



Lerøy Seafood Group ASA



Q1 2017

May 11th

CEO Henning Beltestad
CFO Sjur S. Malm



Agenda

- 1 Highlights
- 2 Key financial figures
- 3 Outlook



Q1 2017

- EBIT before FV adj. NOK 1,277 million
- Harvest volume 43 307 GWT
- EBIT/kg all incl. (excl. EBIT Havfisk & NWS) of NOK 25.8
- Contract share of 32%
- NIBD NOK 2 327 million
- Harvest guidance 165 000 GWT for 2017

Q1: Farming highlights

- Spot prices above last year
 - NOS Q1/17 NOK 65.4 vs NOK 57.8 in Q1/16 (+13%)
 - Down NOK 0.7/kg q-o-q, and up NOK 7.6/kg y-o-y

- Significant increase in trout prices
 - 2014, 2015 and 2016 with severe loss on price achievement relative to salmon, post Russian import ban imposed 7. august 2014

- Lift in contract prices, but below spot prices

- Cost increase from Q4/16

- Biomass at sea
 - End Q1/17 at 89,181 tons vs 96,097 tons end Q1/16 (-7%)



Q1: Wild Catch

- Strong start of 2017
 - Catch volume based on annual quotas, time of catch may vary from year to year
 - Catch volume in Q1/17 of 20,586MT up from 16,169MT in Q1/16.
 - Remaining quota for 2017 about 43,000MT, same level as end Q1/16.
 - Positive price development for cod (up 9% y-o-y) and haddock (up 29% y-o-y). Saithe prices down 24% y-o-y

- New organisational structure in Norway Seafoods from start of year
 - Sales and logistics transferred and merged with Lerøy's operation in Bergen
 - Operations in Denmark divested
 - Norway Seafood has changed name to Lerøy Norway Seafoods





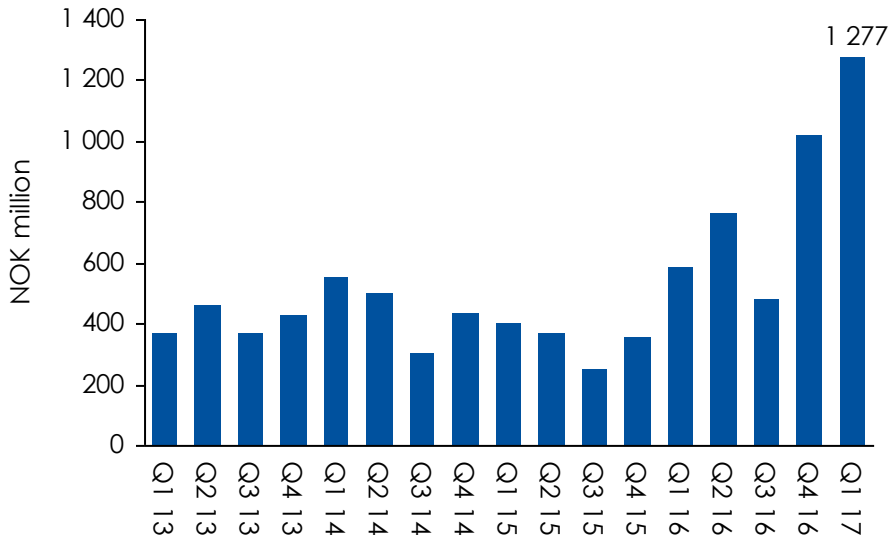
Q1: VAP, Sales and Distribution

- Merging VAP and S&D to one segment as it is no longer meaningful to split
 - VAP operations moving towards more fresh products
 - S&D segments moving towards more value added processing

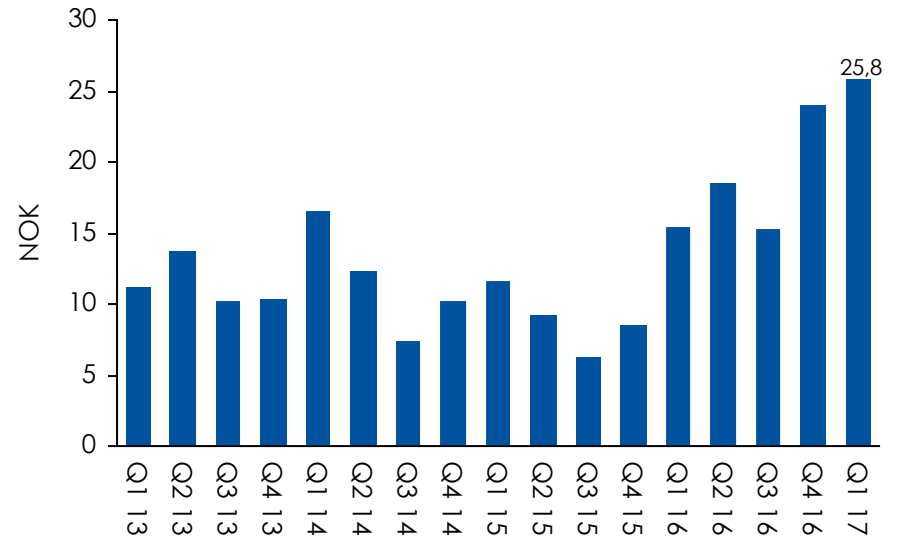
- High prices a challenge, but positive underlying development in key operations

