



Austevoll Seafood ASA

Interim report Q1 2010



Good prices and a good market for salmon, salmon trout, fishmeal and fish oil

A seasonally good production quarter in Europe

Earthquake in Chile in February

Q1 2010

- Group income in Q1 2010 totalled NOK 2,746 million, an increase from NOK 2,483 million in the same period in 2009.
- The Group operating result before depreciation and value adjustment of biomass (EBITDA) for Q1 2010 was NOK 431 million compared with NOK 337 million in Q1 2009.
- The first quarter has seen good prices for canned products, frozen products, fishmeal and fish oil, Atlantic salmon and salmon trout.
- As is normal for the first quarter, production was good for fishmeal and fish oil, and for the pelagic consumption segment in Europe. Lower volumes of fish were caught for human consumption production both in Chile and Peru in the first quarter of 2010 compared with the same quarter last year. This brought about lower sales volumes during the quarter.
- On 27 February 2010, an earthquake was registered with its epicentre around 90 km northwest of the city of Concepción in Chile. The earthquake measured 8.8 on the Richter scale. Austevoll Seafood (AUSS) undertakes a considerable number of activities and employs many staff in Chile. The Group has land-based operations in the city of Coronel, south of the earthquake's epicentre. We are grateful and relieved that none of our employees lost their lives in the earthquake, and our main priority in the weeks following the earthquake has been the wellbeing of our employees, as well as assessing the extent of material damage. Our fishing vessels have escaped unscathed but there has been some damage to land-based production facilities, with the frozen fish plant the worst affected. The coastal fleet started landing fish on 17 March and the company's own vessels resumed operations in late March. Initially, production comprised fishmeal, fish oil and canned goods. The plant for production of frozen goods was ready beginning of May.



Key figures for the Group				
		Q1 10	Q1 09	31.12.2009
All figures in NOK 1.000				
Operating income		2.745.538	2.483.083	11.324.609
EBITDA		431.000	337.292	1.921.695
EBITDA %		16 %	14 %	17 %
Earnings per share		1,45	0,46	3,83
Total assets		16.790.356	15.546.478	16.291.209
Equity		7.618.713	5.558.128	7.095.483
Equity ratio		45 %	36 %	44 %
Net interest bearing debt (NIBD)		-3.814.791	-6.212.190	-4.091.474

Financial information Q1 2010

The Group reported operating income of NOK 2,746 million for the quarter (Q1 2009 NOK 2,483 million). EBITDA before value adjustment for biomass in Q1 was NOK 431 million (Q1 2009 NOK 337 million). Sales prices achieved for fishmeal, salmon and salmon trout in Q1 2010 have been considerably higher when compared with the same quarter 2009. The prices for the Group's other products have also been stable and positive, approximate to the prices achieved in Q1 2009.

EBIT before value adjustment for biomass in Q1 was NOK 309 million (Q1 2009 NOK 220 million). EBIT after value adjustment for biomass in Q1 was NOK 579 million (Q1 2009 NOK 194 million).

Income from associated companies for Q1 totalled NOK 59 million (Q1 2009 NOK 34 million). The largest affiliated companies are Br. Birkeland AS, Norskott Havbruk (Scottish based Scottish Sea Farms Ltd.) and Shetland Catch Ltd.

The Group's net interest costs in Q1 2010 totalled NOK -50 million (Q1 2009 NOK -98 million). The decline in interest costs reflects the significant reduction in net interest-bearing liabilities in 2009 and to date in 2010.

The result after tax for the quarter totalled NOK 446 million (Q1 2009 NOK 108 million).

Business segments

Fishmeal and fish oil

Operating income in Q1 2010 totalled NOK 363 million (NOK 426 million in Q1 2009) and EBITDA amounted to NOK 76 million (NOK 55 million in Q1 2009).

