



Austevoll Seafood ASA

Financial report
Q3 2016

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Austevoll Seafood ASA

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FINANCIAL REPORT Q3

Positive contribution from fish farming despite low harvested volume, and higher costs

Seasonal lower level of activity within pelagic operations in Europe and South America

Second fishing season in Peru starts 15 November, and the total quota is set at 2 million tonnes

Lerøy Seafood Group ASA (LSG) completed the acquisition of 67% of Havfisk ASA (Havfisk) and 73.6% of Norway Seafoods Group AS (NWSF) in August

In Stock Exchange report 27 October 2016, LSG reported that the company owns 100% of the shares in Havfisk and NWSF

Havfisk will be removed from the Oslo Stock Exchange and NWSF from the NOTC list.

KEY FIGURES FOR THE GROUP

All figures in NOK 1,000	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015	2015
Operating revenue	4 611 391	3 791 291	13 581 859	11 444 921	15 273 494
EBITDA	709 219	446 661	2 579 882	1 741 353	2 244 076
EBITDA%	15%	12%	19%	15%	15%
EBIT	496 482	255 027	1 982 067	1 208 850	1 386 436
Pre tax profit	457 806	331 209	2 024 594	631 075	1 572 137
Earnings per share (EPS) from continuing operations	0.82	0.87	3.74	1.68	3.59
Total assets	31 024 107	24 268 413	31 024 107	24 268 413	25 793 964
Equity	16 971 843	12 723 625	16 971 843	12 723 625	13 610 808
Equity ratio	55%	52%	55%	52%	53%
Net interest bearing debt (NIBD)/	4 776 920	4 380 395	4 776 920	4 380 395	4 838 160

Q3 2016

Subsequent to LSG's acquisition of Havfisk and NWSF at end August, the two companies are wholly consolidated in the Group as of September 2016. The interim result therefore includes the results reported by Havfisk and NWSF for September.

The Group reported operating revenue of NOK 4,611 million in the quarter, compared with NOK 3,791 million in Q3 2015.

The increase in revenue is attributed to the Atlantic salmon/trout segment. Revenue within the pelagic segment is down when compared with the same period in 2015. This can mainly be attributed to the reduced catch volume during the first fishing season in Peru and, as a result, lower production and sales volume from this season compared with last year.

EBITDA in Q3 2016 was NOK 709 million, up from NOK 447 million in the same quarter of 2015. The increase in EBITDA was mainly generated in the Atlantic salmon/trout operating segment.

EBIT before value adjustment of biomass in Q3 2016 was NOK 496 million (Q3 2015: NOK 255 million). EBIT after value adjustment of biomass in Q3 2016 was NOK 398 million (Q3 2015: NOK 331 million). Value adjustment of biomass totalled NOK -99 million in Q3 2016 (Q3 2015: NOK 76 million).

Income from associates in Q3 2016 totalled NOK 142 million (Q3 2015: NOK 69 million). The largest associates are Norskott Havbruk AS (owner of the Scotland-based fish farming company Scottish Sea Farms Ltd.) and Pelagia AS. The increase in income for Q3 2016 when compared with the same quarter in 2015 is mainly generated by Norskott Havbruk AS. The associates in the Group are generating positive results and represent substantial value.

The Group's net interest expense in Q3 2016 totalled NOK 59 million (Q3 2015: NOK 57 million).

Profit before tax and biomass adjustment for Q3 2016 amounted to NOK 546 million, compared with NOK 264 million in Q3 2015.

Profit before tax for the quarter totalled NOK 458 million (Q3 2015: NOK 331 million). Profit after tax was NOK 362 million (Q3 2015: NOK 269 million).

The Group is financially sound with an equity ratio of 55%.

The Group had net interest-bearing debt totalling NOK 4,777

million at the end of Q3 2016, compared with NOK 4,380 million at the end of the same quarter last year.

Net interest-bearing debt at the end of Q3 2016 is affected by the consolidation of Havfisk and NWSF in the Group as of September. Net interest-bearing debt from Havfisk and NWSF totalled NOK 985 million.

In Stock Exchange report dated 27 October 2016, LSG reported that the company is exercising the option to redeem other shareholdings in Havfisk and NWSF. The investment in the shares acquired in Havfisk and NWSF during the period after 30 September 2016 will amount to NOK 1 billion.

OPERATING SEGMENTS

Austral Group S.A.A (Peru)

Austral Group S.A.A. (Austral) is involved in fishing, production of fishmeal and oil and consumer products. Austral holds 6.87% of the total quota for anchoveta in Central/North Peru, and just below 4% of the quota in South Peru. In addition, the company has fishing rights for horse mackerel and mackerel.

Anchoveta is used to produce fishmeal and oil, while horse mackerel/mackerel is fished for consumer products.

The main fishing seasons for anchoveta in Central/North Peru are from April to July and November to January.

Fishmeal and oil are produced in four factories, located in Coishco, Chancay, Pisco and Ilo. The company also has two factories producing consumer products that share premises with the fishmeal and fish oil factories in Coishco and Pisco.

The first fishing season for anchoveta in Central/North Peru started on 18 June 2016 and ended on 27 July 2016. Approximately 50% of the total quota of 1,800,000 tonnes had been fished by the end of the season. Austral fished approx. 55% of its total quota of 122,000 tonnes by season end, amounting to 67,000 tonnes. In the corresponding season in 2015, the total quota was 2,500,000 tonnes, and Austral caught 100% of its quota of 177,000 tonnes. Reduced supply of raw materials has resulted in a corresponding reduction in production and sales volume for the company from the first season of 2016 when compared with the same season in 2015. Sales of fishmeal and fish oil in Q3 2016 totalled approx. 16,600 tonnes, compared with the figure of approx. 21,000 tonnes of fishmeal and oil in Q3 2015. At the end of September, the company had approx. 10,000 tonnes of fishmeal and oil on stock, compared with approx. 3,000 tonnes as of September 2015.

Operating revenue in Q3 2016 totalled NOK 258 million (Q3 2015: NOK 323 million) and EBITDA NOK 73 million (Q3 2015: NOK 50 million).

