



Austevoll Seafood ASA

# Q3 2018 Financial presentation

CEO - Arne Møgster

CFO - Britt Kathrine Drivenes



# Highlights

All figures in MNOK	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	2017
Revenue	5 317	4 903	17 072	15 997	20 799
<b>EBITDA*</b>	<b>1 008</b>	<b>1 051</b>	<b>4 023</b>	<b>3 929</b>	<b>4 747</b>
EBIT*	771	822	3 323	3 243	3 827
Pre-tax profit**	758	873	3 429	3 378	4 029
EPS (NOK)*	1,44	1,95	6,88	6,99	8,62
<b>Total assets</b>			<b>37 633</b>	<b>34 892</b>	<b>35 309</b>
Net interesting bearing debt			4 435	4 411	4 138
Equity ratio			58 %	54 %	54 %
<b>Group EBITDA incl. 50% of Pelagia</b>	<b>1 035</b>	<b>1 114</b>	<b>4 239</b>	<b>4 120</b>	<b>5 054</b>
<i>EBITDA Salmon/whitefish</i>	820	1 008	3 095	3 379	4 300
<i>EBITDA Pelagic incl. proportional Pelagia</i>	216	106	1 144	741	754

\* Before fair value adjustments related to biological assets

\*\* In pre-tax profit the effect from fair value adjustments related to biological assets is excluded. This effect is also excluded for biological assets in associated company.

# Operation overview

	PERU	CHILE	NORTH ATLANTIC	AUSTEVOLL SEAFOOD GROUP
PELAGIC FISHING	7% of anchovy quota centre-north 20 fishing vessels	8.4% of pelagic fishing quota 3 fishing vessels	4 fishing vessels	400,000 - 500,000 MT of pelagic fish caught annually (27 vessels)
PELAGIC PROCESSING	7 processing plants	4 processing plants	27 processing plants*	38 processing plants Intake of 1.6 - 1.9 mill MT of fish annually
WHITE FISH			11% whitefish quota (NO) <ul style="list-style-type: none"> <li>• 9 fishing vessels</li> <li>• 8 Processing plants</li> </ul>	100,000-120,000 MT of whitefish (9 vessels) 8 processing plants
SALMON			Norway: 153 salmon licenses <ul style="list-style-type: none"> <li>• incl. salmon operation UK*</li> </ul>	190,000 - 200,000 MT of salmon
SALES	Integrated sales organisation	Integrated sales organisation	Integrated sales organisation	Wholesale with global sales & distribution

\* Associated companies

# Pelagic

Austral Group S.A.A

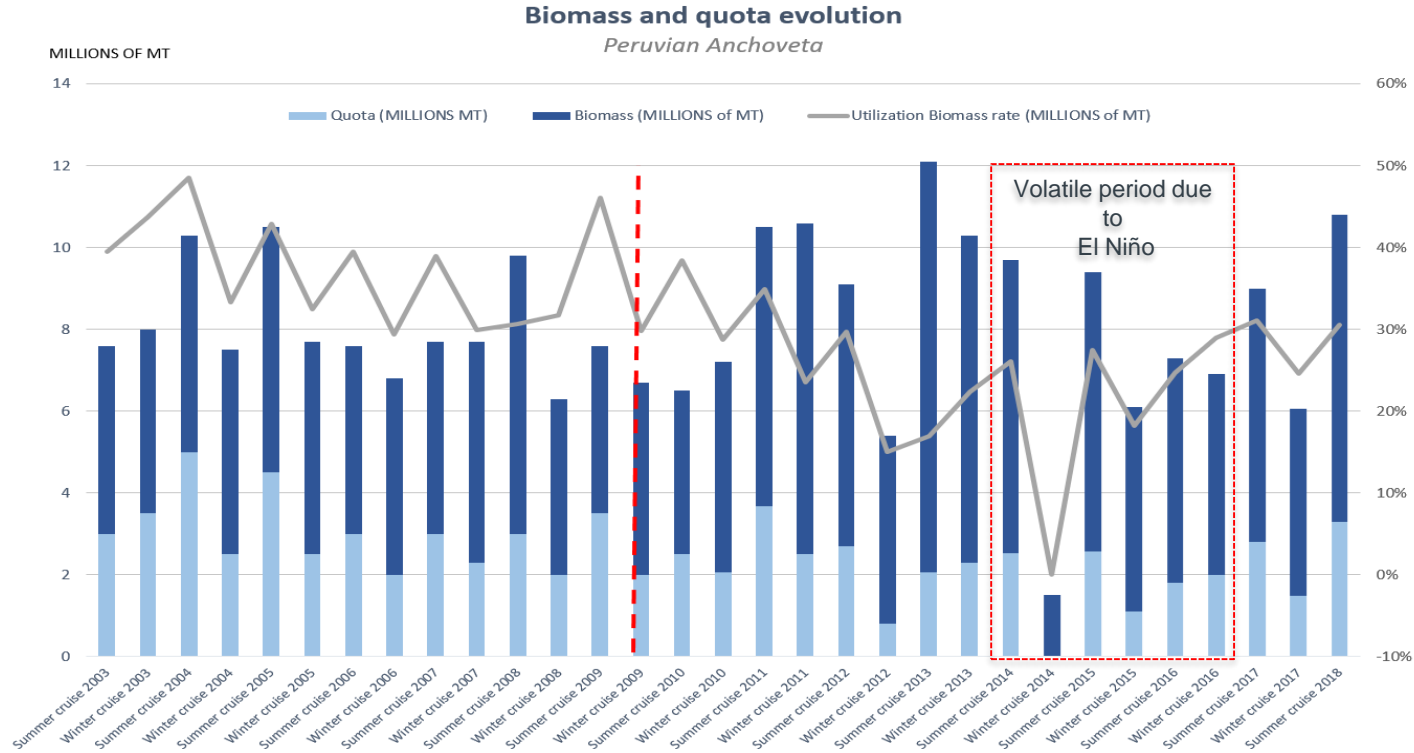
Foodcorp Chile S.A

Br. Birkeland AS

Pelagia AS (associated)

