. Of salmon smolt released to open pen in 2019, 25% will be larger than 500grams, increasing to 40-50% in 2021.





## Wild Catch (Havfisk/LNWS)

	Q4 2018	Q4 2017	2018	2017
EBITDA (NOKm)	90	109	522	501
EBIT (NOKm)	54	79	388	386

<b>Havfisk, catch volume</b>	Q4 2018	Q4 2017	2018	2017
Cod	6 534	8 511	24 339	29 665
Haddock	961	1 264	8 956	13 158
Saithe	2567	1 545	15 559	14 407
Shrimps	152	0	7 459	1 161
Other	1 301	1 024	9 943	8 337
<b>Total</b>	<b>11 515</b>	<b>12 345</b>	<b>66 255</b>	<b>66 729</b>

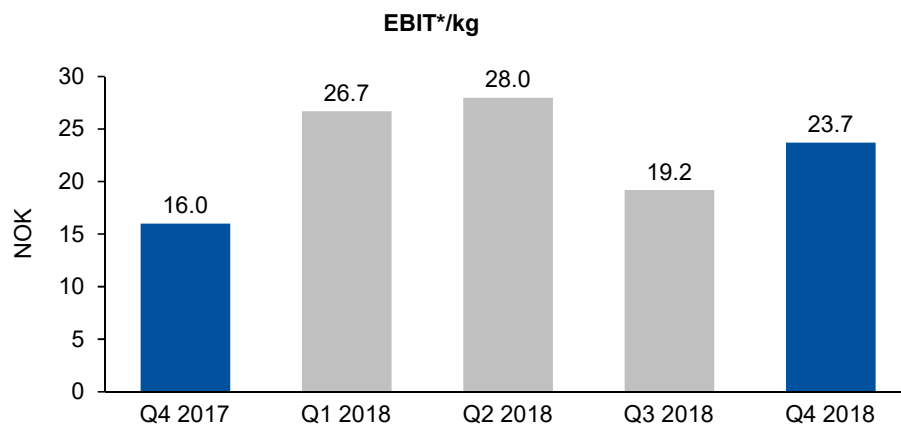
<b>Havfisk, prices</b>	Q4 2018	Q4 2017	2018	2017
Cod	32.7	27.3	31.2	26.7
Haddock	25.8	22.1	23.7	18.9
Saithe	13.5	12.3	11.5	11.6

- Lower quotas on cod and haddock, and positive development in demand, gives lift in prices for cod and haddock
- Investments in fleet gives capacity for more shrimp catches
- Development of the white fish processing industry in Norway is challenging. Several initiatives are initiated. The solution is higher efficiency in operations, and broader market reach
- The solution will require time, and investments. Lerøy is expecting stability in framework conditions to make necessary steps possible for a turn-around of this industry in Norway



## Norskott Havbruk (associate, 50% owned by LSG)\*\*

	Q4 2018	Q4 2017	2018	2017
Revenue (NOKm)	512	485	2 057	2 088
EBIT* (NOKm)	158	115	661	669
Harvested volume (GWT)	6 651	7 212	27 464	30 996
EBIT/kg* (NOK)	23.7	16.0	24.1	21.6



\* Before biomass adjustment  
 \*\* Figures based on 100% basis

- Satisfactory result, with good biological performance. Release from stock cost down both q-o-q and y-o-y.
- Good harvest size in quarter positively impact price achievement
- New RAS facility being built with first eggs in Q4 2018 and first release of smolt in autumn of 2019
- Potential for sustainable, organic growth in coming years. Expect harvest volume of 30 000 tonnes in 2019

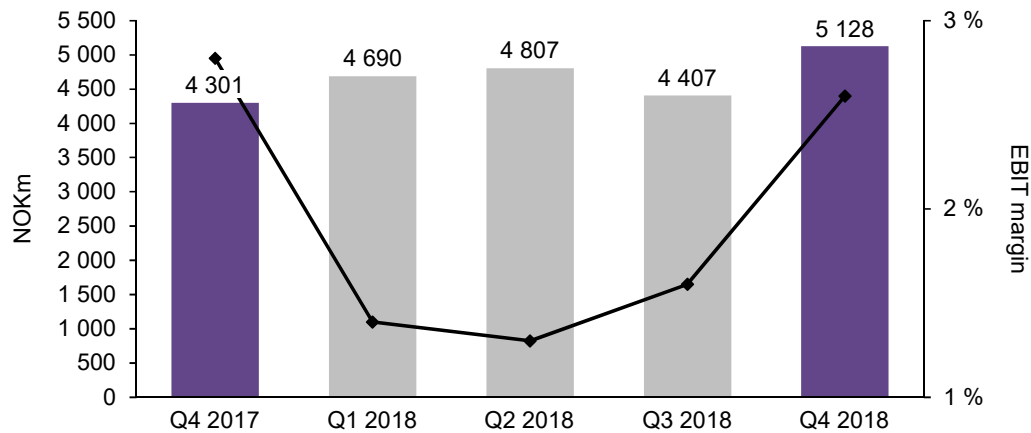


## VAP&D – VAP, Sales and Distribution

	Q4 2018	Q4 2017	2018	2017
Revenue (NOKm)	5 128	4 301	19 033	17 626
EBIT (NOKm)	134	122	333	435
EBIT margin	2.6 %	2.8 %	1.7 %	2.5 %

- Positive development in both activity level and profitability in quarter
- New facilities started in 2018, and improvement in operations, should give higher profitability level in 2019 than in 2018.