Peru is one of the largest producers of fishmeal and oil in the world. Production volumes in Peru normally have a direct influence on the prices for fishmeal worldwide. The El Niño weather phenomenon has had an impact on operations in the past three years, causing lower quotas and difficult operating conditions.

Foodcorp Chile S.A (Chile)

Foodcorp Chile S.A. (FC) is involved in fishing, consumer products, and production of fishmeal and oil. FC has a quota of 9.1% for horse mackerel in South Chile in addition to a quota for sardine/anchoveta.

All FC's facilities share the same premises in Coronel.

The main season for horse mackerel fishing is from December to July. The main season for sardine/anchoveta fishing is divided into two periods. The first season starts in March and ends in July/August. The second season normally starts in October/November.

As normal for this quarter, the company has reported reduced operations. The company had caught practically its entire quota of horse mackerel by the end of May. Fishing for sardine/anchoveta was stopped due to spawning. Difficult weather caused problems for the coastal fleet, resulting in a lower supply of squid in the quarter. Some of the main markets for frozen horse mackerel continue to be characterised by currency restrictions, with a negative effect on the company's margins. Market conditions for the remaining products – squid, fishmeal and oil – are good.

In Q3 2016, operating revenue was NOK 90 million (Q3 2015: NOK 140 million) and EBITDA was NOK -5 million (Q3 2015: NOK 11 million).

There has been a marked decline in fishing for horse mackerel in Chile since 2008/2009. International fish stock management was introduced in 2012, along with the first total quota. Responsibility for fish stock management is assigned to the South Pacific Regional Fisheries Management Organization. The quotas established in subsequent years have only seen a minor increase, in order to safeguard the build-up in biomass. We are confident that the current practice of conservative management lays the foundations for a sustainable biomass in the long term and, consequently, increased activities for the Group's business in Chile.

Lerøy Seafood Group ASA (LSG)

In Q3 2016, LSG reported operating revenue of NOK 4,268 million (Q3 2015: NOK 3,291 million) and EBITDA before value adjustment of biomass of NOK 612 million (Q3 2015: NOK 365 million).

The acquisition of the shares in Havfisk ASA and Norway Seafoods Group AS was completed on 31 August 2016. LSG is now the majority shareholder in both companies, with shareholdings of 67% and 74% respectively. Subsequent to the transactions, Havfisk ASA and Norway Seafoods Group AS are consolidated in LSG's figures with effect from September. Consolidation of the two companies had a positive effect of NOK 25 million on EBITDA in the third quarter.

The Group chose to harvest substantial volumes in Q2 2016 at high prices, entering the third quarter with a biomass that was 10% lower when compared with the same period last year. The lower biomass in the quarter has allowed LSG flexibility in terms of release from stock volume. On the basis of the Group's market perspective, this flexibility has been exploited to slightly reduce release from stock throughout the quarter and to accumulate biomass. As a result, the harvested volume in Q3 2016 is 22% lower than in Q3 2015, and the Group harvested 31,744 tonnes gutted weight of salmon and trout in the quarter, compared with 40,682 tonnes in Q3 2015.

As is normal for the season, the volume of salmon exported from Norway has increased weekly throughout the third quarter. At the start of the quarter, weekly exports of salmon from Norway were around 18,000 tonnes, ending at approx. 27,000 tonnes by the end of the quarter. This represents an increase in the weekly supply from Norway of around 50%. When combined with a slightly stronger Norwegian krone, this has put pressure on prices – although starting at a strong level – when compared with the prices in Q2 2016.

The spot price for whole superior salmon in Q3 2016 was NOK 59.7, down NOK 3.8 per kg compared with Q2 2016, and up 49% compared with the same quarter in 2015. Prices realised by the company in Q3 2016 were negatively affected by a 44% contract share (salmon and trout), and where the contract share for salmon has been 50%. The lower release from stock volume in the quarter has afforded a high contract share. Prices realised for trout remain lower than for salmon, but the gap in prices is growing smaller. The Group expects to see a positive development on the market for trout.

In Q3 2016, the Group has also experienced costs that are higher than normal due a difficult situation at Lerøy Midt.

Lerøy Midt has harvested fish with a lower average weight than expected from one location. The high share of contracts, mainly comprising the main size of salmon (3-6 kg), has resulted in low average weights for the volume sold on the spot market. This has had a negative impact on prices realised.

Release from stock costs were significantly higher in Q3 2016 than in Q3 2015, with higher feed costs the key driver. In addition, the company has suffered and continues to suffer from the high direct and indirect costs involved in complying with statutory limits for salmon lice. The Group believes as before that there is potential to considerably reduce current costs levels and, as previously reported, has implemented a number of measures intended to reduce production costs for salmon and trout. As such, the developments at Lerøy Midt in Q3 2016 are a temporary setback. The situation in Central Norway has been challenging throughout the third quarter, with significant problems involving salmon lice. The situation has required substantial treatments and harvest of fish with a lower average weight than normal. Consequently, the volume produced by Lerøy Midt in Q3 2016 is lower than expected, and the low average weights have resulted in high release from stock costs for Lerøy Midt in the third quarter. The situation for Lerøy Midt remained challenging at the start of the fourth quarter but has since improved. At the time of writing, the Group expects to report lower release from stock costs in the next quarter.

Lerøy Sjøtroll continues to report a positive development, and release from stock costs in Q3 2016 were lower than in Q2 2016.

As previously reported, Lerøy Aurora's release from stock costs have seen an increase, driven by higher feed costs. Release from stock costs were higher in Q3 2016 than in Q2 2016. The company is expected to report lower release from stock costs in the near future.

LSG has a total of 146 licences: 26 in Troms, 57 in Central Norway and 63 in West Norway.

LSG has made significant investments in increased capacity for high-value processing (VAP) of salmon and trout in recent years, and LSG's marketing work, together with good national and international customers, has resulted in improved capacity utilisation. The company's strategy has included making significant investments in processing facilities, in order to be part of the "revolution" in the distribution of fresh seafood. These investments have been made in what is known as "fish-cuts", processing facilities where freshness, service and proximity to the customer are key. Today, LSG has a number of fish-cut facilities across Europe.