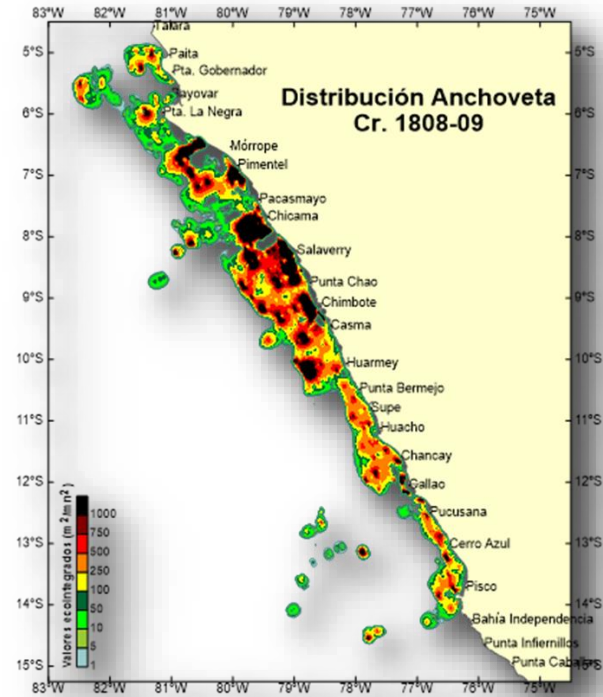
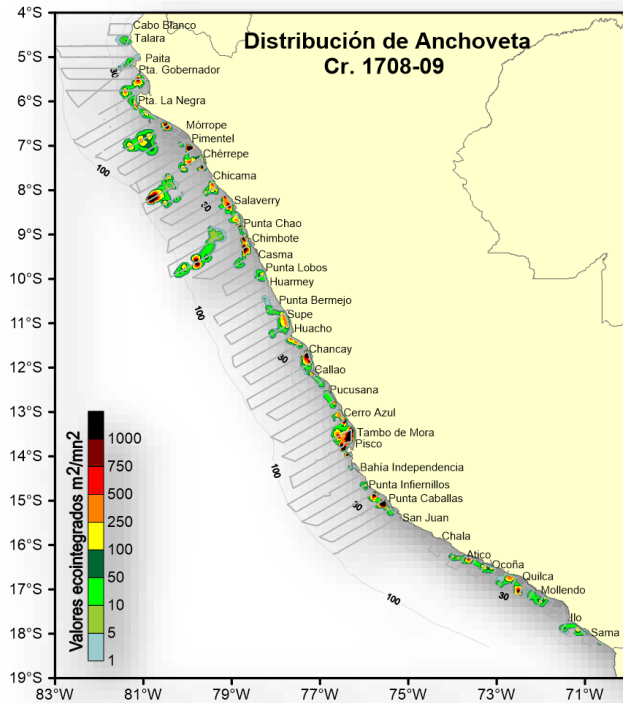


# Biomass and quota evolution



Peruvian quota for 2018 estimated at 5.3 – 6.0 million MT (subject to IMARPE`s cruises)

# Comparison between 2017-II & 2018-II - Eggs and larvae cruise



Source: IMARPE

# Operation in Peru

Austral Group S.A.A

## Fishmeal/fish oil

### Centre/North

- Seasonal low production quarter
- New season to be announced in the coming days

### South

- Significant increase in unload share in South from 9.5% to 30.5%, equivalent to 73,049MT in 2018 vs. 18,500MT in 2017 benefitting from fish location
- Highest unload for Austral in South since 2007

## Direct Human Consumption

- Unload for DHC by end October is 10,000 MT, compared to 9,000 MT in 2017

Volume '000 MT	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	2018E	2017
<b>Own catch</b>						
Anchoveta	1	6	276	209	389	209
Mackerel	2	0	7	9	10	9
<b>Purchase</b>						
Anchoveta	15	2	138	75	169	75
Mackerel	0	0	0	1	1	1
<b>Total ('000 MT)</b>	<b>18</b>	<b>8</b>	<b>421</b>	<b>294</b>	<b>569</b>	<b>294</b>



# Operation in Chile

## Foodcorp Chile S.A

### Own catches:

- Main season ended in August
- 5,000 MT to be caught in December

### Purchases:

- Giant squid: low season
- Sardine/anchovy: ban period

### Jack mackerel:

- Foodcorp availability for 2018
  - Own quota : 29,400 MT
  - Purchases from third countries: 23,400 MT

### Jack mackerel quota 2019

- Recommendation of 3% increase of TAC vs. 2018

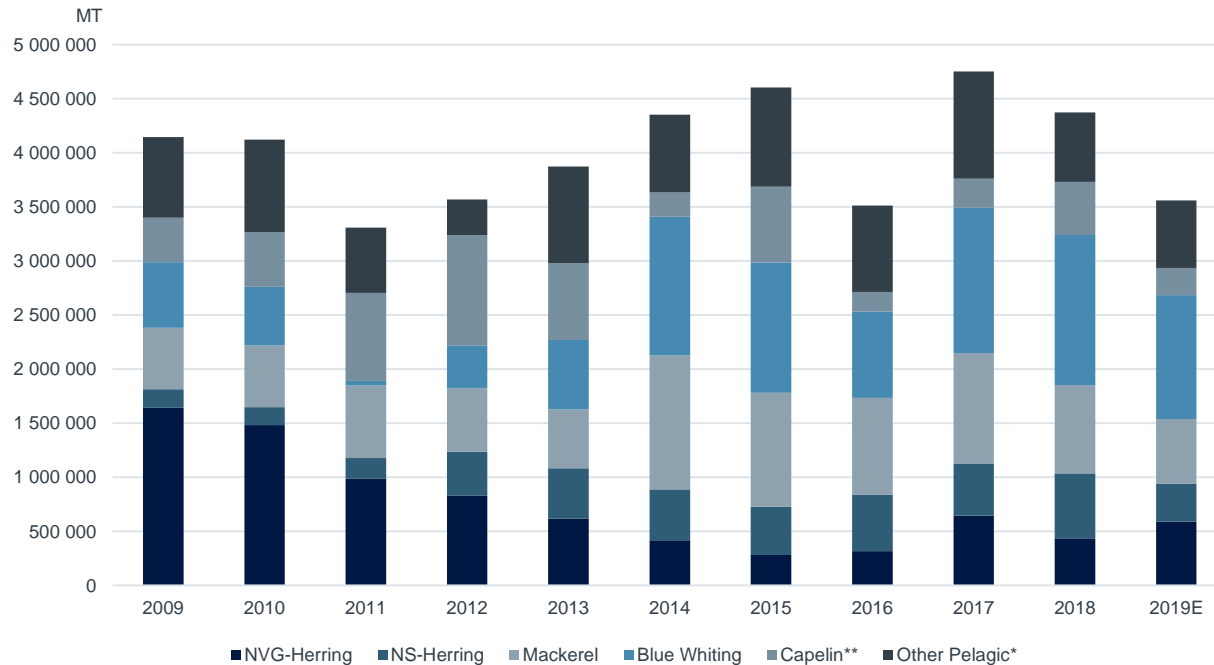
Volume '000 MT	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2018E	2017
<b>Own catch:</b>						
Mackerel and other species	10	16	52	41	57	44
<b>Purchase:</b>						
Sardine/anchovy	0	3	23	39	25	43
Giant squid/mackerel	2	1	12	14	11	15
Total ('000 MT)	12	20	87	94	90	102

**Focus remains in securing raw material from third parties**



# North Atlantic pelagic quotas

(2009-2019E)



\* Horse Mackerel, Sand Eel, Norway Pout, Boar \*\* Capelin from both the Barents Sea and Iceland

## Key drivers for 2019 E

- Increased quota for:
  - NVG herring
- Decrease in quota for
  - Capelin (Barents Sea = 0)
  - Mackerel
  - North Sea herring
  - Bluewhiting

Source:  
Norges Sildesalgslag, Havforskningsinstituttet.