Quarterly historic figures

EBIT*



EBIT/kg**, all inclusive



*before biomass adjustment

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

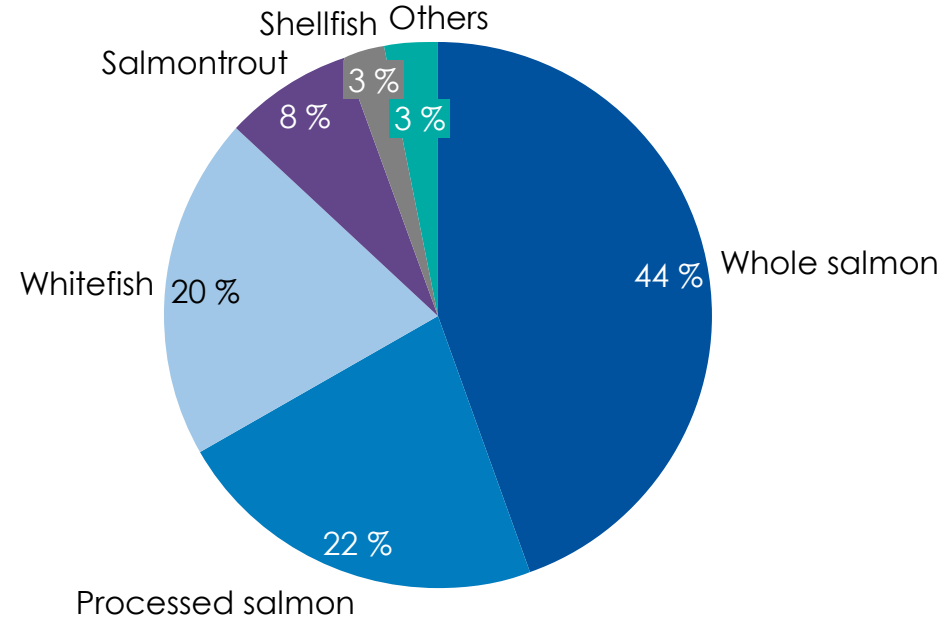
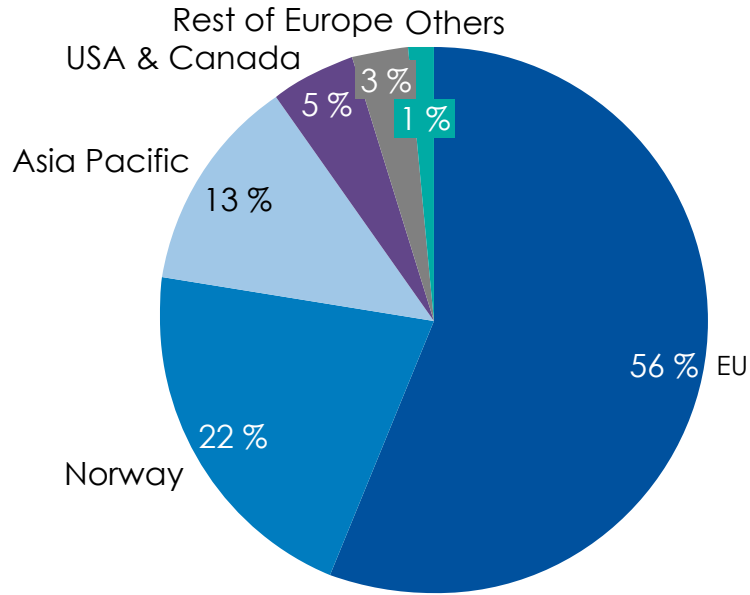
Lerøy Seafood Group ASA

Farming

Wild catch

VAP, Sales and
Distribution

Sales per market and product Q1 2017



Farming volumes:

	Licences	Smolt cap.	2011 GWT	2012 GWT	2013 GWT	2014 GWT	2015 GWT	2016 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	52 200	62 000
Lerøy Sjøtroll	63	22,6	56 200	71 600	61 700	63 200	57 100	68 000	64 000
Total Norway	146	56,1	136 600	153 400	144 800	158 300	157 700	150 200	165 000
Villa Organic AS**						6 000			
Norskott Havbruk (UK)***			10 900	13 600	13 400	13 800	13 500	14 000	15 000
Total			147 500	167 100	158 200	178 100	171 200	164 200	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

Remaining quotas Havfisk/Wild Catch

	Catch volume Q1/17	Catch volume Q1/16	Remaining quota 2017	Remaining quota 2016
Cod	9 425	6 950	20 216	22 480
Haddock	7 380	4 973	4 547	6 912
Saithe N	1 091	2 217	4 909	450
Saithe S	1 750	1 291	7 422	7 361
Shrimps	0	0	0	0
Other	940	738	5 857	5 990
Total	20 586	16 169	42 952	43 193

Investing for future growth – Capex 2017-

- Lerøy has always invested for an integrated value chain, from roe to consumer. Beyond the investment in white fish, key areas include:
 - Increase production in farming
 - Further increase the efficiency of the value chain
 - Product innovation for end consumer

- Board of Directors have decided for three significant expansion projects:
 - New gutting and processing facility in Lerøy Midt
 - New seafood centre in the Netherlands
 - New RAS smolt facility in Lerøy Sjøtroll

Investing in new gutting and processing facility in Lerøy Midt



- Investing in new gutting and processing facility in Lerøy Midt
 - Capex NOK 650m
 - Replacing two old facilities
 - Construction finished 2018
 - Highly automated and expected to lower gutting and processing cost and increase quality



Investing in new seafood centre in Urk, Netherlands

- New, modern, seafood centre in the Netherlands
 - Capex about EUR 20m
 - Highly automated facility with significant capacity for
 - MAP products
 - Smoked products, including small retail packages
 - Storage, logistics and distribution
 - Start-up of production early 2018



Investing in larger smolts to increase production in Lerøy Sjøtroll



- Building new RAS smolt facility for salmon smolt at Kjærelva in Hordaland
 - Capex NOK 650m
 - Construction finished H2 2019, but first roe in facility in Q2 2018.
 - Capacity for annual production of about 4,000LWT.
 - Production planned for about 12m smolts, of which a significant share post-smolts at 500g
 - First smolt release 2019, but first full year 2020.
 - Full impact on production from 2021. Will increase productivity at sea through shorter production cycles and better fish health





Agenda

- 1 Highlights
- 2 Key financial figures
- 3 Outlook

Key financial figures, Q1 2017

<i>(NOKm)</i>	Q1 2017	Q1 2016	▲%
Revenue	5 459	3 815	43 %
Other gains and losses	0	0	
EBITDA	1 423	697	104 %
Depreciation & amortisation	146	113	
EBIT*	1 277	584	119 %
Income from associates*	63	41	
Net finance	-46	-34	
Pre-tax profit*	1 294	592	119 %
EPS (NOK)*	15,86	7,89	101 %
Harvested Volume (GWT)	43 307	38 163	13 %
ROCE* (%)	35,9 %	23,7 %	