In Q3 2016, LSG became the majority shareholder of both Havfisk ASA and Norway Seafoods Group AS. LSG has been a driver towards the end market via its fully integrated value chain, product development, increased traceability and availability, particularly for salmon. LSG has also launched equivalent products for white fish, and is noticing the same trends as for salmon and trout. The company is confident that there is considerable value generation potential in further developing the white fish market, including increasing capacity utilisation in Lerøy Seafood Group's downstream activities. The investments in Havfisk ASA and Norway Seafoods Group AS are important to achieve LSG's vision of being the leading and most profitable global supplier of quality sustainable seafood.

Br. Birkeland AS (BRBI)

BRBI owns two combined pelagic ring net/trawling vessels, each with 650 basic tonnes for ring nets and 1,425 trawling quota for blue whiting. In addition, the company owns a ring net vessel with 471 basic tonnes. The company also has one vessel fishing for snow crab, and one vessel being rebuilt to fish for snow crab. In addition, BRBI owns seven licences for farming Atlantic salmon/trout in Hordaland.

In Q3 2016, the BRBI segment reported operating revenue of NOK 131 million (Q3 2015: NOK 85 million) and EBITDA before value adjustment of biomass of NOK 27 million (Q3 2015: NOK 20 million).

As normal, the ring net vessels had a low level of operations in the third quarter. Mackerel fishing started at the end of September. As this is the low season for snow crab fishing, this vessel has also had a limited level of activity.

All vessels have taken advantage of the low level of operations to complete scheduled maintenance and upgrades.

1,523 tonnes of salmon and trout were harvested in Q3 2016, compared with 700 tonnes in Q3 2015. Prices realised for salmon in the quarter were very good, but release from stock costs have been substantially higher than in the previous quarter. This is due to the increase in treatment frequency, which in turn leads to reduced growth and increased mortality.

Pelagia AS

In accordance with IFRS 11, AUSS' consolidated financial statements report the joint venture Pelagia AS as an associate. In the notes to the financial statements for this segment (Note 4) and in the description of the segment in this report, the financial information comprises 50% of Pelagia AS' total revenue, EBITDA, EBIT and sales volume. This corresponds to AUSS' equity interest in Pelagia AS.

Revenue for the quarter was NOK 664 million (Q3 2015: NOK 710 million) and EBITDA was NOK 89 million (Q3 2015: NOK 103 million).

The third quarter is normally the low season. In terms of fish for consumption, the season for mackerel fishing started in mid September. Fishmeal and fish oil production has mainly comprised receipt of Norway pout, brisling and cuttings from the consumer industry. Total receipt of raw materials in the Group (100%) for fishmeal/FPC and fish oil production was approx. 167,000 tonnes for the quarter, compared with approx. 135,000 tonnes in the same quarter of 2015. The volume of raw materials received for consumer products was 62,000 tonnes, compared with 80,000 tonnes in 2015.

CASH FLOWS Q3 2016

Cash flow from operating activities for Q3 2016 was NOK 609 million (Q3 2015: NOK 412 million). Cash flow from investing activities for Q3 2016 was NOK -2,212 million (Q3 2015: NOK -2 million). In August, LSG completed the acquisition of 67% of Havfisk and 73.6% of NWSE, amounting in total to NOK 2,168 million. Cash flow from financing activities for Q3 2016 was NOK 63 million (Q3 2015: NOK -219 million). Net change in cash for the Group in Q3 2016 was NOK -1,540 million (Q3 2015: NOK 192 million).

The Group's cash and cash equivalents at the end of Q3 2016 totalled NOK 3,434 million, compared with NOK 2,420 million at the end of Q3 2015.

FINANCIAL FACTORS AT 30 SEPTEMBER 2016

The Group reported operating revenue of NOK 13,582 million at 30 September 2016 (YTD Q3 2015: NOK 11,445 million). EBITDA before value adjustment of biomass at 30 September 2016 was NOK 2,580 million (YTD Q3 2015: NOK 1,741 million).

The increase in revenue has been generated by activities within salmon and trout. The increase in EBITDA can also be attributed to the salmon and trout segment, and is mainly a result of very good prices realised for Atlantic salmon. EBIT before value adjustment of biomass at 30 September 2016 was NOK 1,982 million (YTD Q3 2015: NOK 1,209 million). The biomass adjustment at 30 September 2016 was negative at NOK 85 million. The corresponding biomass adjustment for the same period in 2015 was negative at NOK 517 million. EBIT after value adjustment of biomass at 30 September 2016 was NOK 1,897 million (YTD Q3 2015: NOK 691 million).

Income from associates at 30 September 2016 totalled NOK 308 million (YTD Q3 2015: NOK 170 million). The difference in income from associates is mainly attributed to the increased result reported by Norskott Havbruk AS.

The Group's net interest expense at 30 September 2016 totalled NOK 178 million (YTD Q3 2015: NOK 170 million).

Profit before tax and biomass adjustment at 30 September 2016 was NOK 2,080 million, compared with NOK 1,164 million for the same period of 2015.

Profit after tax at 30 September 2016 was NOK 1,559 million (YTD Q3 2015: NOK 474 million).

CASH FLOWS AT 30 SEPTEMBER 2016

Cash flow from operating activities at 30 September 2016 was NOK 2,431 million (YTD Q3 2015: NOK 1,131 million). Cash flow from investing activities at end September 2016 was NOK -1,384 million (YTD Q3 2015: NOK -494 million). Cash flow from investing activities is affected by LSG's acquisition of 67% of Havfisk ASA and 73.6% of Norway Seafoods Group ASA, totalling NOK 2,168 million. In addition, AUSS completed the sale of LSG shares in the first quarter and LSG sold treasury shares in the second quarter. Cash flow from financing activities at 30 September 2016 was NOK -76 million (YTD Q3 2015: NOK -430 million). Cash flow from financing activities is impacted by the private placing carried out by LSG in June. A total of 5 million new LSG shares were issued at a price of NOK 415.00 per share. The Group paid dividends of NOK 1,695 million as of 30 September 2016, compared with NOK 684 million in the same period in 2015. Net change in cash for the Group at 30 September 2016 was NOK 972 million (YTD Q3 2015: NOK 207 million). The Group's cash and cash equivalents at the end of September 2016 totalled NOK 3,434 million compared with NOK 2,420 million at the end of September 2015.