Revenue and EBIT margin (line graph)



# Outlook

## Atlantic salmon – Supply in tons WFE

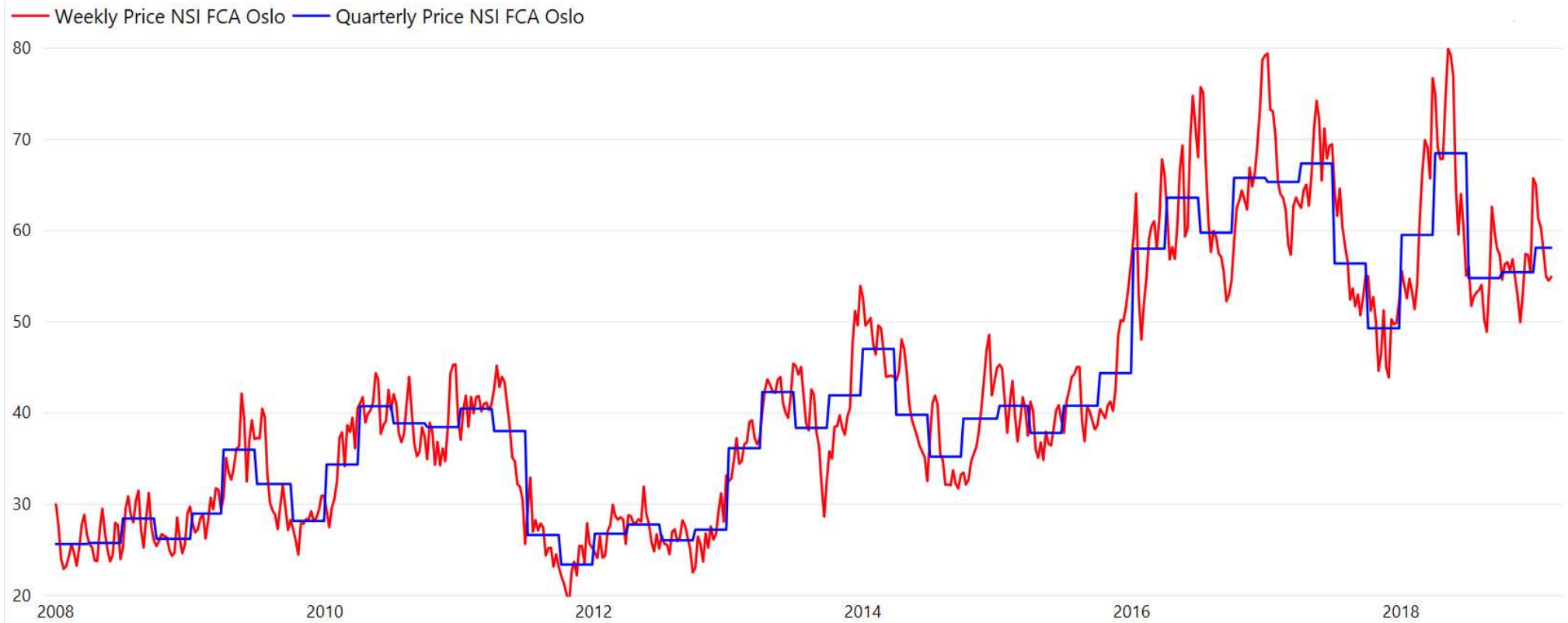
	2014	Change 13-14	2015	Change 14-15	2016	Change 15-16	2017	Change 16-17	2018	Change 17-18	2019	Change 18-19
Norway	1 199 000	4,8 %	1 234 200	2,9 %	1 171 100	-5,1 %	1 207 800	3,1 %	1 253 400	3,8 %	1 326 900	5,9 %
United Kingdom	170 500	8,0 %	166 300	-2,5 %	157 400	-5,4 %	177 200	12,6 %	153 600	-13,3 %	179 200	16,7 %
Faroe Islands	82 700	13,9 %	75 600	-8,6 %	77 300	2,2 %	80 300	3,9 %	71 700	-10,7 %	74 800	4,3 %
Ireland	12 300	16,0 %	15 700	27,6 %	15 800	0,6 %	17 000	7,6 %	14 300	-15,9 %	17 000	18,9 %
Iceland	4 400	31,3 %	3 600	-18,2 %	8 100	125,0 %	11 500	42,0 %	13 600	18,3 %	18 500	36,0 %
<b>Total Europe</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>1 493 800</b>	<b>4,5 %</b>	<b>1 506 600</b>	<b>0,9 %</b>	<b>1 616 400</b>	<b>7,3 %</b>
Chile	582 900	24,5 %	598 200	2,6 %	504 400	-15,7 %	564 200	11,9 %	677 400	20,1 %	688 900	1,7 %
Canada	95 000	-17,5 %	135 200	42,3 %	146 000	8,0 %	139 000	-4,8 %	144 900	4,2 %	147 000	1,4 %
USA	24 000	18,2 %	20 200	-15,8 %	22 500	11,4 %	21 700	-3,6 %	19 000	-12,4 %	17 200	-9,5 %
Australia	42 000	7,7 %	54 400	29,5 %	50 900	-6,4 %	61 200	20,2 %	61 300	0,2 %	61 800	0,8 %
Others	16 700	49,1 %	15 800	-5,4 %	8 400	-46,8 %	14 200	69,0 %	9 200	-35,2 %	22 300	142,4 %
<b>Total Others</b>	<b>760 600</b>	<b>16,4 %</b>	<b>823 800</b>	<b>8,3 %</b>	<b>732 200</b>	<b>-11,1 %</b>	<b>800 300</b>	<b>9,3 %</b>	<b>911 800</b>	<b>13,9 %</b>	<b>937 200</b>	<b>2,8 %</b>
<b>Total World-wide</b>	<b>2 229 500</b>	<b>9,2 %</b>	<b>2 319 200</b>	<b>4,0 %</b>	<b>2 161 900</b>	<b>-6,8 %</b>	<b>2 294 100</b>	<b>6,1 %</b>	<b>2 418 400</b>	<b>5,4 %</b>	<b>2 553 600</b>	<b>5,6 %</b>