Estimates is based on data from the above sources and ICES recommendation

# Pelagia AS

## Fishmeal and fish oil (FMO)

Norway, UK and Ireland ('000 MT)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2018E	2017
<b>Raw Material:</b>						
Fishmeal and fish oil	100	79	577	560	645	675
Protein concentrate/oil	49	77	189	206	265	284
<b>Total ('000 MT)</b>	<b>150</b>	<b>156</b>	<b>766</b>	<b>766</b>	<b>910</b>	<b>959</b>

All volume based on 100%

- Higher raw material intake in Q3 2018 vs. Q3 2017
- Despite good sales in Q3, it was still about 20 % lower vs. Q3 2017
- Some recovery on prices seen in Q3 2018 for fishmeal
- Q4 production mainly based on trimmings from herring and mackerel
- ICES quota recommendations reduced in 2019 vs. 2018 quotas
  - Lower raw material volume expected in 2019



# Pelagia AS

## Direct Human Consumption

Volume ('000 MT)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2018E	2017
Raw material intake	55	60	227	224	410	430

- Seasonal low production quarter
- Raw material intake lower vs. Q3 2017
  - Higher North Sea herring production
  - Lower mackerel production due to late start of season
- Sales volume in line with same quarter 2017
- Q4 is expected to be represented by good volume of mackerel and winter herring
- ICES quota recommendations reduced in 2019 vs. 2018 quotas
  - Lower raw material volume expected in 2019



# Pelagia AS (100% figures)

(MNOK)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Revenue	1 244	1 350	3 983	3 915	6 122
EBITDA	55	126	432	383	614
EBIT ex. Impairment	4	80	280	264	436
EBIT	4	80	280	264	485
Sales volumes (tonnes):					
Frozen	44 500	41 900	173 300	153 200	321 100
FM/FPC/Oil	53 300	67 600	129 400	149 400	188 200



Associated company, AUSS share = 50%

# Br. Birkeland (Salmon/Fishing)

Salmon	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2018E	2017	2019E
Harvest volume (GWT)	1,275	543	4,084	5,345	6,100	6,543	8,000
EBIT (NOK/kg)	5.5	20.7	14.8	26.5	-	23,3	

## Salmon:

- Higher harvesting volumes in Q3 2018 vs. Q3 2017

## Fishing:

- Seasonal low activity for the pelagic vessels
- Snow crab fishery closed between June 15 – September 15 due to molting season

7 salmon farming licenses in Norway



4 fishing vessels operating in Norway



# Salmon/White Fish

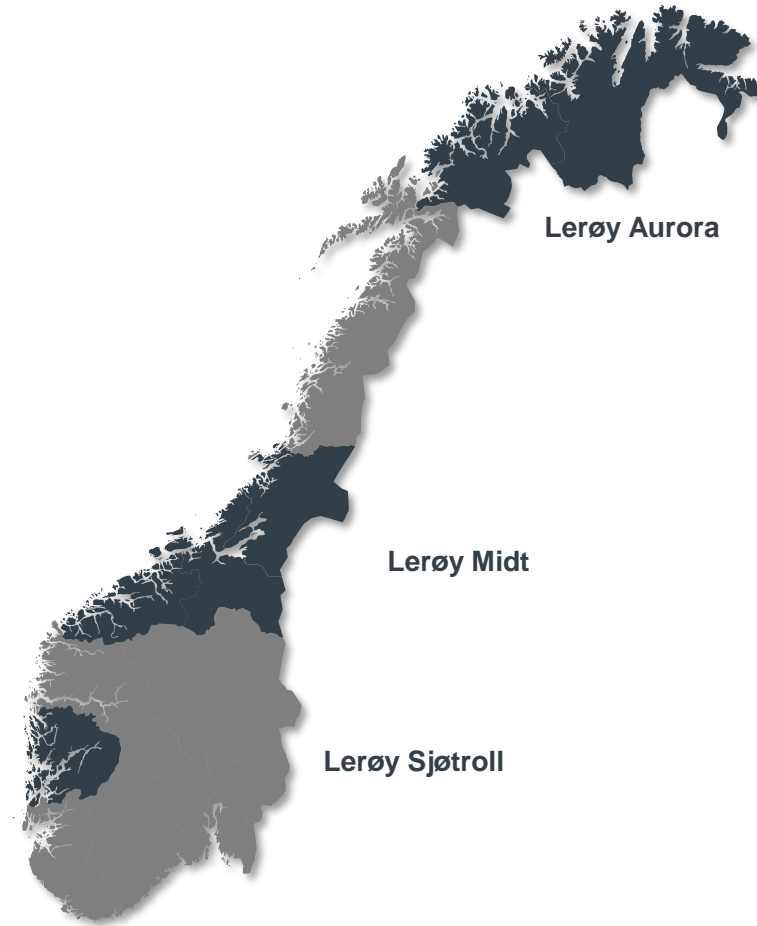
*Lerøy Seafood Group ASA*



# Lerøy Seafood Group ASA

## Q3 2018

- EBIT before FV adj. NOK 660 million (Q3/17: NOK 861 million)
  - ✓ Havfisk & LNWS EBIT NOK 41 million (Q3/17: NOK 62 million)
- Harvest volume salmon and trout 37,227 GWT (Q3/17: 46,024 GWT)
- EBIT/kg all incl. (excl. EBIT Havfisk & LNWS) of NOK 16.6 (Q3/17: NOK 17.4)
- Contract share of 25% (Q3/17: 30%)
- NIBD NOK 3,111 million at end of Q3/18 (Q3/17: NOK 2,733)



# Lerøy Seafood Group ASA

## Salmon/Trout farming

	2013	2014	2015	2016	2017	2018E	2019E
	GWT	GWT	GWT	GWT	GWT	GWT	GWT
Lerøy Aurora AS*	24 200	26 800	29 200	30 000	39 200	36 500	37 000
Lerøy Midt AS	58 900	68 300	71 400	52 200	64 500	71 000	71 000
Lerøy Sjøtroll	61 700	63 200	57 100	68 000	54 000	58 500	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>166 000</b>	<b>174 000</b>
Villa Organic AS**		6 000					
Norskott Havbruk (UK)***	13 400	13 800	13 500	14 000	15 500	13 000	16 000
<b>Total</b>	<b>158 200</b>	<b>178 100</b>	<b>171 200</b>	<b>164 200</b>	<b>173 300</b>	<b>179 000</b>	<b>190 000</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



# Lerøy Seafood Group ASA (Wild catch)

Havfisk, catch volume	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Cod	4 714	7 662	17 805	21 154
Haddock	1 008	2 464	7 995	11 894
Saithe	3 908	3 436	12 992	12 862
Shrimps	2 703	165	7 307	1 161
Other	1 950	3 303	8 641	7 313
<b>Total</b>	<b>14 282</b>	<b>17 029</b>	<b>54 740</b>	<b>54 384</b>