BALANCE SHEET AS AT 30/09/2016

The Group had a balance sheet total at end September 2016 of NOK 31,024 million, compared with NOK 28,039 million at end June 2016. The increase in the balance sheet total is impacted by the 100% consolidation of Havfisk and NWSF as of September 2016. The Group's balance sheet total at the end of September 2015 was NOK 24,268 million.

The Group is financially sound with book equity at 30 September 2016 of NOK 16,972 million, equivalent to an

equity ratio of 55%. At end September 2015, the book equity for the Group was NOK 12,724 million, or an equity ratio of 52%.

Net interest-bearing debt was NOK 4,777 million at 30 September 2016, compared with NOK 4,380 million at 30 September 2015.

The acquisition of the remaining shares in Havfisk and NWSF will require a supplementary cash payment exceeding NOK 1 billion.

The parent company is financially sound, with book equity of NOK 4,269 million (NOK 4,496 million) and net interest-bearing debt of NOK 561 million (NOK 584 million) at 30 September 2016. The company has good access to external financing on competitive terms.

RISKS AND UNCERTAINTIES

The Group's risk exposure is described in the consolidated financial statements for 2015. The Group's activities are essentially global and will always be impacted to varying degrees by developments in the global economy. In light of the turmoil in the global economy in recent years, including political trade barriers and geopolitical risk, the general consensus is that macroeconomic uncertainty is still greater than normal. Although this situation may have negative effects on the real economy in most markets, we are confident that AUSS' core activities are founded on long-term sustainable assets within interesting segments of the global seafood industry.

The Group is exposed to risk related to the value of the Group's assets. Risk arises mainly as a result of changes in the prices of raw materials and finished products, to the extent that these changes impact the company's competitiveness and earnings potential over time. Operational factors, such as marine biomass, fishing conditions and price trends for the Group's input factors, are other key parameters that have an impact on risk for the Group.

Changes in fishing patterns and quota adjustments mean fluctuations in catch volumes from quarter to quarter and year to year, and hence in utilisation of the Group's production facilities. The seasonal fluctuations in catch volumes cause similar fluctuations in the quarterly key figures.

The majority of the Group's debt is at floating interest rates, but fixed-rate contracts have been entered into for approx. 14% of the Group's interest-bearing debt.

The Group is exposed to fluctuations in foreign exchange rates,

particularly the EUR, GBP, USD, Chilean peso and Peruvian sol. Measures to reduce this risk in the short term include forward contracts and multi-currency overdraft facilities. Furthermore, parts of the long-term debt are adjusted in relation to earnings in the same currency.

SHAREHOLDERS

The company had 4,887 shareholders as of 30 September 2016. The number of shareholders at the start of the quarter was 5,028.

The share price at the start of the third quarter was NOK 69.75 and NOK 67.25 at the end of the quarter.

A list of the 20 largest shareholders can be found in Note 7.

MARKET AND OUTLOOK

Fishmeal and fish oil

The third quarter in Europe is the low season for production, but the high season for sales of fishmeal and fish oil to the feed industry. Price trends for fishmeal in Europe have been stable in 2016. The quota for the first fishing season for anchoveta in Peru was set at 1.8 million tonnes, but only 50% of this volume was fished by the end of the season on 27 July. The second fishing season in Peru starts 15 November, and the total quota is set at 2 million tonnes. The total quota for the same period in 2015 was 1.1 million tonnes. Increased quotas have been announced for 2017 for the species of fish used for fishmeal and fish oil in Europe. Realised prices for fishmeal FOB Peru (superprime) are currently USD 1,590, while CIF Hamburg prices for fishmeal (standard 64%/65%) are USD 1,490.

Consumer products

The Group's production of consumer products takes place in Europe and South America. In Europe, the season for herring and capelin is, as normal, in the period from January to April, and the season for North Sea herring from May onwards. The mackerel season normally starts in September, during which time the remaining quotas for herring are also caught. The first half of the year is the season for horse mackerel in South America. The ban on imports into Russia, introduced on 7 August 2014, and the subsequent introduction of import quotas and currency restrictions on sales to Nigeria have required the companies to actively seek alternative markets for those products traditionally sold mainly to Russia and Nigeria. The weak Norwegian krone in recent years has made Norwegian seafood products more competitive globally. However, we are also aware that the local currencies in some of our traditional herring markets (including Ukraine) are falling

against the USD, resulting in higher prices for consumers in the markets concerned. Despite this, we are confident that the Group's products will fare well in competition with alternative sources of protein in these markets too.

Production, sale and distribution of salmon, trout and white fish

At the time of writing, it appears that there are very limited opportunities for growth in the global supply of salmon and trout in the next few years. In light of the market prospects and the segment's potential for improvements in own production, the outlook is good. The investments in Havfisk ASA and Norway Seafoods Group AS are important to achieve LSG's vision of being the leading and most profitable global supplier of quality sustainable seafood. The company is confident that there is considerable value generation potential in further developing the white fish market, including increasing capacity utilisation in LSG's downstream activities.

The Group

The Group is financially sound, has shown good development and currently has a strong position on a number of seafood markets worldwide. The Group's strategy going forward is to continue to grow and further develop within its current operating segments. The Group has and shall continue to have the financial flexibility to support its strategy of further organic growth, carry out strategic acquisitions and sustain the company's dividend policy.

The Group's strong position within the global seafood business gives grounds for a positive outlook for the Group's future development. The Board of Directors currently expects a better result in the fourth quarter of 2016 than the Group achieved in the fourth quarter of 2015.