Figures as per 21.02.2019

Source: Kontali

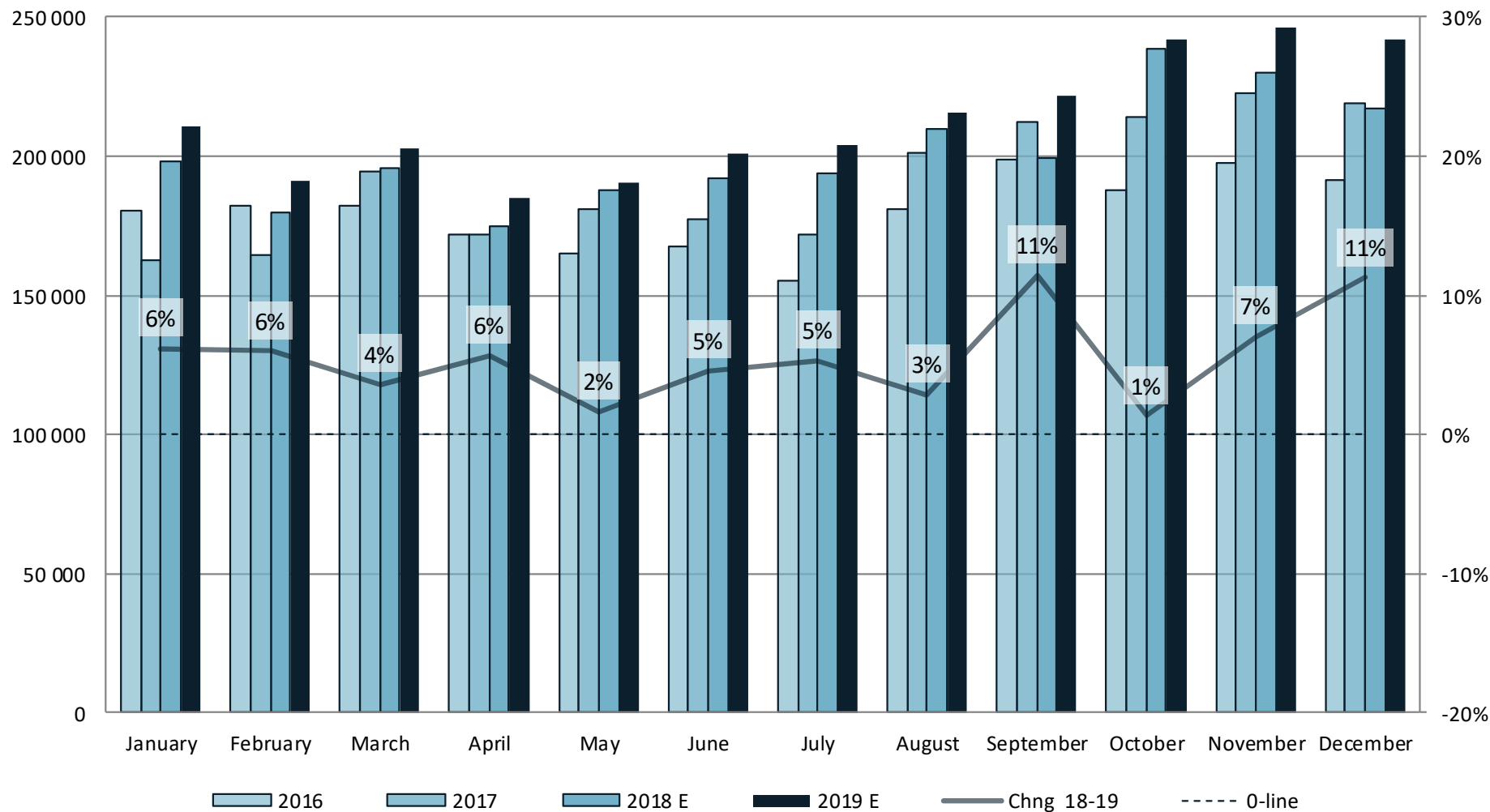
SPOT prices, fresh Atlantic salmon  
cross-section, FCA Oslo  
as of week 7-2019 (Superior quality).