Havfisk, prices	Q3 2018	Q3 2017	YTD 2018	2017
Cod	31.2	25.5	30.6	26.7
Haddock	24.2	17.5	23.5	18.9
Saithe	10.7	11.2	11.2	11.6

## Q3 2018: Wild catch

- Q3/18 harvest volume at 14,282 MT vs. 17,029 MT in Q3/17
  - Decrease in catch of cod and haddock and increase in shrimp compared with Q3/17
- Average prices up 23% y-o-y. Y-o-y prices for cod up 23%, haddock 38%, while saithe down 5%
- Expected catch volume around 65,000 MT in 2018
- As it takes time to adjust prices to end-market, increase in raw material prices is a challenge within processing

# Financials

Q3 2018



# Catch, purchase and farming (100% volumes)

Figures in 1,000 tonnes	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	2018 E	2017
<b>Group companies:</b>						
Norway (whitefish)	14	17	55	54	65	67
Norway (pelagic)	3	5	33	28	40	40
Chile own catch	10	16	52	41	57	44
Chile purchase	2	3	35	52	36	58
Peru own catch	3	7	283	218	400	218
Peru purchase	15	2	139	74	170	75
<b>Total Group companies</b>	<b>46</b>	<b>50</b>	<b>597</b>	<b>467</b>	<b>768</b>	<b>502</b>
<b>Joint ventures:</b>						
Europe purchase (HC)	55	60	227	224	410	430
Europe purchase (FM/FPC/Oil)	150	156	765	766	910	960
<b>Total Joint venture:</b>	<b>205</b>	<b>216</b>	<b>992</b>	<b>990</b>	<b>1 320</b>	<b>1 390</b>
<b>TOTAL WILDCATCH</b>	<b>252</b>	<b>266</b>	<b>1 589</b>	<b>1 457</b>	<b>2 088</b>	<b>1 892</b>
<b>Salmon/Trout (GWT)*</b>	<b>43</b>	<b>51</b>	<b>127</b>	<b>133</b>	<b>185</b>	<b>180</b>
<b>TOTAL GROUP</b>	<b>294</b>	<b>317</b>	<b>1 716</b>	<b>1 590</b>	<b>2 273</b>	<b>2 072</b>

\* Incl. 50% of the Scottish Sea Farms volumes

# Key financial figures

(NOK 1,000)	Q3 2018	Q3 2017	Δ%
Revenue	5 317 212	4 902 771	8,5 %
<b>EBITDA*</b>	<b>1 008 046</b>	<b>1 051 110</b>	-4,1 %
Depreciation/impairment	237 326	229 076	
<b>EBIT*</b>	<b>770 720</b>	<b>822 034</b>	-6,2 %
Income from associates*	73 873	122 197	
Net finance	-86 689	-70 871	
<b>Pre-tax**</b>	<b>757 904</b>	<b>873 360</b>	-13,2 %
Net profit	607 895	270 423	
EPS (NOK)	1,50	0,85	
EPS (NOK)*	1,44	1,95	

	Q3 2018 a)	Q3 2017 a)	Δ%
	5 939 133	5 498 913	8,0 %
	<b>1 035 362</b>	<b>1 097 957</b>	-5,7 %
	262 793	251 336	
	<b>772 569</b>	<b>846 621</b>	-8,7 %

\* before fair value adjustments related to biological assets

\*\* In pre-tax profit is the effect from fair value adjustments related to biological assets excluded, also for biological assets in associated company.

a) AUSS incl. proportional 50% of Pelagia AS

	Q3 2018	Q3 2017
Biomass adj group company	71 834	-511 708
Biomass adj group associated companies	-31 892	-32 843

# Key financial figures

(NOK 1,000)	YTD Q3 2018	YTD Q3 2017	Δ%
Revenue	<b>17 071 741</b>	15 996 920	6,7 %
<b>EBITDA*</b>	<b>4 022 980</b>	<b>3 928 574</b>	2,4 %
Depreciation/impairment	699 565	685 683	
<b>EBIT*</b>	<b>3 323 415</b>	<b>3 242 891</b>	2,5 %
Income from associates*	343 929	342 298	
Net finance	-238 273	-206 715	
<b>Pre-tax**</b>	<b>3 429 071</b>	<b>3 378 474</b>	1,5 %
Net profit	<b>3 874 706</b>	<b>2 012 028</b>	
EPS (NOK)	9,92	5,39	
EPS (NOK)*	6,88	6,99	

YTD Q3 2018 a)	YTD Q3 2017 a)	Δ%
<b>19 063 175</b>	17 954 316	6,2 %
<b>4 238 801</b>	<b>4 119 842</b>	2,9 %
775 585	744 997	
<b>3 463 216</b>	<b>3 374 845</b>	2,6 %

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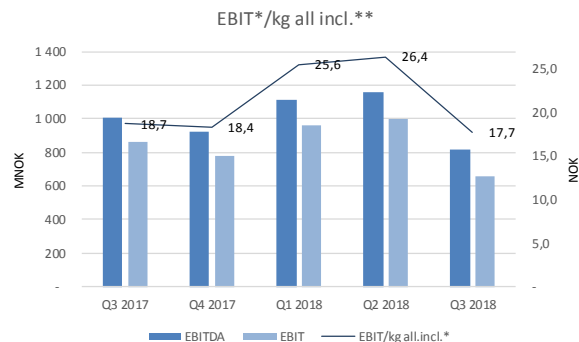
a) AUSS incl. proportional 50% of Pelagia AS

	YTD Q3 2018	YTD Q3 2017
Biomass adj group company	1 539 420	-830 572
Biomass adj group associated companies	-23 049	13 395

# Lerøy Seafood Group ASA

(MNOK)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Revenue	4 456	4 373	14 533	14 065	18 620
EBITDA*	820	1 008	3 095	3 379	4 300
EBIT*	660	861	2 620	2 939	3 717
Harvested volume (GWT)	<b>37 227</b>	<b>46 024</b>	<b>112 625</b>	<b>115 487</b>	<b>157 768</b>
EBIT/kg* ex. Havfisk (NOK)	16,6	17,4	20,3	22,8	21,1
Havfisk catch volume (MT)	<b>14 282</b>	<b>17 029</b>	<b>54 740</b>	<b>54 384</b>	<b>66 729</b>
EBIT Havfisk (MNOK)	41	62	335	307	386

\* before fair value adjustments related to biological assets



\*\* EBIT\* divided by harvest volume salmon and trout

## • Price achievement

- Spot prices below last year (- 3%)
  - NSI Q3/18 NOK 54.8 vs. NOK 56.4 in Q3/17
  - Down NOK 14/kg q-o-q and down NOK 2/kg y-o-y
- Trout price achievement well below salmon prices
- Contract prices above spot prices
  - Contract share of 25%

## • Cost (RFS) down q-o-q and y-o-y

## • Biomass at sea

- End Q3/18 at 112,624 LWT vs. 108,441 LWT end Q3/17 (+4%)