Sales of fishmeal and fish oil in Q1 totalled approx. 46,000 tons compared with approx. 63,000 tons in Q1 2009. The prices for fishmeal have been higher in Q1 2010 when compared with the same quarter last year. The prices for fish oil in the first quarter were marginally higher than the prices in the same quarter last year. In Europe, cuts from production for consumers, blue whiting and capelin were the most important input factors for the production of fishmeal and oil and, as is normal for the season, production in Europe has been good this quarter. In Chile and Peru, cuts from own production for consumers and the purchase of raw materials from third



parties have been the input factors for production of fishmeal and fish oil in the first quarter. As a result of the earthquake in Chile on 27 February, production was interrupted for around 3 weeks.

The first season for anchoveta fishing in Peru (central/north) starts on 13 May and the quota for the first season is 2.5 million tons compared with 3.5 million tons for the first season last year.

Consumer products

Operating income in Q1 2010 totalled NOK 198 million (NOK 281 million in Q1 2009) and EBITDA amounted to NOK 25 million (NOK 61 million in Q1 2009).

The total volume sold for human consumption is distributed as follows; 1,000 tons of frozen products (Chile) compared with 7,500 tons in the same period last year. Approx. 436,000 boxes of canned products were sold, compared with approx. 622,000 boxes for the same period in 2009 (Chile and Peru). For high and low concentrate Omega 3 oils, Q1 sales were approx. 420 tons compared with approx. 567 tons for the same period in 2009. Realised prices for canned and frozen products have remained at a stable high for the first quarter and are in line with the prices from Q1 2009. The business segment, particularly during the first quarter, has been affected by the earthquake in Chile at the end of February. This resulted in a halt to all fishing and production of consumer canned products which lasted until the last weeks of March. Frozen production was ready for start up at the beginning of May. The volume of fishing for consumption in the first quarter in Peru was low and this is reflected in the earnings reported by this segment in Q1.

As previously communicated the sales of intermediate products were phased out May 2009. The company has been successful in replacing this product and Q1 2010 figures clearly indicate a significant increase in the sale of high-concentrate Epax products when compared with the same quarter last year.

Production, sale and distribution of Atlantic salmon and salmon trout

This business segment comprises Lerøy Seafood Group ASA. In Q1 2010, the segment reported operating income of NOK 1,873 million (Q1 2009 NOK 1,522 million) and EBITDA before value adjustment of biomass of NOK 307 million (Q1 2009 NOK 192 million). The segment reported harvests of 22,500 tons gutted weight of salmon and trout in Q1 2010 compared with 22,200 tons in the same quarter last year. The segment has reported satisfactory operations during the quarter with good prices for its products. The market was positive throughout the quarter and the segment has a strong position on the major global fish markets.

Pelagic Northern Atlantic

Operating income in Q1 2010 totalled NOK 415 million (NOK 308 million in Q1 2009) and EBITDA amounted to NOK 27 million (NOK 32 million in Q1 2009).



Pelagic Northern Atlantic comprises the sales company Atlantic Pelagic AS, which carries out all sales activities for the production companies Austevoll Fiskeindustri AS, Sir Fish AS, Modolv Sjøset AS and North Capelin Honningsvåg AS. This company is also responsible for the results of the production companies Austevoll Fiskeindustri AS, Sir Fish AS, Modolv Sjøset AS and North Capelin Honningsvåg AS.

The first quarter is normally a good quarter for Norwegian pelagic fishing due to the season for NVG herring and capelin. There was a high level of activity in the southern and northern plants in the quarter, reflected by the good result for the business segment as a whole.

Balance sheet as of 31 March 2010

At the end of March 2010, the Group had a total balance sheet of NOK 16,790 million compared with NOK 16,291 million at year-end 2009. The Group equity at the end of March 2010 was NOK 7,619 million compared with NOK 7,095 million at the end of 2009. The equity ratio was 45% as of 31 March 2010 compared with 36% as of 31 December 2009.

Net interest-bearing liabilities were NOK 3,815 million at the end of the quarter compared with NOK 6,212 million at 31 March 2009 and NOK 4,091 million at year-end 2009. The Group's cash reserves as of 31 March 2010 totalled NOK 1,745 million compared with NOK 669 million at 31 March 2009 and NOK 1,623 million at year-end 2009. The Group's cash reserves do not include unutilised withdrawal rights.