Quarter	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Q1	26	29	34	40	27	36	47	41	58	65	60	58
Q2	26	36	41	38	28	42	40	38	64	67	68	
Q3	28	32	39	27	26	38	35	41	60	56	55	
Q4	26	28	38	23	27	42	39	44	66	49	55	
<b>Total</b>	<b>27</b>	<b>31</b>	<b>38</b>	<b>32</b>	<b>27</b>	<b>41</b>	<b>40</b>	<b>41</b>	<b>62</b>	<b>59</b>	<b>59</b>	<b>58</b>



2019

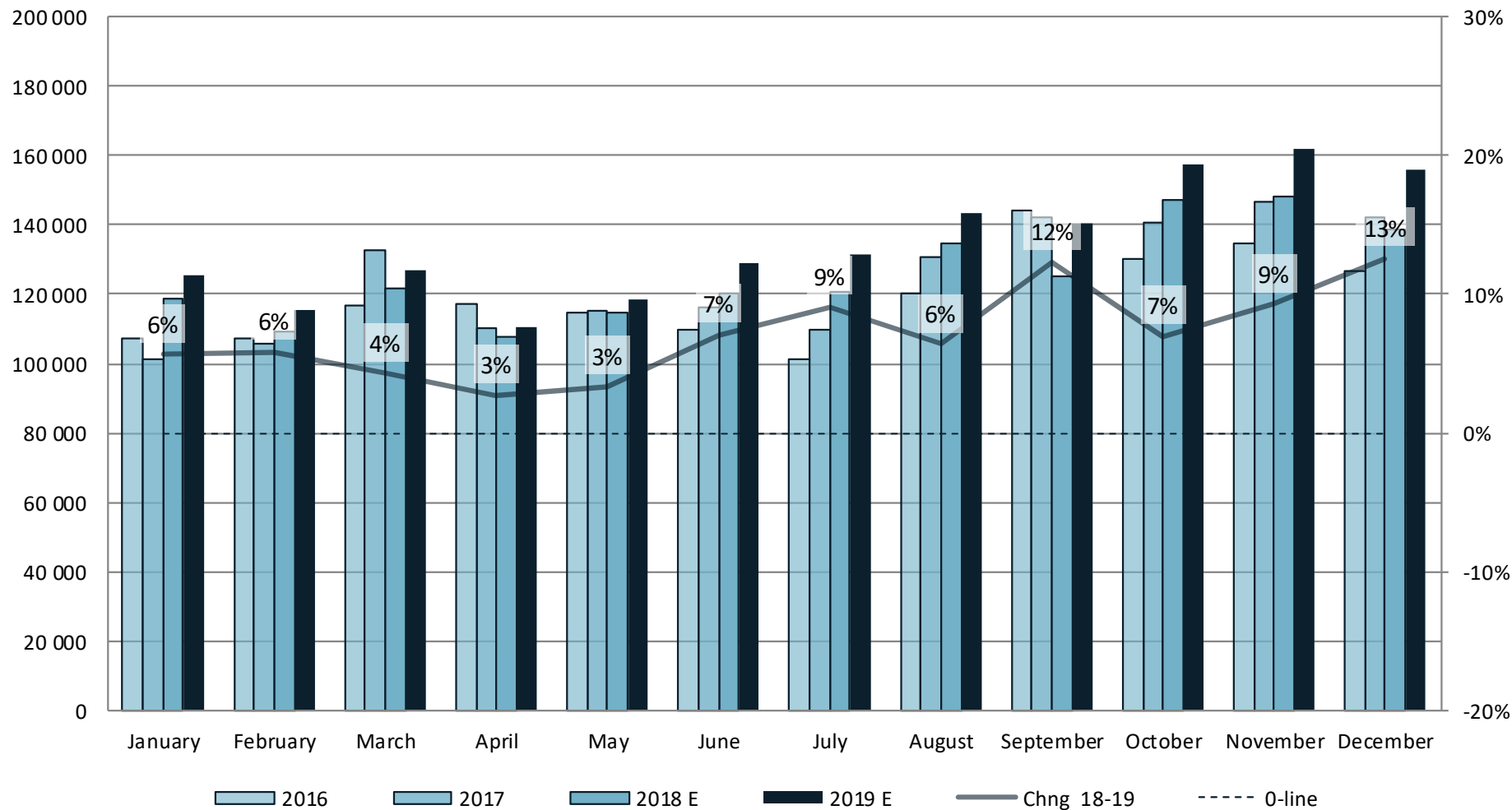
# Atlantic salmon - Harvest Quantities WW in tons WFE