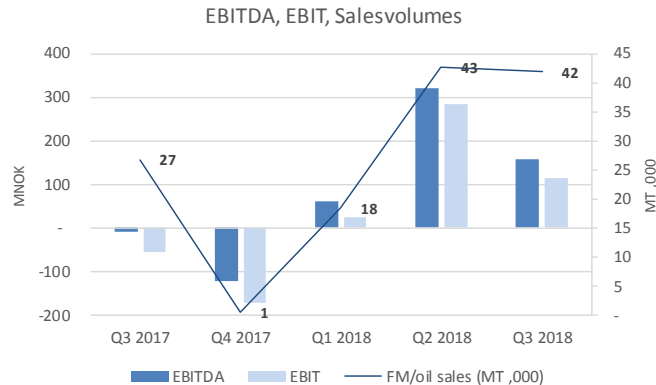
## • Wild catch – average prices up 23% y-o-y

- Decrease in catch of cod and haddock and increase in shrimp vs. Q3/17

**NIBD Q3/18 MNOK 3,111 vs. Q3/17 MNOK 2,733**

# Austral Group S.A.A

(MNOK)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Revenue	578	311	1 476	1 235	1 250
EBITDA	157	-10	542	259	137
EBIT	115	-54	421	121	-51
<b>Rawmaterial (MT):</b>	<b>17 212</b>	<b>9 099</b>	<b>404 853</b>	<b>293 238</b>	<b>293 960</b>
<b>Sales volumes:</b>					
Fishmeal (MT)	30 762	22 140	87 034	83 415	83 507
Fish oil (MT)	11 045	4 634	15 820	11 010	11 431
Frozen/fresh (MT)	1 316	-	6 487	8 136	8 154

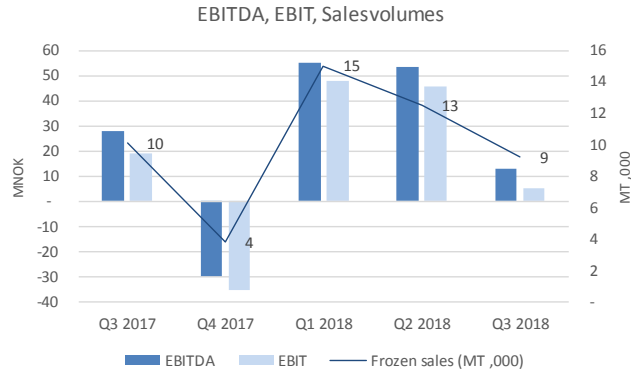


- Raw material intake
  - Seasonal low activity
  - Mainly purchase from 3<sup>rd</sup> party in the South region
- Sales
  - High sales volumes in the quarter
    - Especially fish oil due to delayed shipments from Q2
  - Higher prices vs. same quarter in 2017
- Inventory by end September 2018
  - Fishmeal 2,000 MT (Sept. 2017: 100 MT)
  - Fish oil 1,700 MT (Sept. 2017: 400 MT)

**NIBD Q3/18 MNOK 665 vs. Q3/17 MNOK 604**

# Foodcorp Chile S.A

(MNOK)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Revenue	152	145	529	406	508
EBITDA	13	28	121	109	79
EBIT	5	19	99	81	46
<b>Rawmaterial intake:</b>	<b>11 594</b>	<b>20 241</b>	<b>86 721</b>	<b>94 037</b>	<b>102 441</b>
<b>Sales volumes:</b>					
Fishmeal (MT)	1 862	3 054	7 746	8 907	13 135
Fish oil (MT)	1 504	1 627	3 568	4 298	4 577
Frozen (MT)	9 201	10 122	36 736	23 821	27 661



- Raw material intake
  - Seasonal low activity
  - 90% of the horse mackerel quota is caught within end Q3
- Sales
  - High sales volumes in the quarter
  - Higher prices vs. same quarter in 2017
- Inventory by end September 2018
  - Frozen 5,700 MT (Sept. 2017: 9,300 MT)

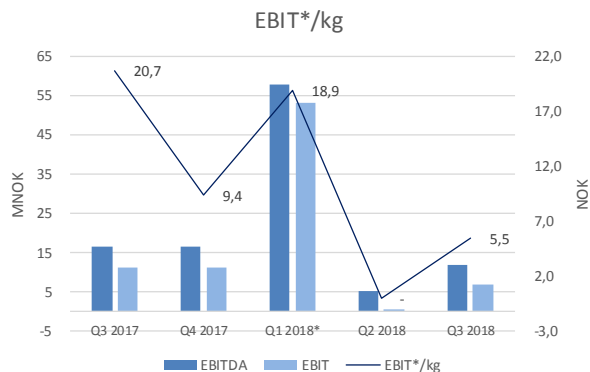
**NIBD Q3/18 MNOK -64 (cash positive) vs. Q3/17 MNOK 19**



# Br. Birkeland Farming AS (AUSS owns 55.2%)

(MNOK)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Revenue	67	29	233	347	408
EBITDA*	12	17	75	157	173
EBIT*	7	11	61	141	153
Harvested volume (GWT)	1 275	543	4 084	5 345	6 543
EBIT/kg* (NOK)	5,5	20,7	14,8	26,5	23,3

\* before fair value adjustments related to biological assets



- Price achievement
  - Spot prices below last year (- 3%)
- Cost (RFS)
  - Up y-o-y
  - Weak profitability on back- of final harvesting of the V17G, which was high cost
- Biomass at sea
  - End Q3/18 at 5,240 LWT vs. 4,347 LWT end Q3/17 (+20%)

**NIBD Q3/18 MNOK 70 vs. Q3/17 MNOK 18**

# Br. Birkeland (AUSS owns 42.9%)

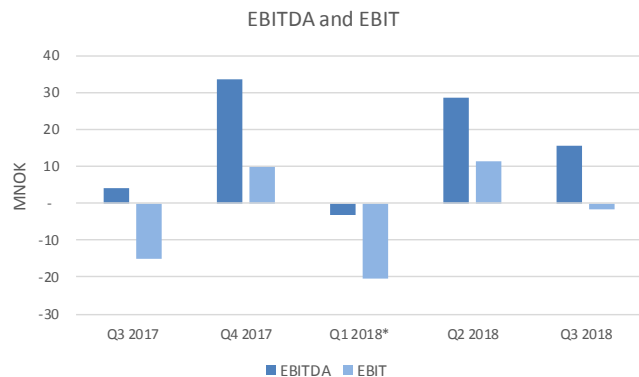
(MNOK)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Revenue	63	52	333	163	248
EBITDA	16	4	198	12	46
EBIT	-2	-15	146	-38	-29
* Gain from sale of Maron AS			157,0		
Adjusted EBITDA			40,9		
Adjusted EBIT			-11,0		

## Pelagic

- Seasonal low activity
  - Mackerel season started ultimo September
    - Higher prices vs. 2017

## Snowcrab

- Snow crab fishery closed between June 15th and September 15ths due to molting season
  - Still challenging conditions for the snow crab vessels