* Before biomass adjustment

Balance sheet

(NOKm)	31.03.2017	31.03.2016	▲ %
Intangible assets	8 056	4 388	84%
Tangible fixed assets	4 256	2 900	47%
Financial non-current assets	934	713	31%
<i>Total non-current assets</i>	<i>13 246</i>	<i>8 001</i>	<i>66%</i>
Biological assets at cost	3 281	3 222	2 %
Fair value adjustment of biomass	1 568	1 145	37%
Other inventory	993	516	92 %
Receivables	2 584	1 901	36 %
Cash and cash equivalents	3 332	1 470	127 %
<i>Total current assets</i>	<i>11 757</i>	<i>8 254</i>	<i>42 %</i>
Total assets	25 003	16 255	54 %
Equity	13 784	9 292	48 %
Equity ratio	55,1 %	57,2 %	
NIBD	2 327	2 092	32 %

Funding

NOK million	2017	2018	2019	2020	2021	Later	Total
To be paid	586*	576	706	556	1 436	1 724	5 584

* Of which NOK 115m paid in Q1/17

	Covenants	Q1 2017
NIBD/EBITDA	<5	0,57
Adj. Equity ratio	>30 %	65.0 %

Cash flow / NIBD

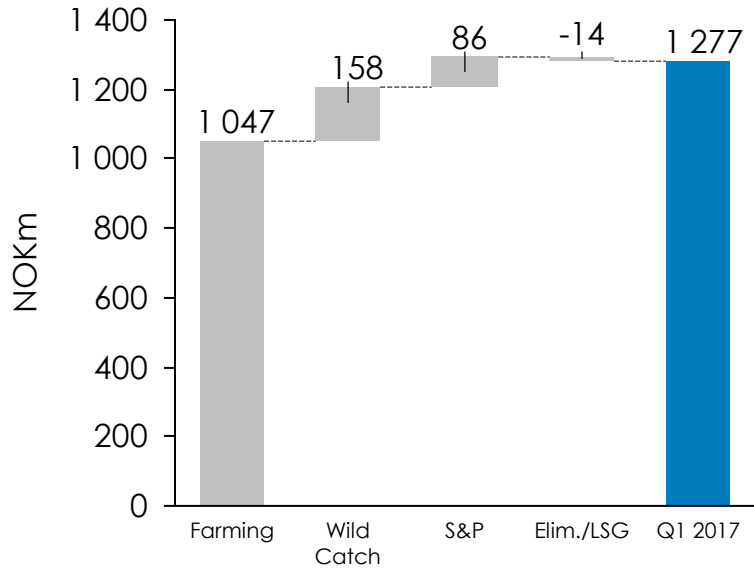
Cash flow / NIBD

	Q1 2017	Q1 2016	FY 2016	FY 2015
EBITDA before fair value adjustment on biological assets	1 423	697	3 355	1 814
Paid tax	-197	-175	-225	-376
Change in working capital	163	137	-330	-662
Other	14	-8	-34	-8
Cash from operating activities	1 402	652	2 767	767
Business combinations and redemption of non-controlling interests	0	0	-3 376	-99
Net investments in capex and intangibles	-196	-121	-743	-576
Dividends received	0	0	104	49
Other changes in non-current assets	-17	0	-2	-38
Cash from investing activities *	-213	-120	-4 017	-665
Net financial cost	-43	-33	-141	-128
New equity	0	0	2 174	1
Dividends distributed	-2	0	-665	-680
Cash from financing activities	-45	-33	1 368	-807
Change in NIBD from business combinations	0	-1	-985	7
Other changes (incl.currency effects)	-37	5	28	-20
Net cash flow / change in NIBD	1 107	502	-839	-719
NIBD at beginning	3 433	2 595	2 595	1 876
Change in NIBD	-1 107	-502	839	719
NIBD at end	2 327	2 092	3 433	2 595

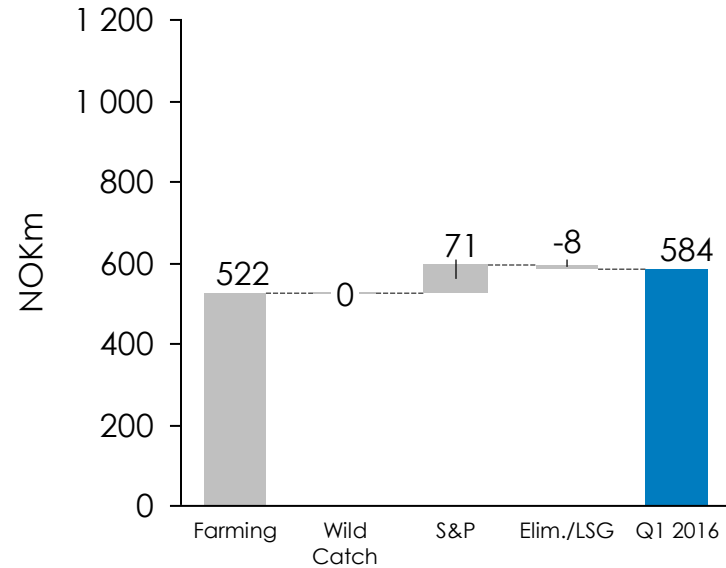
* The amount may differ from the corresponding amount in the cash flow statement in the quarterly report, as cash acquired through business combination is not included. The change in NIBD from business combination is presented in separate line in this overview.