Cash flow

Cash flow from operating activities for Q1 2010 was NOK 418 million (NOK 397 million in Q1 2009). Cash flow from investment activities for Q1 2010 was NOK -55 million (NOK -46 million in Q1 2009). Cash flow from financing activities for Q1 2010 was NOK -242 million (NOK -326 million in Q1 2009). In March, a bond loan of NOK 100 million was paid down. The net change in cash in Q1 2010 is NOK 121 million (NOK 26 million in Q1 2009).

Risk factors and uncertainty factors

The Group's risk exposure is described in the consolidated annual report for 2009. The Group's strong development in result in 2009 clearly illustrates a considerable improvement for all business segments. Group activities are mainly global and will always be more or less impacted by developments in world economy. Based on the unrest on the financial markets in the last years, the general consensus is that the uncertainty related to macro-economics is higher than what could be considered as normal. Although this situation may have an impact on the real economy for the majority of markets, we believe that AUSS's core business is founded on long-term sustainable values within interesting seafood industries.



The Group is exposed to risk related to the value of investments in subsidiaries in the event of price changes in the raw materials and finished goods markets, to the extent that these changes impact on the company's competitive edge and earnings potential over time. Operating conditions and price developments, including marine biomass and fishing conditions, for the Group's input factors are also central parameters.

Changes in fishing patterns and quota regulations result in fluctuating catch volumes from quarter to quarter and from year to year, creating variable levels of utilisation for the company's production facilities. The seasonal fluctuations in catch volumes create similar fluctuations in the interim key figures.

The main share of the Group's liabilities has a floating interest rate.

The Group is exposed to fluctuations in foreign exchange rates, particularly for the EURO, USD, Chilean Peso and Peruvian Soles. Measures to reduce this risk include forward contracts and multi-currency overdraft facilities. Furthermore, parts of the long-term liabilities are adapted in relation to earnings in the same currency.

Shareholders

As of 31 March 2010, the company had 4,082 shareholders in relation to a comparison figure of 3,178 shareholders at 31 March 2009. The share price was NOK 44.70 at the end of March 2010.

On the basis of the Group's solidity and satisfactory growth in result, the Board of Directors has proposed to the company's ordinary general meeting a dividend payment of NOK 1.20 per share in 2010. If the proposed dividend is adopted by the Annual General Meeting on 27 May 2010, the share will be listed exclusive of dividend from 28 May 2010. The shareholders' return shall reflect the value creation generated by the company and will, in the years to come, be represented by dividend payments and the development in share prices.

Market and outlook

Fishmeal and fish oil

Fishmeal prices have shown an upwards trend in Q1 2010. Fish oil prices have followed a slightly upward trend since the autumn of 2009 and to date in 2010. There is a regular demand for the products from the most important markets, and we expect this to continue.

Consumer products

The Board of Directors expects to see a stable high demand for the Group's consumer products in the future, along with good prices. With an increased consumer focus on health, the market for the Group's high-concentrate Omega 3 products is expected to continue on a positive trend.



Production, sale and distribution of Atlantic salmon and salmon trout

The development in demand for Atlantic salmon and salmon trout has been positive in 2010. The positive development in 2009 compared with expectations for a reduction in the global supply of Atlantic salmon in 2010, in addition to expectations of a limited growth in the years to come, provide grounds for continued optimism. The above-mentioned factors, combined with expectations of improved productivity for the segment, including improvements to biology, allow for a positive attitude towards developments.