Figures as per 21.02.2019  
Source: Kontali

2019

# Atlantic salmon - Harvest Quantities Europe in tons WFE



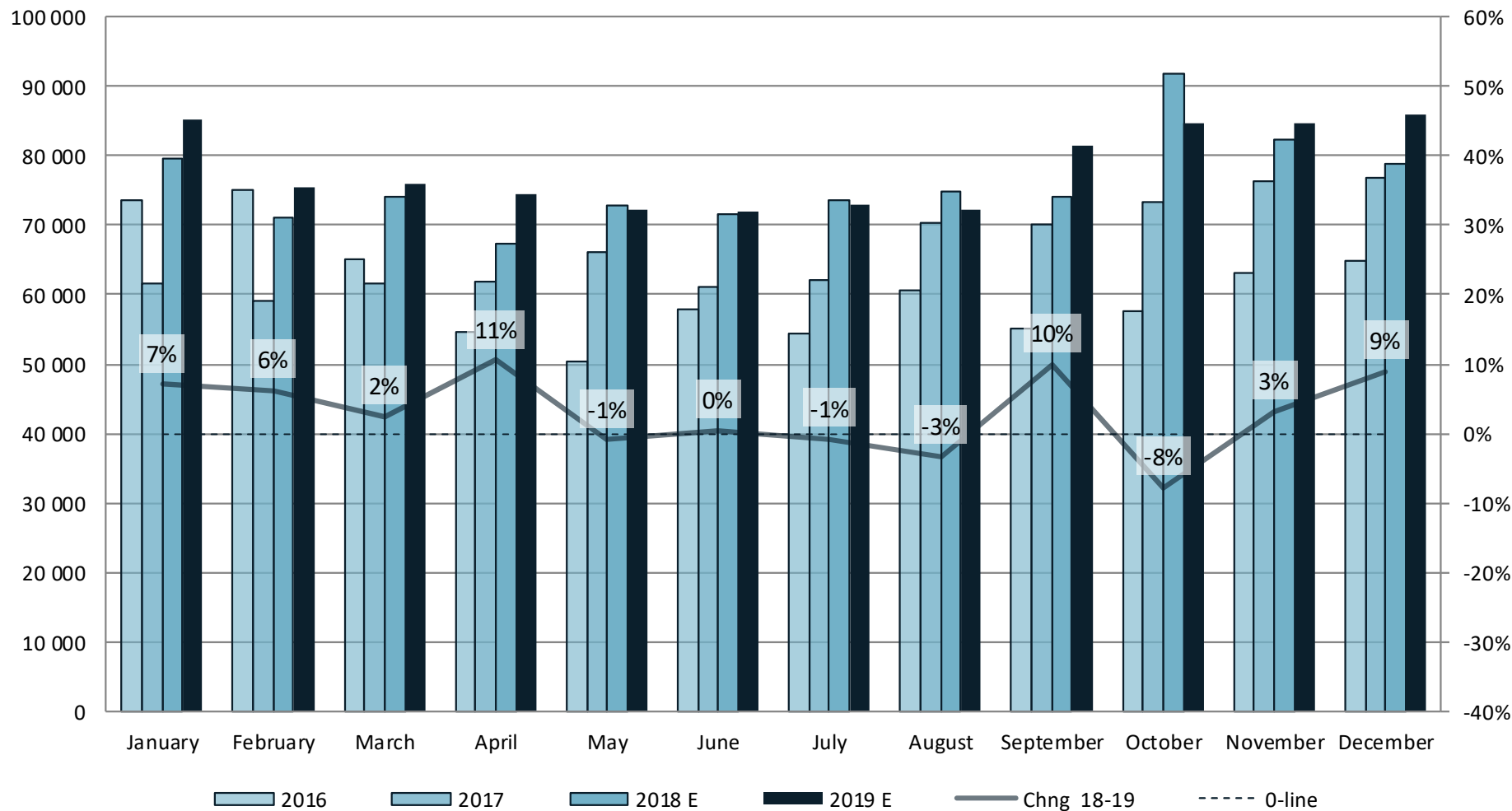