EBIT per segment

EBIT* Q1 2017



EBIT* Q1 2016

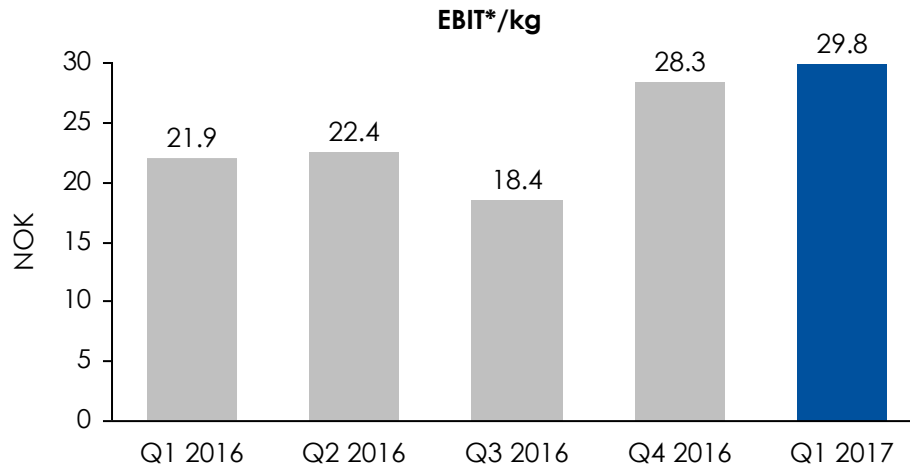


*before biomass adj.

Lerøy Aurora

	Q1 2017	Q1 2016	2016	2015
Revenue (NOKm)	416	433	1 821	1 409
EBIT* (NOKm)	179	169	726	450
Harvested volume (GWT)	6 014	7 723	30 010	29 204
EBIT/kg* (NOK)	29.8	21.9	24.2	15.4

- Marginally higher RFS (release-from-stock) cost q-o-q
- Starting to see positive effect from investment in larger smolts
- As of today expect relatively stable cost level in 2017
- Expected harvest volume in 2017 39,000GWT

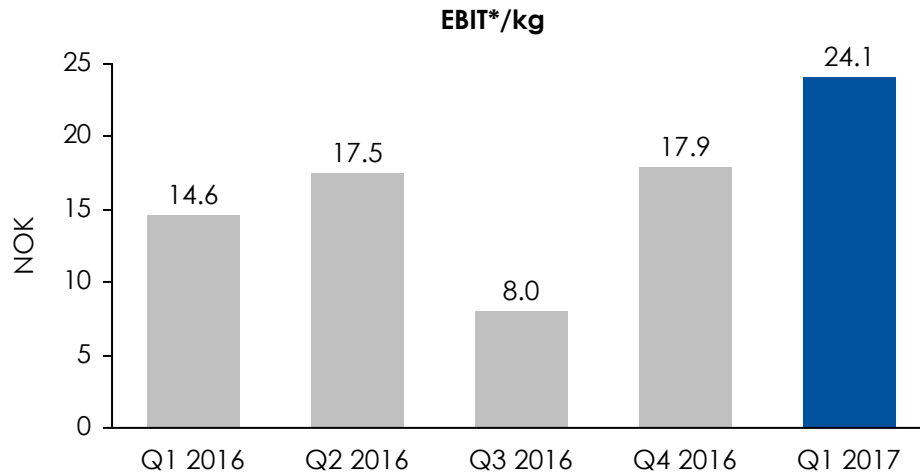


*before biomass adj.

Lerøy Midt

	Q1 2017	Q1 2016	2016	2015
Revenue (NOKm)	1 392	707	2 955	2 863
EBIT* (NOKm)	529	198	744	466
Harvested volume (GWT)	21 932	13 535	52 208	71 442
EBIT/kg* (NOK)	24.1	14.6	14.3	6.5

- High harvest volume in quarter, limited harvest volume in Q2/17
- Cost decrease q-o-q, but challenging situation the autumn of 2016 will impact cost and production volume negatively in 2017
- Well prepared for the summer and autumn of 2017
- Expected harvest volume in 2017 is 62,000 GWT



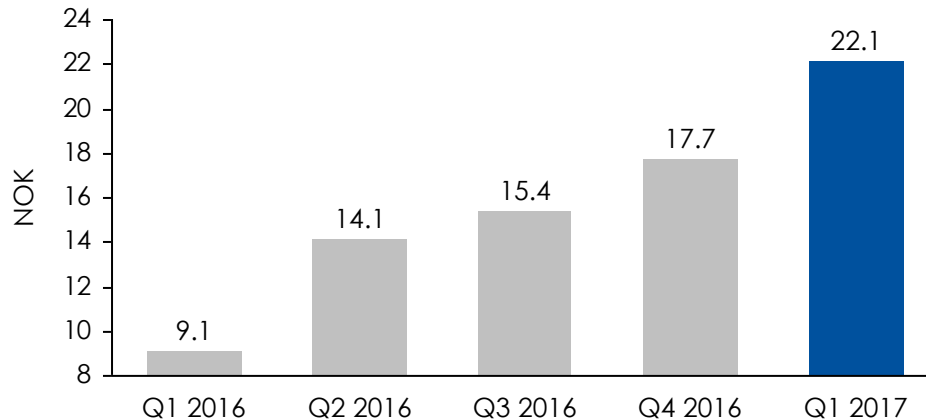
*before biomass adj.

Lerøy Sjøtroll

	Q1 2017	Q1 2016	2016	2015
Revenue (NOKm)	966	824	3 626	2 243
EBIT* (NOKm)	339	153	950	71
Harvested volume (GWT)	15 361	16 905	67 964	57 051
EBIT/kg* (NOK)	22.1	9.1	14.0	1.2

- Significant lift in trout prices, but price realisation still marginally below salmon. 35% of quarterly harvest volume was trout
- Significant potential for cost reductions, as of today expect relatively stable cost level for 2017
- Expected harvest volume in 2017 is 64 000 GWT

EBIT*/kg



*before biomass adj. including EBIT from Norsk Oppdrettsservice

Wild Catch (Havfisk/NWS)