Storebø, 11 May 2010

The Board of Directors in Austevoll Seafood ASA



INTERIM REPORT Q1 2010

Condensed Consolidated Income Statement (unaudited)			
All figures in NOK 1.000		Q1 10	Q1 09
			(audited) 2009
Operating income	2.745.538	2.483.083	11.324.609
Raw material and consumables used	1.745.389	1.596.170	7.203.017
Salaries and personnel expenses	294.100	288.160	1.274.850
Other operating expenses	275.049	261.461	925.047
Operating profit before depreciation (EBITDA)	431.000	337.292	1.921.695
Depreciation and amortisation	122.152	117.438	465.535
Impairment	-	-	13.667
EBIT before fair value adjustment biomass	308.848	219.854	1.442.493
Fair value adjustment biomass	270.012	-25.561	60.483
Operating profit	578.860	194.293	1.502.976
Income from associated companies	58.651	33.775	80.341
Net interest expenses	-53.778	-93.981	-281.556
Net other financial items (incl. agio/disagio)	3.831	-3.718	28.571
Profit before tax	587.564	130.369	1.330.332
Income tax expenses	-141.734	-22.504	-342.383
Net profit	445.830	107.865	987.949
Profit to minority interests	151.441	22.996	264.606
Profit attribut.to equity holder of parent	294.389	84.869	723.343
Earnings per share	1,45	0,46	3,83
Diluted earnings per share	1,45	0,46	3,83
Earnings per share excl.fair value adj biomass	0,84	0,52	3,68

Statement of Comprehensive income (unaudited)			
All figures in NOK 1.000	31.03.2010	31.03.2009	31.12.2009
Net earnings in the period	445.830	107.865	987.949
Other comprehensive income			
Currency translation differences	76.816	-163.679	-448.553
Other gains and losses in comprehensive income	-	-5.331	-
Total other comprehensive income	76.816	-169.010	-448.553
Comprehensive income in the period	522.646	-61.145	539.396
Allocated to:			
Minority interests	157.102	16.486	231.560
Majority interests	365.544	-77.631	307.836



Condensed Consolidated Balance sheet (unaudited)			
			(audited)
All figures in NOK 1.000	31.03.2010	31.03.2009	31.12.2009
Assets			
Intangible assets	5.645.974	5.868.905	5.599.398
Vessels	705.370	761.883	697.851
Property, plant and equipment	3.187.438	3.380.520	3.173.199
Investments in associated companies	542.140	516.177	492.391
Investments in other shares	39.982	40.566	40.728
Other long term receivables	137.771	119.017	136.690
Total non-current assets	10.258.675	10.687.068	10.140.257
Inventories	3.113.557	2.563.838	2.696.923
Accounts receivables	1.275.145	1.277.388	1.476.172
Other current receivables	397.944	349.110	354.241
Cash and Cash equivalents	1.745.035	669.075	1.623.616
Total current assets	6.531.681	4.859.410	6.150.952
Total assets	16.790.356	15.546.478	16.291.209
Equity and liabilities			
Share capital	101.359	92.159	101.359
Share premium fund	3.713.549	3.083.918	3.713.549
Retained earnings and other reserves	2.057.873	1.374.865	1.700.891
Minority interests	1.745.932	1.007.186	1.579.684
Total equity	7.618.713	5.558.128	7.095.483
Deferred tax liabilities	1.875.759	1.696.293	1.757.247
Pension and other obligations	30.269	27.846	28.386
Borrowings	4.449.112	4.866.766	4.508.519
Other long-term liabilities	26.798	425.912	28.984
Total non-current liabilities	6.381.938	7.016.816	6.323.136
Short term borrowings	541.620	620.321	616.778
Overdraft facilities	680.067	1.087.283	697.499
Account payable	920.624	725.400	881.079
Other current liabilities	647.394	538.531	677.234
Total current liabilities	2.789.705	2.971.534	2.872.590
Total liabilities	9.171.643	9.988.350	9.195.726
Total equity and liabilities	16.790.356	15.546.478	16.291.209

Condensed Consolidated Cash flow statement (unaudited)

All figures in NOK 1.000	Q1 2010	Q1 2009	2009 (audited)
Net cash flow from operating activities	418.313	397.329	1.679.107
Net cash flow from investing activities	-54.857	-46.035	180.600
Net cash flow from financing activities	-242.037	-325.754	-879.627
Net change in cash and cash equivalents	121.419	25.540	980.080
Cash and cash equivalents at beginning of period	1.623.616	643.536	643.536
Cash and cash equivalents at period end	1.745.035	669.076	1.623.616