Figures as per 21.02.2019

Source: Kontali



2019

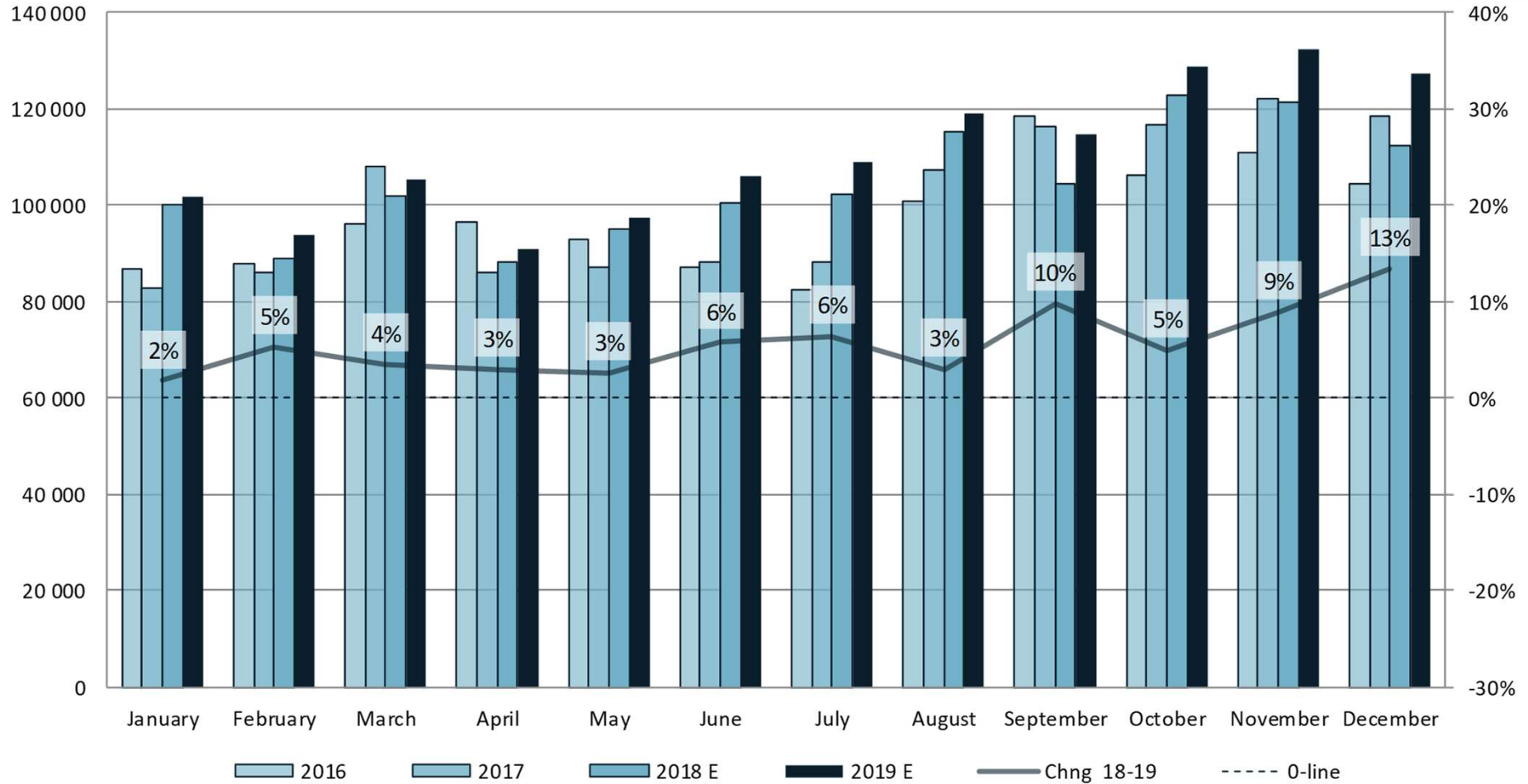
# Atlantic salmon - Harvest Quantities Americas in tons WFE