Storebø, 9 November 2016

The Board of Directors of Austevoll Seafood ASA



Helge Singelstad
Chairman of the Board



Lill Maren Møgster



Oddvar Skjegstad
Deputy Chairman of the Board



Leif Teksum



Helge Møgster



Inga Lise L. Moldestad



Siren M. Grønhaug



Arne Møgster
CEO

INCOME STATEMENT (unaudited)

All figures in NOK 1.000	Note	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015	2015
Operating revenue	4	4 611 391	3 791 291	13 581 859	11 444 921	15 273 494
Raw material and consumables used		2 774 241	2 378 849	8 013 310	7 023 284	9 373 171
Salaries and personnel expenses		560 065	477 202	1 486 854	1 291 420	1 797 059
Other operating expenses		567 866	488 579	1 501 813	1 388 864	1 859 188
Operating profit before depreciation (EBITDA)		709 219	446 661	2 579 882	1 741 353	2 244 076
Depreciation and amortisation		213 983	193 721	602 541	538 768	749 754
Impairment		-1 246	-2 087	-4 726	-6 265	107 886
EBIT before fair value biomass adjustment		496 482	255 027	1 982 067	1 208 850	1 386 436
Fair value adjustment biomass	3	-98 552	76 002	-84 911	-517 376	246 567
Operating profit		397 930	331 029	1 897 156	691 474	1 633 003
Income from associated companies		142 338	68 773	307 800	170 441	264 279
Net interest expenses		-59 357	-57 308	-177 925	-169 778	-223 215
Net other financial items (incl. agio/disagio)		-23 105	-11 285	-2 437	-61 062	-101 930
Profit before tax		457 806	331 209	2 024 594	631 075	1 572 137
Income tax expenses		-95 949	-62 089	-465 924	-157 228	-289 031
Net profit		361 857	269 120	1 558 670	473 847	1 283 106
Profit to non-controlling interest		195 883	93 724	805 840	135 395	560 863
Profit to controlling interests		165 974	175 396	752 830	338 452	722 243
Earnings per share (EPS)		0.82	0.87	3.74	1.68	3.59
Diluted EPS		0.82	0.87	3.74	1.68	3.59

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

All figures in NOK 1.000	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015	2015
Net earnings in the period	361 857	269 120	1 558 670	473 847	1 283 106
Other comprehensive income					
Currency translation differences	-167 693	178 235	-381 408	359 098	419 618
Other comprehensive income from associated companies		-		-	
Cash flow hedges	22 331	-25 080	9 021	46 675	45 127
Change in value available for sale financial assets		-		-	
Others incl. tax effect	5 263	-11 777	12 311	-12 920	-14 552
Total other comprehensive income	-140 099	141 378	-360 076	392 853	450 193
Comprehensive income in the period	221 758	410 498	1 198 594	866 700	1 733 299
Allocated to;					
Minority interests	224 964	120 865	697 973	179 699	616 348
Majority interests	-3 206	289 633	500 621	687 001	1 116 951

STATEMENT OF FINANCIAL POSITION (unaudited)

All figures in NOK 1.000	Note	30.09.2016	30.09.2015	31.12.2015
Assets				
Intangible assets		10 812 552	7 975 535	8 115 351
Vessels		1 938 296	707 944	949 354
Property, plant and equipment		4 786 872	4 579 750	4 581 699
Investments in associated companies	5	1 644 924	1 637 573	1 766 591
Investments in other shares		35 065	33 415	33 428
Other long-term receivables		99 092	56 249	61 159
Total non-current assets		19 316 801	14 990 466	15 507 582
Inventories	3	5 645 829	4 559 478	5 539 913
Accounts receivable		1 860 919	1 618 056	1 655 026
Other current receivables		766 337	680 333	621 048
Cash and cash equivalents		3 434 221	2 420 080	2 470 395
Total current assets		11 707 306	9 277 947	10 286 382
Total assets		31 024 107	24 268 413	25 793 964
Equity and liabilities				
Share capital		101 359	101 359	101 359
Own shares		-18 312	-35 306	-35 306
Share premium		3 713 549	3 713 549	3 713 549
Retained earnings and other reserves		4 487 057	4 826 479	5 256 429
Non-controlling interests		8 688 190	4 117 544	4 574 777
Total equity		16 971 843	12 723 625	13 610 808
Deferred tax liabilities		2 901 874	2 357 115	2 731 728
Pensions and other obligations		154 293	163 342	154 385
Borrowings		6 228 339	5 351 111	5 322 635
Other long-term liabilities		26 182	15 812	29 693
Total non-current liabilities		9 310 688	7 887 380	8 238 441
Short term borrowings		1 564 890	796 050	1 078 286
Overdraft facilities		391 730	653 314	877 941
Account payable		1 473 540	1 258 866	1 004 075
Other current liabilities		1 311 416	949 178	984 413
Total current liabilities		4 741 576	3 657 408	3 944 715
Total liabilities		14 052 264	11 544 788	12 183 156
Total equity and liabilities		31 024 107	24 268 413	25 793 964
NIBD		4 776 920	4 380 395	4 838 160
Equity ratio		55%	52%	53%

CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

All figures in NOK 1.000	30.09.2016	30.09.2015	31.12.2015
Equity period start	13 610 808	12 360 106	12 360 106
Comprehensive income in the period	1 198 594	866 700	1 733 299
Dividends	-1 757 091	-684 061	-684 061
Business combinations/acquisition	1 028 312	180 880	201 464
Transactions with non-controlling interest	2 891 220	-	-
Effect option programme	-	-	-
Other	-	-	-
Total changes in equity in the period	3 361 035	363 519	1 250 702
Equity at period end	16 971 843	12 723 625	13 610 808

CASH FLOW STATEMENT (unaudited)