	Q1 2017	Q1 2016	2016	2015
EBITDA (NOKm)	187		131	
EBIT (NOKm)	158		89	

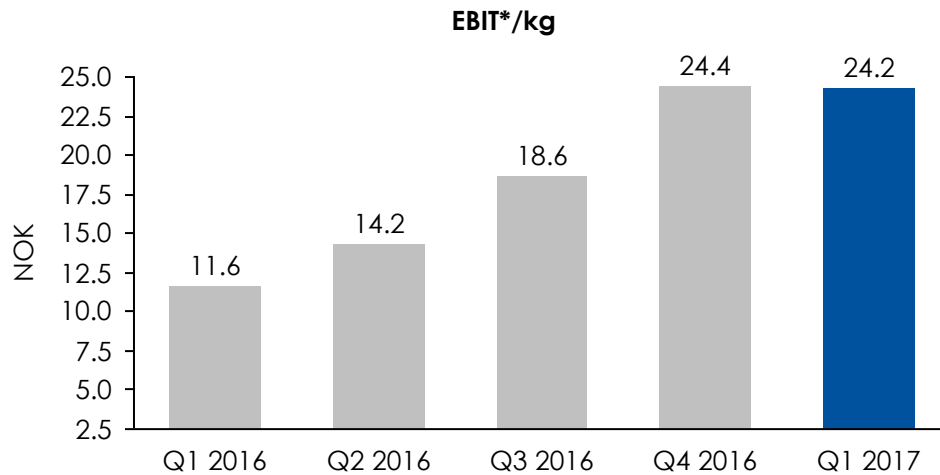
Havfisk, catch volume	Q1 2017	Q1 2016	2016	2015
Cod	9 425	6 950	29 945	28 875
Saithe	2 841	3 508	11 626	9 086
Haddock	7 380	4 973	11 508	7 943
Shrimps	0	0	1 432	4 016
Other	940	738	9 253	8 294
Total	20 586	16 169	63 764	58 214

Havfisk, prices	Q1 2017	Q1 2016	2016	2015
Cod	26,8	24,6	25,1	23,5
Haddock	19,5	15,1	14,6	16,2
Saithe	12,8	16,9	15,5	15,9

- Consolidated from 1. September 2016
- Strong start of the year in Havfisk. Highest catch volumes and catch value per day per vessel in company's history
- Significant changes made in Norway Seafoods Group operation into 2017. First season with new organisation, and potential for improvements.
- Increased confidence in value creation potential

Norskott Havbruk (associate)

	Q1 2017	Q1 2016	2016	2015
Revenue (NOKm)	372	422	1 721	1 498
EBIT* (NOKm)	143	81	474	122
Harvested volume (GWT)	5 918	6 981	28 043	27 032
EBIT/kg* (NOK)	24.2	11.6	16.9	4.5



- Strong quarter, and good biological performance
- Contract share 51%, with negative impact on price achievement
- New RAS smolt facility under construction.
- Expected harvest volume in 2017 is 30 000 GWT

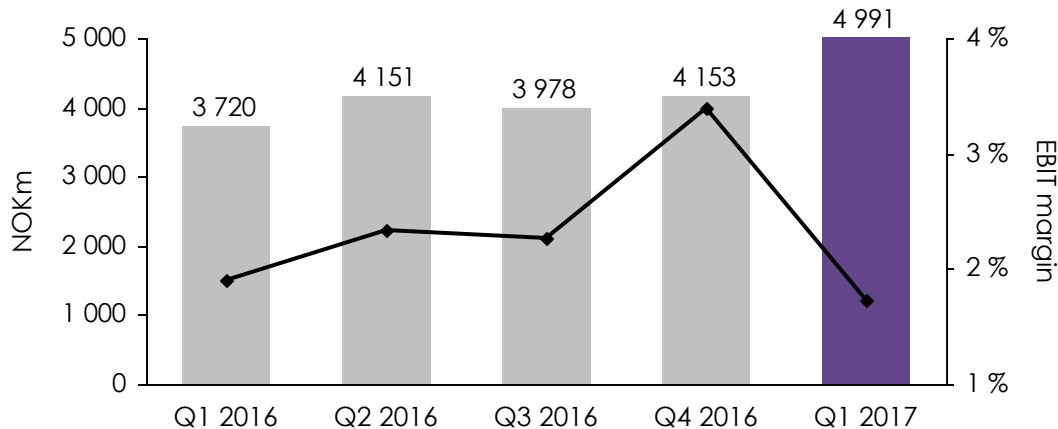
*before biomass adj

VAPS&D – VAP, Sales and Distribution

	Q1 2017	Q1 2016	2016	2015
Revenue (NOKm)	4 992	3 720	16 002	14 480
EBIT (NOKm)	86	71	399	393
EBIT margin	1.7 %	1.9 %	2.5 %	2.7 %

- Highest activity level, both in revenue and volume, in history.
- Significant potential in developing whitefish segment as well as “fish cuts”
- Continued focus on adjusting sales prices to reflect raw material prices, which appear to be high for foreseeable future
- High focus on product development, seeing positive development in key markets

Revenue and EBIT margin (line graph)