Condensed Consolidated Statement of changes in Equity (unaudited)

All figures in NOK 1.000	31.03.2010	31.03.2009	31.12.2009
Equity period start	7.095.482	5.619.768	5.619.768
Comprehensive income in the period	522.646	-61.145	539.396
Dividends	-	-	-56.166
Minority interests arising from business combinations/acquisition		-1.080	31.894
Effect option programme	585	585	2.243
Acquisitions of minorities/sales to minorities	-	-	319.516
New equity from cash contribution and contribution in kind	-	-	638.831
Total changes of equity in the period	523.231	-61.640	1.475.714
Equity at period end	7.618.713	5.558.128	7.095.482



Selected notes to the accounts

Note 1 Accounting principles applied

This interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS) and the related standard for interim reports (IAS 34). The interim report, including historical comparison figures, is based on current IFRS standards and interpretation. Changes in the standard and interpretations may result in changes to the result. The quarterly report is prepared in accordance with the same principles applied to the previous 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 last annual report from the company (2009).



Note 2

Segment information			(all figures in NOK 1.000)
Fishmeal and oil	Q1 10	Q1 09	2009
Operating revenue	362.931	425.717	2.037.200
EBITDA	75.730	55.343	531.784
EBITDA %	21 %	13 %	26 %
EBIT before fair value adj.biomass	40.068	18.153	367.764
Volumes sold fishmeal (tons)*	31.423	54.699	255.192
Volumes sold fishoil (tons)*	14.465	4.666	59.783
Fishmeal/oil sold for associated company	-	3.534	7.163
Human Consumption			
Operating revenue	198.168	281.354	972.035
EBITDA	25.072	61.021	176.893
EBITDA %	13 %	22 %	18 %
Minority interests	-3.286	36.818	91.623
Majority interests			
Canning (cases)	436.456	622.212	2.186.014
Frozen fish (tons)	907	7.525	33.488
HC and LC Omega 3 products (tons)	420	567	1.815
Pelagic North Atlantic			
Operating revenue	414.659	307.733	1.111.347
EBITDA	27.032	32.471	65.792
EBITDA %	7 %	11 %	6 %
EBIT before fair value adj.biomass	21.755	27.146	43.873
Production, sales&distributin salmon/trout			
Operating revenue	1.873.091	1.521.594	7.473.807
EBITDA	306.856	191.892	1.154.163
EBITDA %	16 %	13 %	15 %
EBIT before fair value adj.biomass	255.092	141.852	950.156
Volumes sold own production (gwt tons)	22.500	22.200	108.500
Elimination/not allocated AUSS			
Elimination/not allocated AUSS	-94.138	-53.315	-269.779
EBITDA	-3.690	-3.435	-6.936
EBIT before fair value adj.biomass	-4.781	-4.115	-10.925
Total group			
Operating revenue	2.754.711	2.483.083	11.324.610
EBITDA	431.000	337.292	1.921.696
EBITDA %	16 %	14 %	17 %
EBIT before fair value adj.biomass	308.848	219.854	1.442.491

* From February 1, 2009 Welcon Group is proportionally consolidatet (50%)

Note 3 Transactions with closely related parties

There were no considerable transactions with closely related parties in Q1 2010.



Note 4 Biological assets

The Group estimates the fair value of biological assets (fish in the sea) on the basis of market prices for gutted salmon and trout on balance sheet date. The price is then adjusted to cater for quality differences (superior, ordinary and production) and logistic costs. The volume is adjusted to account for loss during gutting. The valuation of fish in the sea with an average weight of under 4 kg is based on the same principles. However, the price is adjusted in relation to the phase of the growth cycle for the fish. The price will not be adjusted to lower than the cost price, unless the Group expects to generate a loss from future sales.

	Q1 2010	Q1 2009
Total fish in sea (LWT)	73.779	65.160
Fish > 4 kg (LWT)	22.876	20.705
Adjustment inventory	566.447	210.391
P&L effect adjustment	270.012	-25.561