All figures in NOK 1.000	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015	2015
Cash flow from operating activities					
Profit before income taxes	457 805	331 209	2 024 593	631 075	1 572 137
Fair value adjustment of biological assets	98 552	-76 002	84 911	517 376	-246 567
Taxes paid in the period	-9 447	-21 144	-226 381	-400 366	-427 611
Depreciation and amortisation	213 984	193 721	602 541	538 768	749 754
Impairments	-1 246	-2 087	-4 726	-6 265	107 886
Associated companies - net	-142 338	-68 773	-307 800	-170 441	-264 279
Interest expense	71 921	64 860	209 030	195 438	261 532
Interest income	-12 564	-7 552	-31 105	-25 660	-38 317
Change in inventories	-458 330	-242 792	64 874	-339 053	-557 886
Change in receivables	396 925	-56 160	-45 503	75 574	94 476
Change in payables	142 048	184 872	323 603	73 960	-181 541
Other operating cash flow incl currency exchange	-148 441	111 939	-262 800	40 925	141 544
Net cash flow from operating activities	608 869	412 091	2 431 237	1 131 331	1 211 128
Cash flow from investing activities					
Purchase of intangible and fixed assets	-299 877	-231 122	-731 070	-639 909	-1 125 674
Purchase of shares and equity investments	-2 286 641	-	-2 395 609	-129 343	-149 080
Proceeds from sale of fixed assets/equity investments	42 764	44 101	1 162 353	49 039	101 692
Cash inflow from business combinations	288 311	4 605	288 311	12 337	12 858
Dividend received	25 300	174 000	252 300	174 000	174 000
Interest income	12 564	7 552	31 105	25 660	38 317
Other investing activities - net	5 723	-889	8 731	13 780	10 141
Net cash flow from investing activities	-2 211 856	-1 753	-1 383 879	-494 436	-937 746
Cash flow from financing activities					
Proceeds from new long term debt	409 421	133 861	1 457 791	983 299	1 379 786
Repayment of long term debt	-198 761	-178 304	-1 095 601	-605 960	-734 557
Change in short term debt	-68 803	-109 402	-573 240	72 431	275 754
Interest paid	-79 044	-64 860	-221 546	-195 514	-255 959
Dividends paid	-	-	-1 694 645	-684 061	-684 061
Other finance cash flow - net	-	-	2 051 656	-	-
Net cash flow from financing activities	62 813	-218 705	-75 585	-429 805	-19 037
Net change in cash and cash equivalents	-1 540 174	191 633	971 773	207 090	254 345
Cash, and cash equivalents at start of period	4 978 647	2 218 187	2 470 222	2 198 148	2 198 148
Exchange gains/losses (-)	-4 420	10 260	-7 942	14 842	17 727
Cash and cash equivalents at period end	3 434 053	2 420 080	3 434 053	2 420 080	2 470 220

NOTE 1 ACCOUNTING POLICIES

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the related standard for interim financial reporting (IAS 34). The interim financial statements, including historical comparative amounts, are based on current IFRS standards and interpretations. Changes in the standards and interpretations may result in changes to the result. The interim report has been prepared in accordance with the same policies applied to the most recent annual report, but does not contain all the information and notes required for an annual report. This report must therefore be read in the context of the company's most recent annual report (2015).

NOTE 2 RELATED PARTY TRANSACTIONS

There were related party transactions in Q3 2016. Related party transactions take place on market terms, and the relevant types of transactions are described in more detail in the Annual Report 2015.

NOTE 3 BIOLOGICAL ASSETS

The Group recognises and measures biological assets (fish in sea) at fair value. When estimating fair value, the price is adjusted for quality differences (superior, ordinary and process) and logistics costs. The volume is adjusted for gutting loss. Fair value of fish in sea with an average weight below 4 kg is adjusted based on the stage reached in the growth cycle. The value is not adjusted to a lower amount than historical cost, unless a loss is expected on future sales. For roe, fry, smolt and cleaner fish, historical cost is assumed to be the best estimate of fair value. The fair value adjustment for biomass recognised in the income statement includes change in unrealised gain/loss on financial sales and purchase contracts (derivatives) with Fish Pool, an international regulated marketplace for buying and selling financial salmon contracts. Fish Pool contracts are treated as financial instruments on the balance sheet, where unrealised gain is recognised as other current receivables and unrealised loss as other current debt.

Lerøy Seafood Group ASA

Carrying amount of biological assets	30.09.2016	30.09.2015	31.12.2015
Fish in sea at historic cost	3 247 760	2 995 727	3 105 620
FV adjustment fish in sea	920 373	285 028	971 070
Fair value fish in sea	4 168 133	3 280 755	4 076 689
Fry, brood, smolt and cleaning fish	220 930	174 778	244 141
Carrying amount of biological assets	4 389 063	3 455 533	4 320 830
Total biological assets at historic cost	3 468 690	3 170 505	3 349 760
FV adjustment on biological assets	920 373	285 028	971 070
Carrying amount of biological assets	4 389 063	3 455 533	4 320 830

Fair value adjustment	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015
Change IFRS adj. biological assets	-76 288	62 437	-50 697	-499 518	186 524
Change IFRS adj. derivatives	6 508	403	4 963	-1 115	1 984
FV adj. biological assets	-69 780	62 840	-45 734	-500 633	188 508

Volume of fish in sea (LWT)	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015
Volume at beginning of period	81 700	90 661	108 270	107 505	107 505
Business combinations	0	0	0	0	191 731
Growth during the period	57 507	63 456	127 319	137 772	191 731
Harvested volume during the period	-38 642	-49 277	-135 024	-140 437	-190 966
Volume at end of period	100 565	104 840	100 565	104 840	108 270
Fish > 4kg	8 824	21 732	8 824	21 732	31 686

The figures for harvested volume and growth in the table above have been estimated on the basis of gutted weight (GWT) and converted to live weight (LWT). The gutting loss ratios for salmon and trout applied in this conversion are 17% and 20% respectively. The table includes salmon and trout.

NOTE 3 BIOLOGICAL ASSETS (Continued)

Br. Birkeland AS

Carrying amount of biological assets			30.09.2016	30.09.2015	2015
Fish in sea at historic cost			203 136	193 829	172 475
FV adjustment fish in sea			42 005	6 380	81 182
Fair value fish in sea	-	-	245 141	200 209	253 657
Fry, brood and smolt			-	-	-
Carrying amount of biological assets	-	-	245 141	200 209	253 657

Fair value adjustment	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015
Change IFRS adj. biological assets	-28 773	13 162	-39 177	-16 743	58 059
Change IFRS adj. derivatives	-	-	-	-	-
FV adj. biological assets	-28 773	13 162	-39 177	-16 743	58 059

Volume of fish in sea (LWT)	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015
Volume at beginning of period	4 784	3 822	5 755	5 893	5 893
Growth during the period	2 955	2 808	6 747	6 044	8 947
Harvested volume during the period	-1 876	-833	-6 639	-6 140	-9 085
Volume at end of period	5 863	5 797	5 863	5 797	5 755
Fish > 4kg		-		-	3 421

The figures for harvested volume and growth in the table above have been estimated on the basis of gutted weight (GWT) and converted to live weight (LWT). The gutting loss ratios for salmon and trout applied in this conversion are 17% and 20% respectively.