Figures as per 21.02.2019  
Source: Kontali

# Atlantic salmon - Harvest Quantities Norway in tons WFE

2019

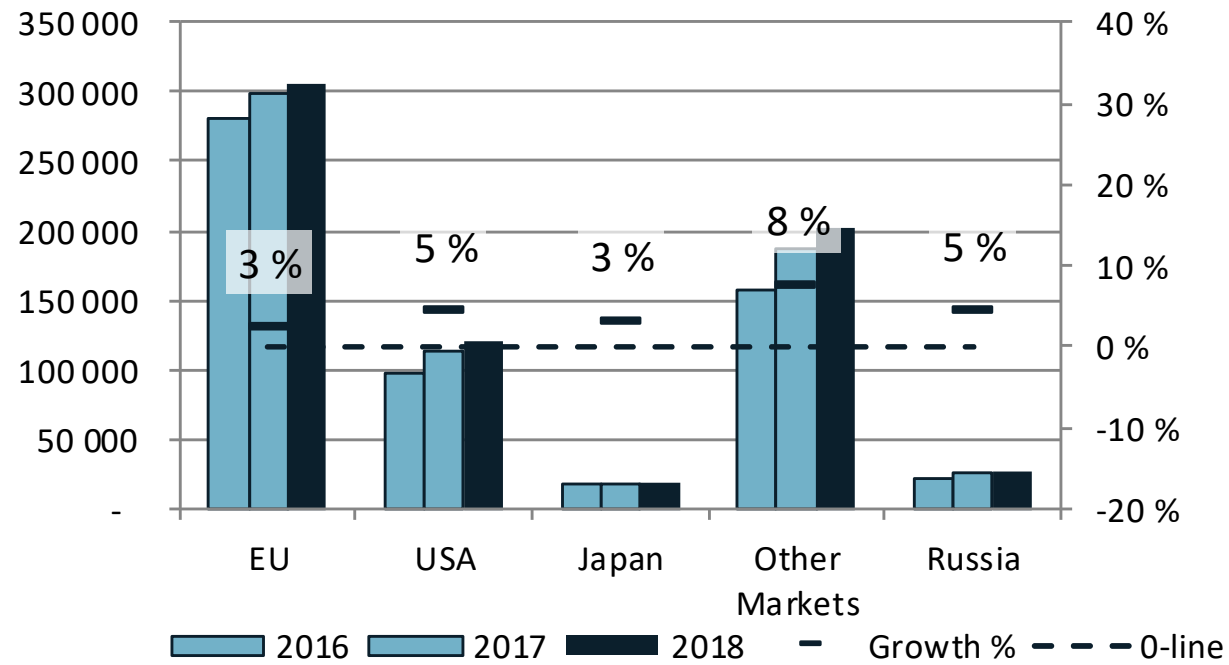


Figures as per 21.02.2019

Source: Kontali

# Atlantic Salmon Consumption Q4

Salmon					
Market	2016	2017	2018	Growth	Growth %
EU	279 900	297 900	305 600	7 700	3 %
USA	97 300	114 400	119 600	5 200	5 %
Japan	18 600	17 700	18 300	600	3 %
Other Markets	157 400	187 200	201 800	14 600	8 %
Russia	22 200	25 800	27 000	1 200	5 %
<b>Total Consumption</b>	<b>575 400</b>	<b>643 000</b>	<b>672 300</b>	<b>29 300</b>	<b>5 %</b>

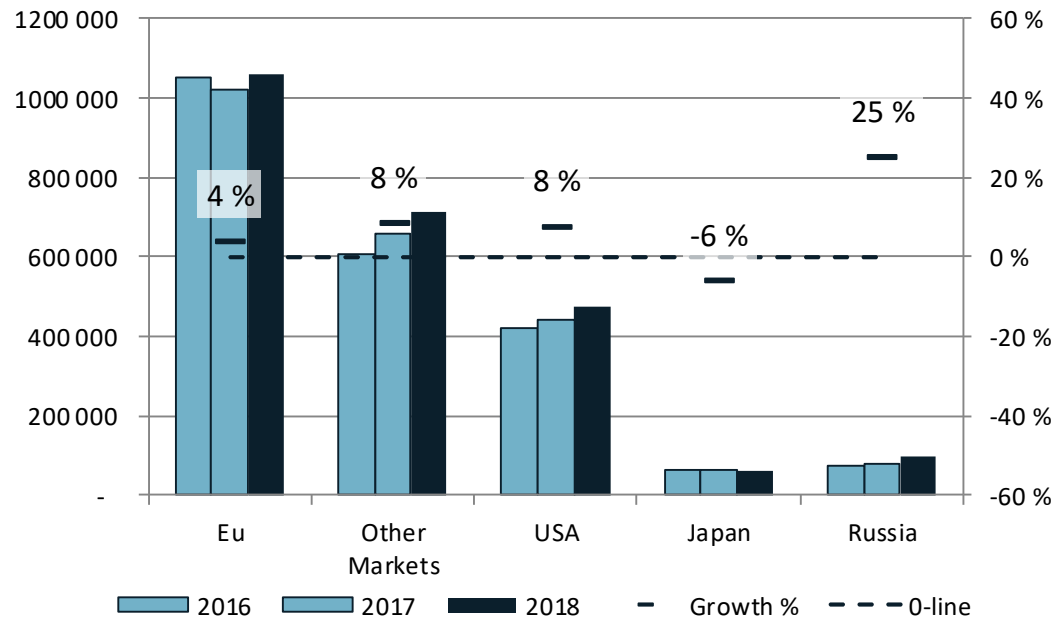


Figures as per 21.02.2019

Source: Lerøy/Nasdaq

# Atlantic Salmon Consumption FY 2018

Market - Salmon	2016	2017	2018	Grow th	Grow th %
Eu	1 050 100	1 023 500	1 062 100	38 600	4 %
Other Markets	609 000	657 200	711 600	54 400	8 %
USA	419 600	441 900	475 300	33 400	8 %
Japan	65 000	64 100	60 100	-4 000	-6 %
Russia	74 700	77 600	96 900	19 300	25 %
<b>Total Consumption</b>	<b>2 218 400</b>	<b>2 264 300</b>	<b>2 406 000</b>	<b>141 700</b>	<b>6 %</b>



