



Austevoll Seafood ASA



# Financial report, Q2 and first half 2018



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Austevoll Seafood ASA

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# FINANCIAL REPORT

## Q2 AND FIRST HALF 2018

Yet again, a good quarter with a record-high result

- Important improvement for pelagic segment

Good prices realised for Atlantic salmon in the quarter, although prices were highly volatile

Good level of pelagic activity in South America

- Early start for first fishing season in Peru, total quota of 3.3 million tonnes against 2.8 million tonnes in same season in 2017

Seasonal low in activity related to pelagic and whitefish in the North Atlantic

### KEY FIGURES FOR THE GROUP

All figures in NOK 1,000	Q2 2018	Q2 2017	H1 2018	H1 2017	2017
Operating revenue	6 001 380	5 019 195	11 754 529	11 094 149	20 798 933
EBITDA*	1 569 641	1 322 119	3 014 934	2 877 464	4 747 249
EBITDA %	26 %	26 %	26 %	26 %	23 %
EBIT*	1 335 462	1 089 974	2 552 695	2 420 857	3 827 155
Pre tax profit before biomass adj.*	1 344 045	1 104 096	2 671 166	2 505 113	4 029 098
Pre tax profit	1 831 206	1 816 827	4 147 596	2 232 487	2 200 015
Earnings per share (EPS) *	2,86	2,09	5,44	5,03	5,03
Earnings per share (EPS)	3,84	3,52	8,41	4,54	5,00
Dividend per share (paid)			2,80	2,50	2,50
Total assets			37 546 736	35 150 568	35 309 224
Equity			21 265 780	19 053 074	19 171 739
Equity ratio			57 %	54 %	54 %
Net interest bearing debt (NIBD)			4 656 852	5 169 271	4 137 532

\* Before fair value adjustments of biological assets

\*\* Proposed dividend

## Q2 2018

Group operating revenue in Q2 2018 totalled NOK 6,001 million, compared with NOK 5,019 million in Q2 2017. The increase in revenue was generated by an increase in sales volume for Atlantic salmon/trout, fishmeal and oil and pelagic frozen products when compared with the same quarter in 2017.

EBITDA in Q2 2018 was NOK 1,570 million, up from NOK 1,322 million in the same quarter of 2017. This is the highest quarterly EBITDA ever achieved by the Group.

EBIT before fair value adjustment related to biological assets in Q2 2018 was NOK 1,335 million (Q2 2017: NOK 1,090 million).

EBIT after fair value adjustment related to biological assets in Q2 2018 was NOK 1,816 million (Q2 2017: NOK 1,792 million). Fair value adjustment related to biological assets amounted to NOK 481 million in Q2 2018 compared with NOK 702 million in Q2 2017.

Income from associates in Q2 2018 totalled NOK 117 million (Q2 2017: NOK 116 million). The largest associates are Norskott Havbruk AS and Pelagia AS. The Group's associates are generating positive results and represent substantial value.

The Group's net interest expense in Q2 2018 totalled NOK 83 million (Q2 2017: NOK 68 million).

**Profit before tax and fair value adjustment related to biological assets for Q2 2018 amounted to NOK 1,344 million, compared with NOK 1,104 million in Q2 2017.**

Profit before tax for the quarter totalled NOK 1,831 million (Q2 2017: NOK 1,817 million). Profit after tax was NOK 1,395 million (Q2 2017: NOK 1,398 million).

## OPERATING SEGMENTS

### *Lerøy Seafood Group ASA (LSG)*

LSG's operations comprise farming, wild catches (Havfisk and LNWS) and VAP, sales and distribution. LSG has a total of 146 fish farming licences distributed as follows: 26 in Troms and Finnmark (Lerøy Aurora), 57 in Nordmøre/Trøndelag (Lerøy Midt) and 63 in Hordaland (Lerøy Sjøtroll).

In Q2 2018, LSG reported operating revenue of NOK 5,077 million (Q2 2017: NOK 4,232 million) and EBITDA before fair value adjustment related to biological assets of NOK

1,161 million (Q2 2017: NOK 948 million).

The company harvested 37,822 tonnes gutted weight of salmon and trout in the second quarter, up from 26,156 tonnes in the same quarter of 2017, representing an increase in harvest volume of 45%. The harvest volume was extraordinarily low in Q2 2017. The increase in profit in Q2 2018 when compared with the same quarter in 2017 is mainly attributed to a higher harvest volume.

In recent years, the prices for Atlantic salmon have been impacted by the fact that Norway, the largest producer of Atlantic salmon in the world, has not increased domestic production since 2012. There are several reasons for the lack of growth, including biological challenges, a lack of new licence capacity and challenges in adapting to national political regulations that drive costs. In total, the lack of growth in Norway together with a positive development in demand and the weaker Norwegian krone have resulted in historically high prices for salmon.

Throughout 2017, the Norwegian fish farming industry has shown a positive development when it comes to biological performance. This resulted in a higher harvest volume towards the end of 2017 and forecasts of an increase in harvest volume in Norway in 2018. Throughout the year, these forecasts for increased harvest volume have been slightly moderated, and the market has proved very volatile from week to week. In Q2 2018, the spot prices measured according to the NSI benchmark have varied between approx. NOK 55/kg and NOK 80/kg, with an average of NOK 68.5/kg. The comparative figure for Q2 2017 was NOK 67.4/kg.

Volatile spot prices for salmon also had an impact on operations for the VAPS&D segment and hampered marketing.