**NIBD Q3/18 MNOK – 48 (cash positive) vs. Q3/17 MNOK 316**

\* Q1 2018 adjusted EBITDA and EBIT (ex. Gain from sale of Maron AS)

# Statement of financial position (Group)

(NOK 1,000)	30-Sep-18	30-Sep-17	31-Dec-17
Intangible assets	11 470 832	11 635 381	11 697 603
Tangible fixed assets	8 536 749	7 092 573	7 563 091
Financial non-current assets	2 159 078	2 099 273	2 305 574
<b>Total non-current assets</b>	<b>22 166 659</b>	<b>20 827 227</b>	<b>21 566 268</b>
Biological assets at cost	4 196 031	3 759 621	3 897 815
Fair value adjustment of biomass	2 388 533	1 804 770	791 478
Other inventory	1 449 518	1 129 811	1 188 479
Receivables	2 970 330	2 770 100	2 790 309
Cash and cash equivalents	4 461 674	4 600 138	5 074 875
<b>Total current assets</b>	<b>15 466 086</b>	<b>14 064 440</b>	<b>13 742 956</b>
<b>Total assets</b>	<b>37 632 745</b>	<b>34 891 667</b>	<b>35 309 224</b>
<b>NIBD</b>	<b>4 435 398</b>	<b>4 411 494</b>	<b>4 137 532</b>
<b>Equity</b>	<b>21 849 058</b>	<b>19 165 506</b>	<b>19 171 739</b>
<b>Equity ratio</b>	<b>58 %</b>	<b>54 %</b>	<b>54 %</b>

USD/NOK:

- 30.09.2018: 8.18
- 30.09.2017: 7.97
- 31.12.2017: 8.20

Strong financial position, equity ratio at 58%

Pelagia AS is an associated company which is included in the line *Financial non-current assets* of the Group balance sheet

- As such the Group balance sheet does not include proportional consolidation of Pelagia (50%)

# Cash flow

(NOK 1,000)	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	2017 (audited)
Pre tax profit	797 848	328 812	4 945 444	2 561 299	2 200 015
Biomass adjustment	-71 834	511 708	-1 539 420	830 572	1 832 499
Paid tax	-16 462	-13 133	-905 173	-580 456	-599 617
Depreciaton and impairments	237 326	229 076	699 565	685 683	920 094
Associated companies	-41 982	-89 357	-320 881	-355 695	-498 790
Interest (net)	75 531	73 098	220 793	215 845	282 873
Working capital	-286 321	166 641	-1 068 182	-149 691	83 417
<b>Cash from operating activities</b>	<b>694 106</b>	<b>1 206 845</b>	<b>2 032 146</b>	<b>3 207 557</b>	<b>4 220 491</b>
Net investment in capex	-481 245	-456 493	-1 856 147	-1 190 602	-1 840 471
Acquisitions and divestments	-8 537	8 243	375 894	-2 297	51 926
Dividend received	80 000	26 515	392 200	236 515	264 015
Others	15 751	8 769	90 438	-15 757	-31 527
<b>Cash from investing activities</b>	<b>-394 031</b>	<b>-412 966</b>	<b>-997 615</b>	<b>-972 141</b>	<b>-1 556 057</b>
Change in long term loans	-864 704	-14 178	-420 230	475 434	338 884
Change in short term loans	261 013	-133 238	110 506	-628 282	-326 873
Dividends	-	-	-1 081 324	-950 584	-950 584
Others	-81 038	-85 017	-255 799	-263 655	-387 458
<b>Cash from financing activities</b>	<b>-684 729</b>	<b>-232 433</b>	<b>-1 646 847</b>	<b>-1 367 087</b>	<b>-1 326 031</b>
Cash at the beginning of the period	4 846 182	4 047 315	5 074 875	3 745 198	3 745 198
Net change in cash (incl.exchange gain/losses)	-384 508	552 585	-613 201	854 702	1 329 677
<b>Cash at the end of the period</b>	<b>4 461 674</b>	<b>4 599 900</b>	<b>4 461 674</b>	<b>4 599 900</b>	<b>5 074 875</b>

# Outlook

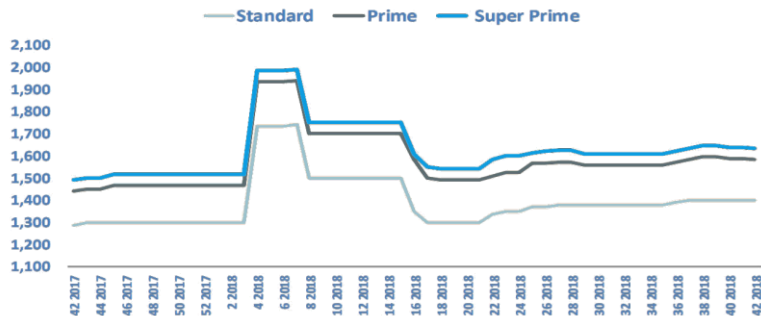


# Fishmeal

Fish meal production - week 42

Regions	Cumulative 2018	Cumulative 2017	Cumulative Change %
Chile*	304 108	267 973	13,5 %
Peru	962 896	726 069	32,6 %
Danmark/Norway*	249 403	267 864	-6,9 %
Iceland/North Atlantic*	206 445	197 613	4,5 %
Total	1 722 852	1 459 519	18,0 %

source: IFFO All numbers are preliminary and subject to revision # Includes salmon-derived oil \*Includes U.K., Ireland and Faroe Islands



Source: IFFO

## Production

- IFFO Fishmeal production increase 18% YTD vs. same period 2017, only Peru 33% up vs. 2017
- Positive outlook for future Peruvian production in Q4

## Prices

(FOB Peru)

- USD 1,590/MT for Super Prime
- USD 1,390/MT for Standard 65/180

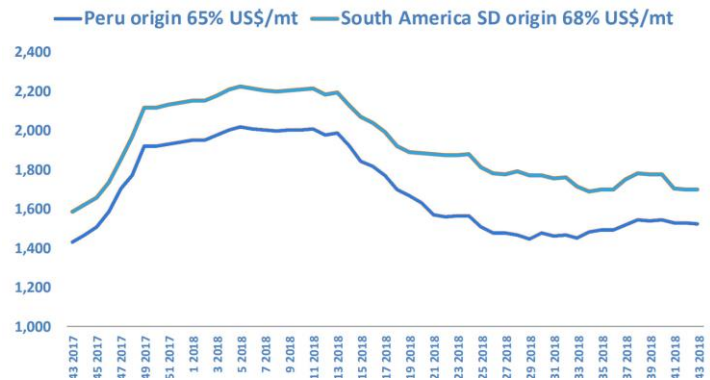
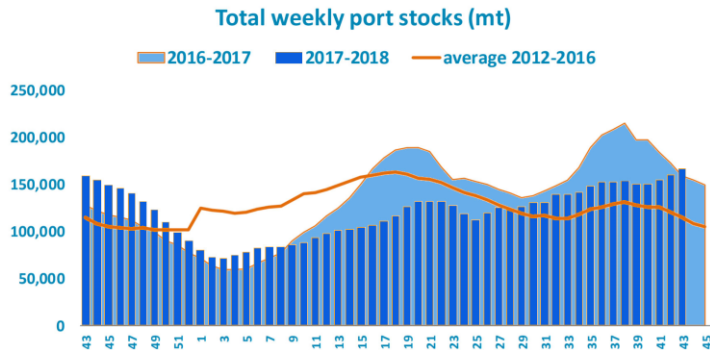
## Demand