Agenda

- 1 Highlights
- 2 Key financial figures
- 3 Outlook

Atlantic salmon – Supply in tons WFE

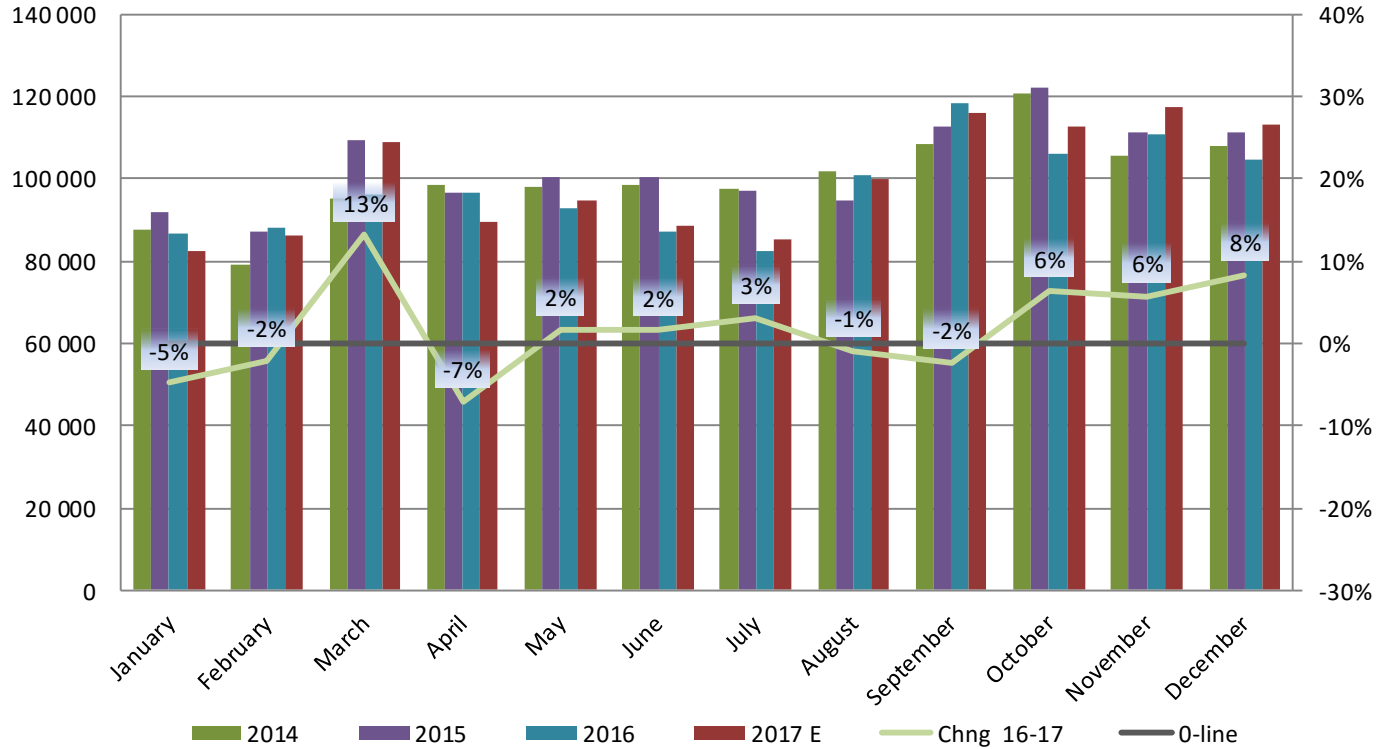
	2012	Change 11-12	2013	Change 12-13	2014	Change 13-14	2015	Change 14-15	2016	Change 15-16	2017	Change 16-17
Norway	1 183 100	17,7 %	1 143 600	-3,3 %	1 199 000	4,8 %	1 234 200	2,9 %	1 171 100	-5,1 %	1 194 600	2,0 %
United Kingdom	159 400	3,0 %	157 800	-1,0 %	170 500	8,0 %	166 300	-2,5 %	157 400	-5,4 %	170 400	8,3 %
Faroe Islands	70 300	24,9 %	72 600	3,3 %	82 700	13,9 %	75 600	-8,6 %	77 300	2,2 %	84 400	9,2 %
Ireland	15 600	-2,5 %	10 600	-32,1 %	12 300	16,0 %	15 700	27,6 %	14 900	-5,1 %	17 000	14,1 %
Iceland	3 250	170,8 %	3 350	3,1 %	4 400	31,3 %	3 600	-18,2 %	8 100	125,0 %	12 300	51,9 %
Total Europe	1 431 650	16,0 %	1 387 950	-3,1 %	1 468 900	5,8 %	1 495 400	1,8 %	1 428 800	-4,5 %	1 478 700	3,5 %
Chile	364 000	64,7 %	468 100	28,6 %	582 900	24,5 %	598 200	2,6 %	504 400	-15,7 %	527 700	4,6 %
Canada	136 500	14,2 %	115 100	-15,7 %	95 000	-17,5 %	135 200	42,3 %	142 500	5,4 %	135 300	-5,1 %
USA	19 600	7,1 %	20 300	3,6 %	24 000	18,2 %	20 200	-15,8 %	22 000	8,9 %	22 000	0,0 %
Australia	40 000	11,1 %	39 000	-2,5 %	42 000	7,7 %	54 400	29,5 %	50 900	-6,4 %	57 800	13,6 %
Others	8 100	62,0 %	11 200	38,3 %	15 200	35,7 %	13 700	-9,9 %	10 900	-20,4 %	8 900	-18,3 %
Total Others	568 200	42,1 %	653 700	15,0 %	759 100	16,1 %	821 700	8,2 %	730 700	-11,1 %	751 700	2,9 %
Total World-wide	1 999 850	22,4 %	2 041 650	2,1 %	2 228 000	9,1 %	2 317 100	4,0 %	2 159 500	-6,8 %	2 230 400	3,3 %

SPOT prices, fresh Atlantic salmon
 cross-section, FCA Oslo
 as of week 17-2017 (Superior quality).