NOTE 4 OPERATING SEGMENTS

All figures in NOK 1.000	Lerøy Seafood Group ASA	Austral Group S.A.A	Foodcorp Chile S.A	Br. Birkeland AS	Other/ eliminations	Total Group	Pelagia AS (50% of figures and volumes)	Total Group incl. Pelagia AS (50%)
Q3 2016								
Operating revenue	4 267 702	258 300	90 178	130 906	-135 695	4 611 391	664 264	5 275 655
EBITDA	612 048	73 363	-4 714	27 409	1 113	709 219	88 516	797 735
EBITDA%	14%	28%	-5%	21%		15%	13%	15%
EBIT ex. Impairment	481 222	30 970	-21 562	9 121	-4 515	495 236	68 919	564 155
EBIT	481 222	32 216	-21 562	9 121	-4 515	496 482	68 919	565 401
Volumes sold:								
Salmon (gwt tonnes)	31 744			1 523		33 267		33 267
Fishmeal/oil/FPC (tonnes)		16 597	2 611			19 208	25 200	44 408
Frozen fish (tonnes)		1 464	5 537			7 001	21 100	28 101
Canning (cases)		-	6 785			6 785		6 785
Q3 2015 (restated)								
Operating revenue	3 291 271	323 351	139 969	85 380	-48 680	3 791 291	710 351	4 501 642
EBITDA	365 171	50 052	11 153	20 143	142	446 661	102 647	549 308
EBITDA%	11%	15%	8%	24%		12%	14%	12%
EBIT ex. Impairment	253 237	6 713	-5 165	3 306	-5 151	252 940	83 175	336 115
EBIT	253 237	8 800	-5 165	3 306	-5 151	255 027	83 175	338 202
Volumes sold:								
Salmon (gwt tonnes)	40 682			700		41 382		41 382
Fishmeal/oil/FPC (tonnes)		21 084	4 110			25 194	31 700	56 894
Frozen fish (tonnes)		-	3 553			3 553	31 150	34 703
Canning (cases)		58 356	7 597			65 953		65 953

NOTE 4 OPERATING SEGMENTS (Continued)

All figures in NOK 1.000	Lerøy Seafood Group ASA	Austral Group S.A.A	Foodcorp Chile S.A	Br. Birkeland AS	Other/ eliminations	Total Group	Pelagia AS (50% of figures and volumes)	Total Group incl. Pelagia AS (50%)
YTD Q3 2016								
Operating revenue	12 345 257	735 088	344 814	519 840	-363 140	13 581 859	1 829 640	15 411 499
EBITDA	2 185 036	123 105	36 453	218 852	16 436	2 579 882	212 005	2 791 887
EBITDA%	18%	17%	11%	42%		19%	12%	18%
EBIT ex. Impairment	1 826 127	-3 029	-13 575	167 645	173	1 977 341	152 219	2 129 560
EBIT	1 826 127	1 698	-13 575	167 645	173	1 982 068	152 219	2 134 287
Volumes sold:								
Salmon (gwt tonnes)	111 038			5 582		116 620		116 620
Fishmeal/oil/FPC (tonnes)		46 664	11 762			58 426	57 200	115 626
Frozen fish/fresh (tonnes)		1 536	16 188			17 724	81 500	99 224
Canning (cases)		26 185	20 223			46 408		46 408
YTD Q3 2015 (restated)								
Operating revenue	9 921 458	1 020 489	347 387	338 305	-182 718	11 444 921	1 993 048	13 437 969
EBITDA	1 336 261	298 897	49 947	56 405	-157	1 741 353	248 054	1 989 407
EBITDA%	13%	29%	14%	17%		15%	12%	15%
EBIT ex. Impairment	1 027 193	177 495	2 638	10 700	-15 441	1 202 585	188 058	1 390 643
EBIT	1 027 193	183 760	2 638	10 700	-15 441	1 208 850	188 058	1 396 908
Volumes sold:								
Salmon (gwt tonnes)	116 000			5 022		121 158		121 158
Fishmeal/oil/FPC (tonnes)		60 338	6 603			66 941	75 200	142 141
Frozen fish/fresh (tonnes)		26	9 858			9 884	86 750	96 634
Canning (cases)		297 753	18 019			315 772		315 772
2015								
Operating revenue	13 484 931	1 091 246	490 263	520 433	-313 379	15 273 494	3 045 981	18 319 475
EBITDA	1 813 868	272 637	46 747	106 398	4 425	2 244 075	358 710	2 602 785
EBITDA%	13%	25%	10%	20%		15%	12%	14%
EBIT ex. Impairment	1 379 952	108 983	-17 596	39 276	-16 294	1 494 321	274 191	1 768 512
EBIT	1 379 952	117 305	-133 804	39 276	-16 293	1 386 436	274 191	1 660 627
Volumes sold:								
Salmon (gwt tonnes)	157 697			7 746		165 443		165 443
Fishmeal/oil/FPC (tonnes)		63 070	12 107			75 177	97 400	172 577
Frozen fish/fresh (tonnes)		26	11 968			11 994	152 000	163 994
Canning (cases)		351 543	23 609			375 152		375 152

NOTE 5 ASSOCIATES

		Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015	2015
Norskott Havbruk AS	50.0%	68 883	5 546	162 730	27 915	41 408
Pelagia AS	50.0%	55 859	61 838	118 817	131 471	203 322
Others		17 596	1 392	26 253	11 056	19 549
Total income from ass.companies		142 338	68 776	307 800	170 442	264 279
Total investment				1 644 923	1 637 573	1 766 591

NOTE 6 BUSINESS COMBINATIONS

The 2nd of June 2016 Lerøy Seafood Group ASA (LSG) entered into an agreement with Aker Capital AS and Aker Capital II AS to purchase 53,501,793 shares in Havfisk ASA (Havfisk) and 62,293,254 shares in Norway Seafoods Group AS (NWSF). LSG did also agree to purchase additional 1,026,632 shares in Havfisk from Fausken Invest AS. The purchases represented 64.4% and 73.6% of the total share capital in Havfisk and NWSF. The completion of the transactions was dependent on regulatory approvals from The Norwegian Ministry of Trade, Industry and Fisheries, and relevant competition authorities in Norway. It was agreed upon a purchase price of NOK 36.50 per share of Havfisk and NOK 1.00 per share of NWSF.