Figures as per 21.02.2019  
Source: Kontali

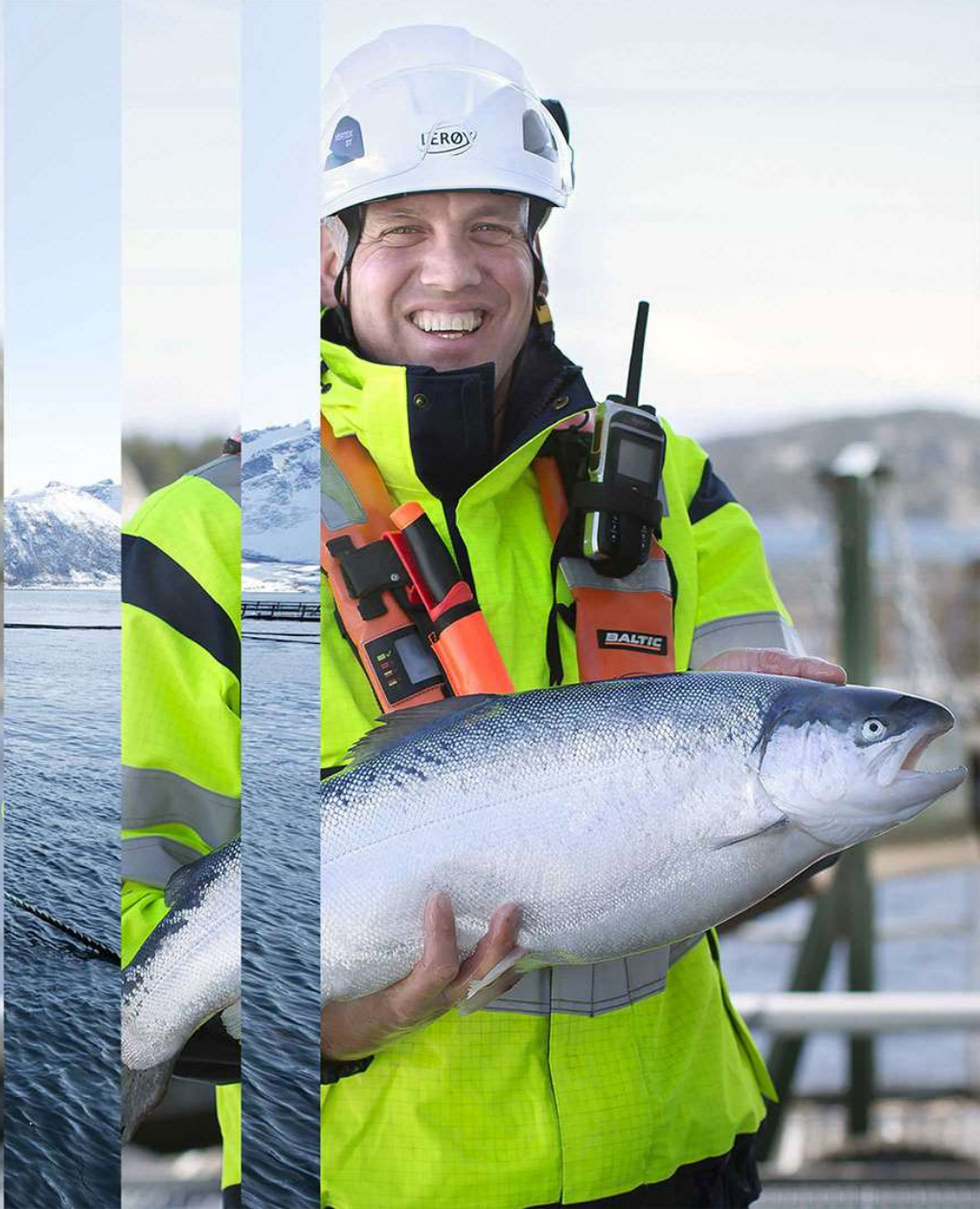


## Outlook

- Demand for seafood remains strong, outlook remains positive
- Harvest guidance for salmon and trout including associates ~190.000 GWT for 2019
- Expected contract share for salmon in Q1/19 ~40-45%
- Significant potential in whitefish.
  - 2019 Quota set for cod down 6.5%, and haddock down 15% but robust quota situation for whitefish also in 2019
  - Expect initiatives for improvement of the land industry gradually to show effects in 2019



**LERØY**



LERØY

# The Norwegian Seafood Pioneer

SINCE 1899

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