- China is the main destination with a market share over 80%
- Second Peruvian fishing season is expected to cover China's demand until May 2019

## Supply

- No stock available for new offers
- Peru already committed around 140,000 to 150,000 MT future production (30%-32% of the production based on 2.0 mm quota)

# Fishmeal



Source: IFFO

## Main market – China

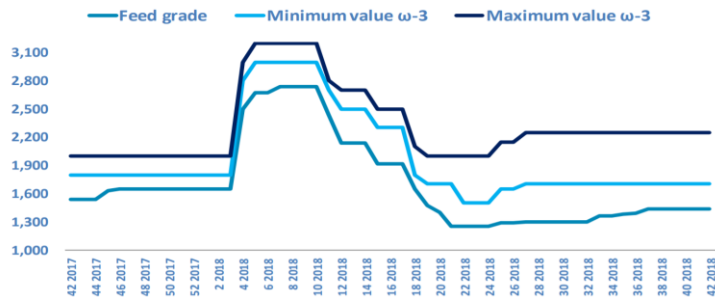
- Stock level: 160,510 MT as of Oct. 17<sup>th</sup> vs. 172,860 MT same period 2017 (-7% down vs. 2017)
  - Off takes: 2,360 MT/day (-34% vs. same period 2017), aquaculture main driver
  - The Chinese government continues with strict environmental controls but a slight recovery is expected in the domestic production this year
- Chinese prices currently equal/slightly higher than in Peru (pre-sales)
  - Quoted at RMB 11,600 -11,800/MT equivalent super prime 68% USD 1,610 - USD 1,640/MT FOB Peru
- Weak RMB against US dollar, additional extra cost involved for the importers in China (+10% vs. early 2018)
- Supply and demand is in balance

# Fish oil

Fish oil production - week 42 (cumulative)

Regions	Cumulative 2018	Cumulative 2017	Cumulative Change %
Chile*	108 229	93 289	16,0 %
Peru	171 454	102 020	68,1 %
Danmark/Norway*	65 878	56 171	17,3 %
Iceland/North Atlantic*	45 052	48 717	-7,5 %
<b>Total</b>	<b>390 613</b>	<b>300 197</b>	<b>30,1 %</b>

source: IFFO All numbers are preliminary and subject to revision # Includes salmon-derived oil \*Includes U.K., Ireland and Faroe Islands



Source: IFFO

## Production

- IFFO Fish oil production increased 31% YTD vs. same period 2017
- Peru is up 68% vs. same period 2017 due to a recovery in production and good yields

## Prices

(FOB Peru)

- Feed grade: USD 1,400/MT
- Omega-3 grade: USD 1,700 - 1,800/MT

## Demand

- Feed market – balanced market with buyers well covered up to Feb 2019
- Omega-3 market – balanced after restocking

## Supply

- Limited stock available for new offers
- Good production expected in second season



# Atlantic salmon supply

(in tonnes WFE )

	2013	Change 12-13	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	1,143,600	-3.3 %	1,199,000	4.8 %	1,234,200	2.9 %	1,171,100	-5.1 %	1,207,800	3.1 %	1,262,600	4.5 %	1,319,300	4.5 %
United Kingdom	157,800	-1.0 %	170,500	8.0 %	166,300	-2.5 %	157,400	-5.4 %	177,200	12.6 %	150,600	-15.0 %	176,600	17.3 %
Faroe Islands	72,600	3.3 %	82,700	13.9 %	75,600	-8.6 %	77,300	2.2 %	80,300	3.9 %	71,600	-10.8 %	76,000	6.1 %
Ireland	10,600	-32.1 %	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	3,350	3.1 %	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>1,387,950</b>	<b>-3.1 %</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>1,512,700</b>	<b>1.3 %</b>	<b>1,607,400</b>	<b>6.3 %</b>
Chile	468,100	28.6 %	582,900	24.5 %	598,200	2.6 %	504,400	-15.7 %	564,200	11.9 %	652,500	15.7 %	663,700	1.7 %
Canada	115,100	-15.7 %	95,000	-17.5 %	135,200	42.3 %	146,000	8.0 %	139,000	-4.8 %	146,000	5.0 %	152,000	4.1 %
USA	20,300	3.6 %	24,000	18.2 %	20,200	-15.8 %	22,500	11.4 %	21,700	-3.6 %	18,500	-14.7 %	17,500	-5.4 %
Australia	39,000	-2.5 %	42,000	7.7 %	54,400	29.5 %	50,900	-6.4 %	61,800	21.4 %	60,700	-1.8 %	61,800	1.8 %
Others	11,200	38.3 %	15,200	35.7 %	13,700	-9.9 %	12,500	-8.8 %	12,800	2.4 %	14,900	16.4 %	20,500	37.6 %
<b>Total Others</b>	<b>653,700</b>	<b>15.0 %</b>	<b>759,100</b>	<b>16.1 %</b>	<b>821,700</b>	<b>8.2 %</b>	<b>736,300</b>	<b>-10.4 %</b>	<b>799,500</b>	<b>8.6 %</b>	<b>892,600</b>	<b>11.6 %</b>	<b>915,500</b>	<b>2.6 %</b>
<b>Total World-wide</b>	<b>2,041,650</b>	<b>2.1 %</b>	<b>2,228,000</b>	<b>9.1 %</b>	<b>2,317,100</b>	<b>4.0 %</b>	<b>2,166,000</b>	<b>-6.5 %</b>	<b>2,293,300</b>	<b>5.9 %</b>	<b>2,405,300</b>	<b>4.9 %</b>	<b>2,522,900</b>	<b>4.9 %</b>