The remaining necessary regulatory approvals were received at end of August 2016, and the shares were transferred to LSG the 31st of August 2016. Control was obtained from this date. Consequently, earnings from the acquired companies will be consolidated from 1st of September 2016. On the date control was obtained, 67.4% of the shares in Havfisk and 73.6% of the shares in NWSF were acquired. During the following month additional 0.8% of the shares in Havfisk were acquired. The completion of the purchase triggered a mandatory offer for the remaining shares in Havfisk at NOK 36.50 per share. LSG did also give an offer for the remaining shares in NWSF at NOK 1.00 per share. The acceptance date in the offer was the 17th of October, but with an option to extend the date if needed.

On the date for publication of the Q3 2016 figures, LSG had obtained a sufficient number of shares in both companies to start compulsory acquisition of the remaining number of shares. The Board's decision was communicated in written to non-controlling interests, and published the 27th of October 2016, which is considered as the date for obtaining 100% control. The price was the same as in the previous offer. The total combined consideration for 100% of the shares in both companies will be NOK 3.2 billion. As part of financing the acquisitions, LSG sold 300,000 own shares and contemplated a private placement of 5,000,000 new shares. The two transactions raised NOK 2.2 billion in cash in Q2 2016. Additional financing for acquisition of the remaining shares from non-controlling interests is obtained after period end (in Q4) by drawing up new debt. When the transactions are completed, LSG must remain majority owner in Havfisk under existing exemptions from Norwegian regulations related to ownership of trawler licenses / catch quotas.

These purchases will significantly strengthen LSG's position within the European white fish segment and secure access to more than 100,000 tonnes of white fish raw material. Through LSG's well-established integrated value chain for salmonids, there is a considerable potential to create value by further developing the market for white fish and by creating the leading fresh/refined seafood supplier with a complete palette of seafood products.

LSG is of the opinion that the two acquired companies, including their subsidiaries, are integrated with each other, of such extent, that they have to be considered as one unit regarding the business combination. The licences owned by Havfisk are impacted by attached commitments. These commitments are related to the land based production facilities in North of Norway, which are run by NWSF. The commitment consists of delivery obligations, activity obligations and processing obligations.

Priliminary excess value analysis (100%)	Acquisition balance	Eliminations	Excess value and goodwill	Consolidated figures
Immaterial assets	757 790	-3 919	2 106 787	2 860 658
Deferred tax asset	6 885			6 885
Fixed assets	1 271 609			1 271 609
Financial assets	265 344	-205 483		59 861
Inventory	255 702			255 702
Short term receivables	305 679	-115		305 564
Cash in bank	288 311			288 311
Total assets	3 151 321	-209 517	2 106 787	5 048 591
Equity	1 045 604	19 975	2 106 787	3 172 366
Deferred tax	194 385	6 658		201 043
Non-current liabilities	1 309 336	-214 420		1 094 916
Current liabilities	601 996	-21 730		580 266
Total equity and liabilities	3 151 321	-209 517	2 106 787	5 048 591

NOTE 6 BUSINESS COMBINATIONS (continued)

The purchase price allocation is preliminary. In the table above, intercompany balances between Havfisk group and NWSF group are eliminated. Differences in net book value related to intercompany balances, rights and liabilities, derived from earlier impairment losses before acquisition date, are eliminated against equity in the purchase price allocation. Excess value/goodwill is temporary allocated to intangibles (goodwill). The preliminary purchase price allocation is excluding deferred tax. Deferred tax will be included in the final purchase price allocation if added value related to licences are identified.

Priliminary excess value analysis	CI *	NCI **	total
Recognised equity	705 211	340 394	1 045 604
Effect from eliminations between acquired companies	13 284	6 691	19 975
Identified value before allocation of excess value	718 495	347 084	1 065 579

Calculation of goodwill

Total purchase price	2 144 054	1 028 312	3 172 366
Identified value before allocation of excess value	-718 495	-347 084	-1 065 579
Excess value and goodwill	1 425 559	681 228	2 106 787

* CI = Controlling interests (majority)

** NCI = Non-controlling interests (minority)

NOTE 7 LIST OF THE 20 LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2016

Investor	Number of shares	% of top 20	% of total
LACO A/S	112 605 876	76.37%	55.55%
STATE STREET BANK & TRUST CO.	6 530 037	4.43%	3.22%
STATE STREET BANK AND TRUST CO.	4 638 904	3.15%	2.29%
PARETO AKSJE NORGE	2 954 556	2.00%	1.46%
FOLKETRYGDFONDET	1 938 691	1.31%	0.96%
OM HOLDING AS	1 881 850	1.28%	0.93%
SKANDINAVISKA ENSKILDA BANKEN AB	1 858 964	1.26%	0.92%
MITSUI AND CO., LTD	1 782 236	1.21%	0.88%
DANSKE INVEST NORSKE INSTT. II.	1 618 629	1.10%	0.80%
FACTUM AS	1 581 835	1.07%	0.78%
MP PENSJON PK	1 145 311	0.78%	0.56%
JP MORGAN CHASE BANK NA, LONDON	1 145 000	0.78%	0.56%
THE NORTHERN TRUST CO.	1 139 341	0.77%	0.56%
CITIBANK, N.A.	1 092 705	0.74%	0.54%
JPMORGAN CHASE BANK, N.A., LONDON	1 022 434	0.69%	0.50%
STATE STREET BANK AND TRUST CO	930 329	0.63%	0.46%
PARETO AS	921 000	0.62%	0.45%
THE NORTHERN TRUST CO.	908 788	0.62%	0.45%
AUSTEVOLL SEAFOOD ASA	893 300	0.61%	0.44%
THE BANK OF NEW YORK MELLON	856 526	0.58%	0.42%
Total number owned by top 20	147 446 312	100%	72.73%
Total number of shares	202 717 374		100%