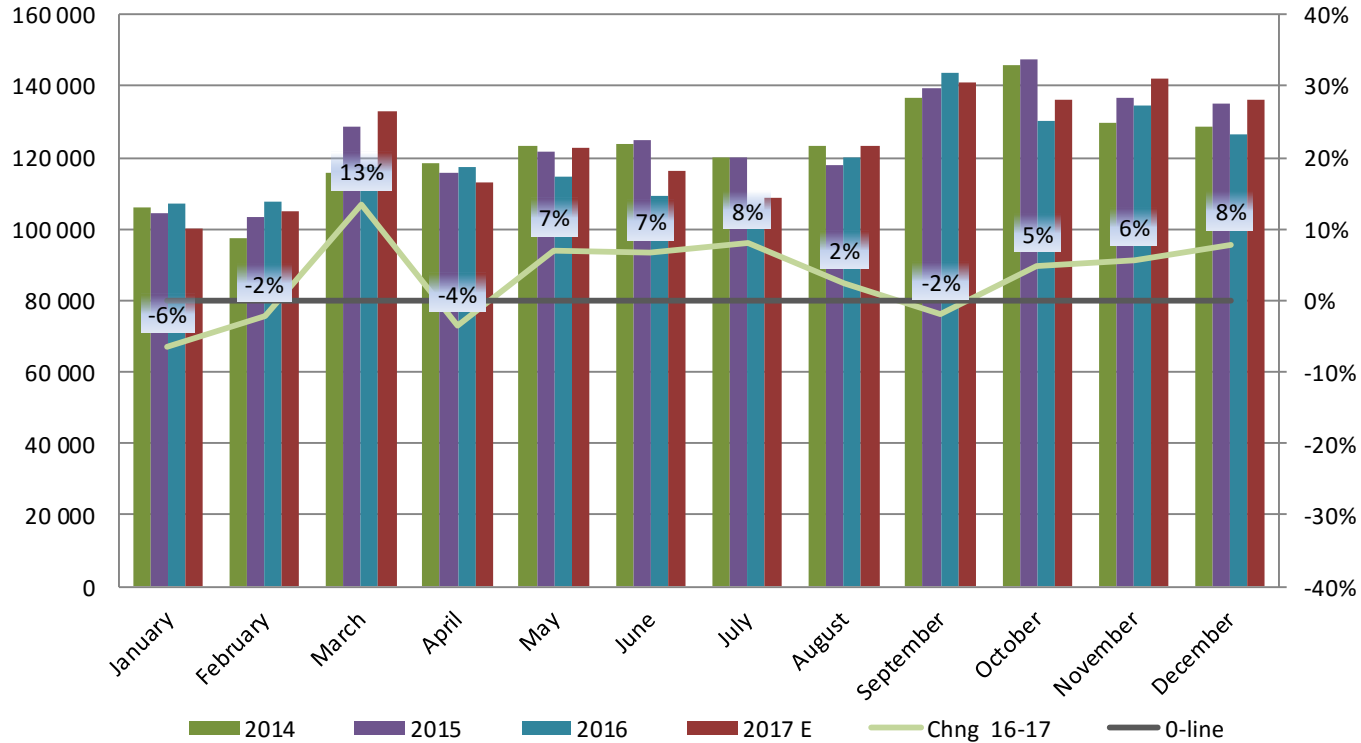
Quarter	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Q1	25	28	34	40	26	35	47	40	58	65
Q2	25	35	40	37	27	42	39	37	63	63
Q3	28	31	38	26	25	38	34	40	60	
Q4	25	27	38	23	26	42	39	44	66	
Total	26	31	37	31	26	39	40	41	62	65