Figures as per 30.10.2018 - Source: Kontali

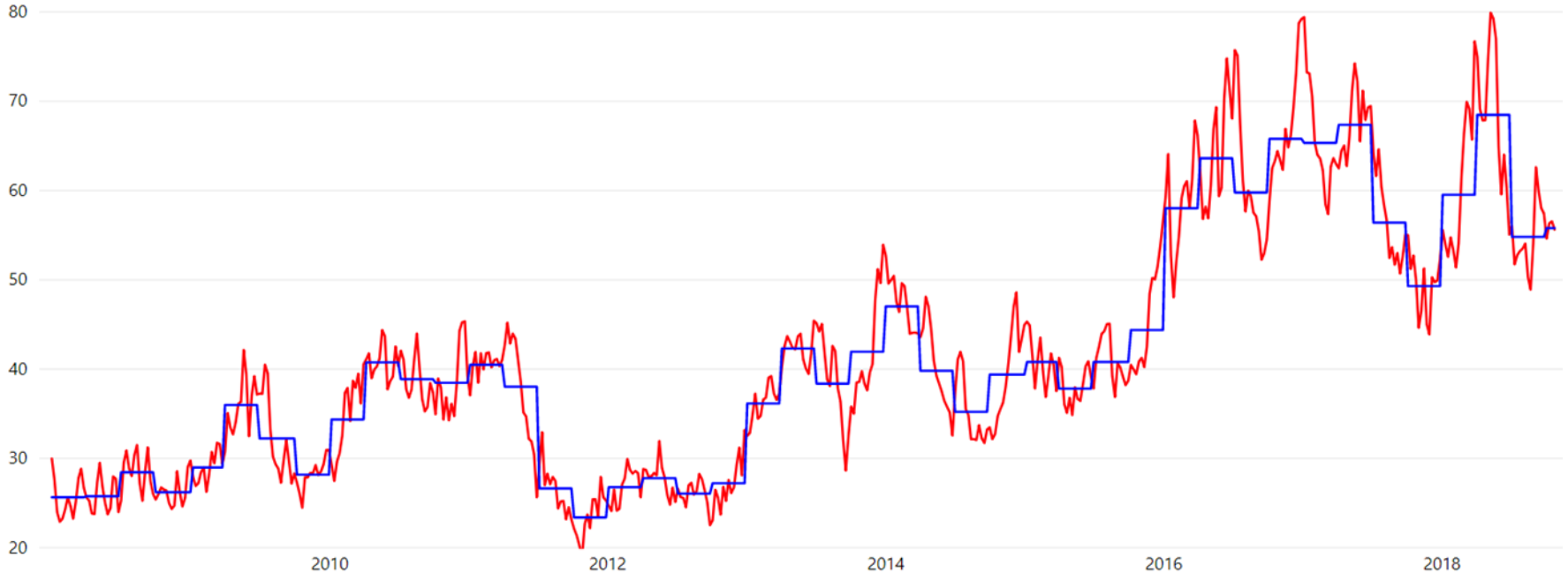
# SPOT prices

fresh Atlantic salmon, cross-section, FCA Oslo  
as of week 42-2018 (Superior quality)

Quarter	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Q1	26	29	34	40	27	36	47	41	58	65	60
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	56
<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>60</b>

Snittpriser alle størrelser\_NOS\_uke-kvartal

● Weekly Price NSI FCA Oslo ● Quarterly Price NSI FCA Oslo

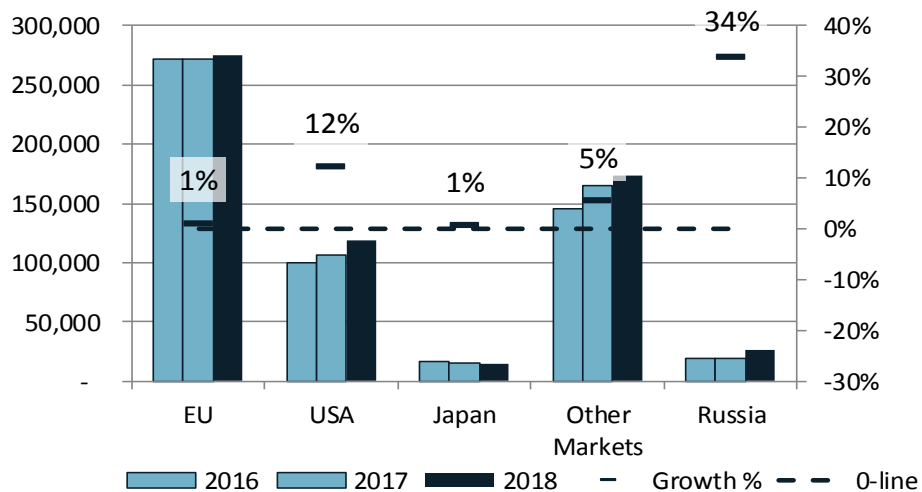


# Atlantic salmon consumption

Q3 2018

## Salmon

Market	2016	2017	2018	Growth	Growth %
EU	272,400	272,400	275,200	2,800	1%
USA	99,400	106,300	119,300	13,000	12%
Japan	16,200	14,800	14,900	100	1%
Other Markets	145,900	164,800	173,700	8,900	5%
Russia	19,500	19,800	26,500	6,700	34%
<b>Total Consumption</b>	<b>553,400</b>	<b>578,100</b>	<b>609,600</b>	<b>31,500</b>	<b>5%</b>



Figures as per 30.10.2018 - SourceLerøy/Nasdaq

# Conclusion

## Salmon

- Strong salmon prices in Q3/18
- Cost (RFS) down from Q2/18
- Harvest guidance for salmon and trout including associates 179,000 GWT for 2018
- Demand for seafood remains strong, outlook remains positive
- Volume guiding 2019 190,000 GWT

## White fish

- Lower catches in the quarter,
  - High volumes of shrimps
  - Positive price development for cod and haddock
- Expected catch volume at 65,000 tonnes in 2018
- 2019 Quota set for cod down 6.5% and haddock down 15%, Greenland halibut unchanged and redfish up 64%
- 2019 Quota advise for saithe down 13% north of 62° and saithe up 21% in the North Sea

(refer to Lerøy Seafood Group's management presentation [www.leroy.no](http://www.leroy.no))

# Conclusion

## Pelagic

### South America

- Seasonal low activity
- Recovery of the anchoveta biomass in Peru
- Recovery of the Jack mackerel biomass in Chile
  - Recommendation 3% increase in TAC for 2019

### North Atlantic (*Pelagia AS, an associated company*)

- Seasonal low activity
- Mackerel season started late September
- ICES quota recommendations reduced in 2019 vs. 2018 quotas

**We expect seasonable high production levels in Q4**



Austevoll Seafood ASA



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# Appendix





# Associated companies

Pelagia AS (100% figures)

AUSS' s share = 50%

(MNOK)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Revenue	1 244	1 350	3 983	3 915	6 122
EBITDA	55	126	432	383	614
EBIT ex. Impairment	4	80	280	264	436
EBIT	4	80	280	264	485
Net interest bearing debt			1 918	1 821	2 100

# Associated companies

Norskott Havbruk AS (100% figures)

LSG's share = 50%

(MNOK)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Revenue	547	632	1 545	1 603	2 088
EBIT*	156	184	503	554	669
Volumes (gwt)	8 088	9 429	20 813	23 784	30 996
EBIT/kg* (NOK)	19,2	19,5	24,2	23,3	21,6

\* Before biomass adj.

- Satisfactory result, with good biological performance in all regions
- Good harvest size in quarter, but some increase in costs q-o-q on higher cost in Shetland region
- New RAS facility being built with first eggs in Q4 2018 and first release of smolt in 2019
- Potential for sustainable, organic growth in coming years