Atlantic salmon - Harvest Quantities Norway in tons WFE

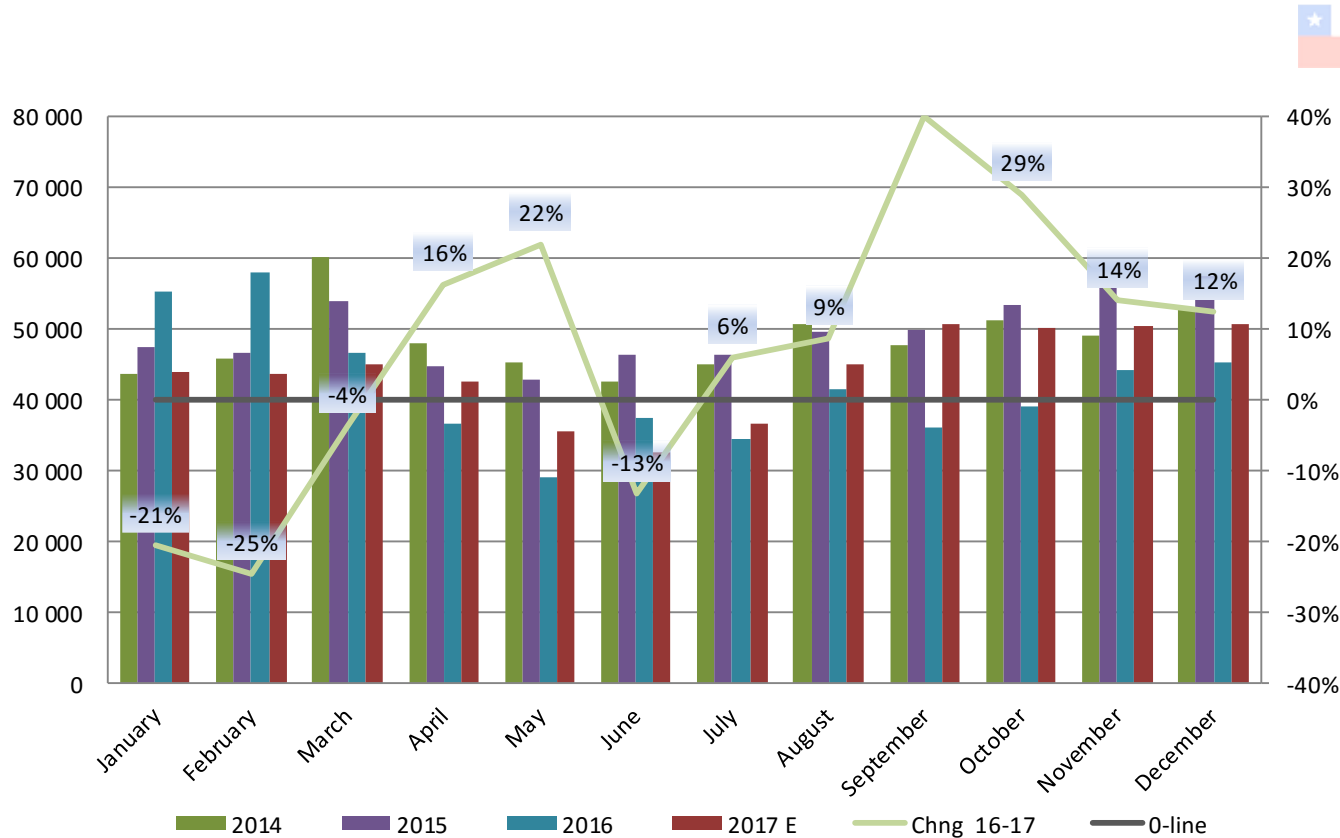


Atlantic salmon - Harvest Quantities Europe in tons WFE



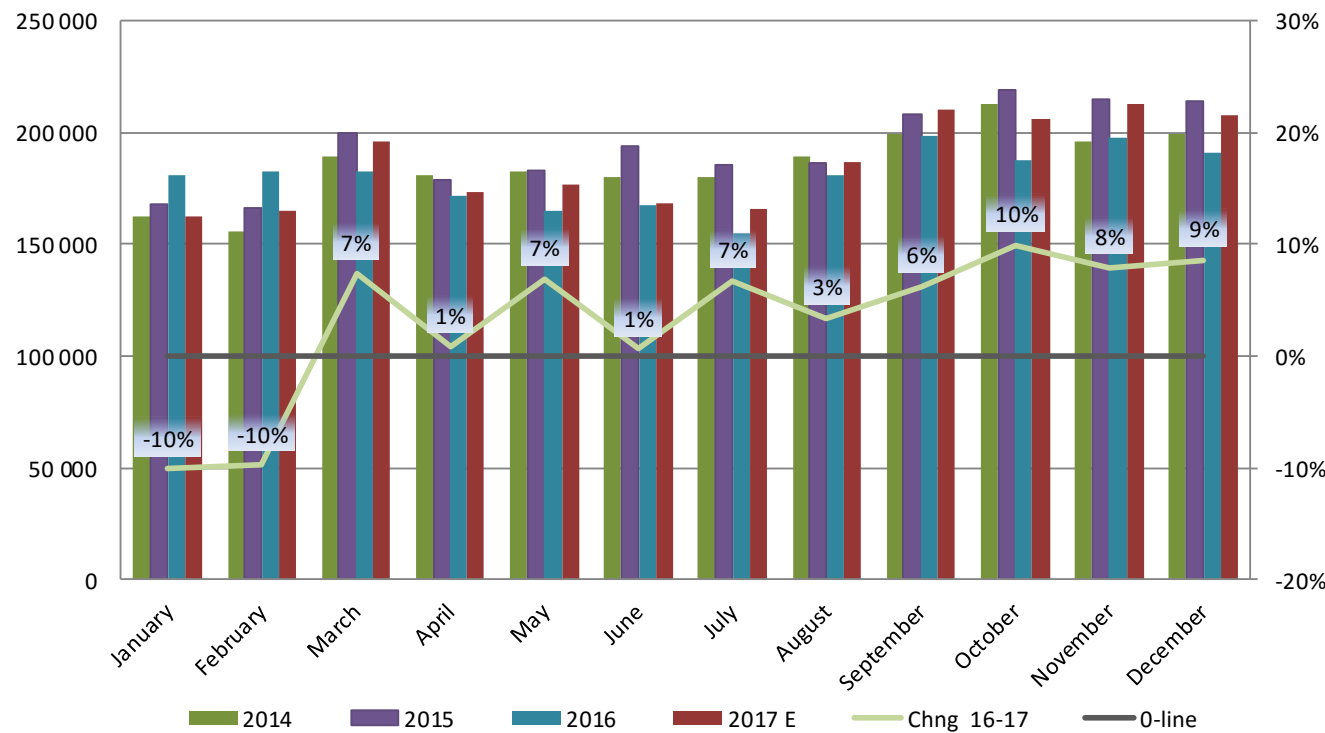
Atlantic salmon - Harvest Quantities Chile

in tons WFE



Atlantic salmon - Harvest Quantities WW

in tons WFE



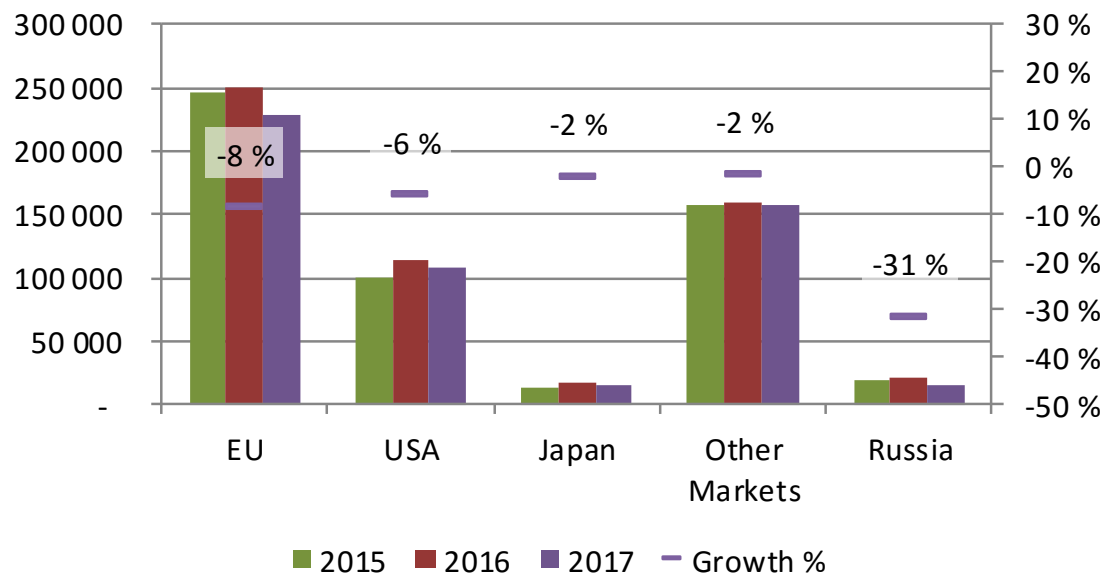
Atlantic Salmon Consumption



Q1

Salmon

Market	2015	2016	2017	Growth	Growth %
EU	246 700	249 500	228 600	-20 900	-8 %
USA	99 900	114 400	107 800	-6 600	-6 %
Japan	12 400	16 400	16 100	-300	-2 %
Other Markets	156 600	160 000	157 500	-2 500	-2 %
Russia	19 800	20 800	14 300	-6 500	-31 %
Total Consumption	535 400	561 100	524 300	-36 800	-7 %



Outlook

- Market outlook supports strong prices
- Harvest guidance 180.000 GWT (including associates) for 2017
- Expected contract share Q2 ~40%, with significantly lower harvest volume than in Q1/17

Outlook continued

- Significant potential in whitefish
 - Remaining quota for 2017 at level with end Q1 2016

- Government proposals on changes in Havfisks shore-based production obligations forwarded to Parliament, to be decided in Q2/17.





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!