Contract share for LSG in the quarter was 23%. Prices realised on contracts for the quarter as a whole were lower than prices realised on the spot market.

For Lerøy Sjøtroll, the prices realised in the second quarter suffered substantially from a high rate of downgrading and, as a result, Lerøy Sjøtroll's prices realised for salmon are lower than in the other regions. Moreover, prices realised by Lerøy Sjøtroll were lower due to the fact that 39% of the harvest volume in the quarter was trout. For the Group as a whole, prices realised for trout in Q2 2018 were NOK 5 per kg lower than the prices realised for salmon.

For Lerøy Midt, prices realised in Q2 2018 suffered from the



company's harvesting profile throughout the quarter, when around half of the volume for the quarter was harvested in June. In total, LSG's harvesting profile and downgrading in quality had a negative impact on the spot prices realised when compared with the benchmark price in the quarter.

The Group's release from stock costs in Q2 2018 are up from Q1 2018 due to sustained high cost levels reported by Lerøy Sjøtroll. Despite this, a positive development in release from stock costs is expected in the second half of the year.

Lerøy Aurora has one of the best cost levels in the industry and is expected to sustain this throughout 2018. As previously reported, Lerøy Midt has achieved a positive development in production throughout 2017 and this has been sustained to date in 2018. This is the fourth quarter in a row with decreasing release from stock costs. The Group currently expects this trend to continue throughout 2018.

Lerøy Sjøtroll's release from stock costs in Q2 2018 are substantially higher than in Q1 2018, and at a level with which the Group is not satisfied. At the time of writing, LSG expects to see lower costs in the second half of 2018, but release from stock costs will be substantially higher than in the other regions for LSG. As previously reported, a number of measures have been implemented that will in time make production in this region more robust. One of these measures involves the construction of one of the world's largest RAS facilities – recirculating aquaculture systems – for post-smolt, at Kjærelva in Fitjar municipality. The construction process is on schedule, and a second batch of roe has now been introduced to the plant. The first delivery of smolt/release is scheduled to take place in 2019. The Group has accumulated positive and widespread experience of this type of technology, and expects this investment to provide significant reductions in production costs for Lerøy Sjøtroll. LSG believes that the new facility will improve biological performance both during the smolt phase and sea phase of production, and will allow much better utilisation of the company's licence volume.

The primary segment for Havfisk is wild catches of whitefish. Havfisk has licence rights to harvest just above 10% of the total Norwegian cod quotas in the zone north of 62 degrees latitude, corresponding to more than 30% of the total quota allocated to the trawler fleet. Havfisk also owns several processing plants, which are mainly leased out to Lerøy Norway Seafoods (LNWS) on long-term contracts. Havfisk's trawler licences stipulate an operational obligation for these processing plants.

After delivery of the new trawler, Nordtind, in January 2018, Havfisk had a fleet of 10 trawlers in operation up to May, when Kongsfjord was handed over to a new owner. The sale of Kongsfjord generated an accounting gain for the Group of NOK 35 million in the quarter. In April 2018, the Group signed an agreement with Vard for the construction of a new vessel. This will be based on the same design as Nordtind and is a combination trawler (fresh and frozen fish) with unique equipment installed for handling catches that will provide optimal quality and utilisation of the whole fish. The vessel will also be the first stern trawler with an integrated energy storage system, allowing for a combination of battery operation, diesel-mechanical and diesel-electrical propulsion. This new technology, along with other system functions, provides reductions in the emissions of CO<sub>2</sub>, NO<sub>x</sub> and noise. The newbuilding is scheduled for delivery in Q1 2020.

Havfisk's total catch volume in Q2 2018 was 18,190 tonnes, compared with 16,769 tonnes in Q2 2017. Catch volumes for the main species in Q2 2018 were 3,817 tonnes of cod, 5,401 tonnes of saithe and 441 tonnes of haddock. The catch distribution in Q2 2017 was 4,067 tonnes of cod, 6,585 tonnes of saithe and 2,050 tonnes of haddock. Moreover, catches of shrimp increased from 996 tonnes in Q2 2017 to 3,279 tonnes in Q2 2018. In comparison with Q2 2017, the average price for all species increased by 8% in Q2 2018. The prices for cod and haddock increased by 15% and 48% respectively in the quarter, while prices for saithe fell by 6%.

LNWS's primary business is processing wild-caught whitefish. The company has use of 12 processing and purchasing plants in Norway, five of which are leased from Havfisk. The processing of whitefish in Norway has been extremely challenging for many years. The Group has implemented a number of measures within both production and marketing to improve earnings, but these are long-term initiatives and it will take time before significant improvements are evident. As a result of high demand for seafood and lower quotas, the raw material prices increased throughout the first half of 2018, representing a challenge for processing operations.

In total, Havfisk/LNWS reported operating profit of NOK 116 million in Q2 2018, compared with NOK 86 million in the same period of 2017.

For further information, please read LSG's report and presentation for Q2 2018.

### ***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 6.98% of the total quota for anchoveta in Central/North Peru, and just under 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 produces consumer products in facilities that share premises with the fishmeal and fish oil factories in Coishco and Pisco.

Operating revenue in Q2 2018 totalled NOK 635 million (Q2 2017: NOK 489 million) and EBITDA amounted to NOK 322 million (Q2 2017: NOK 181 million).

The first fishing season in 2018 started on 7 April, with a total quota of 3.3 million tonnes. By the end of the second quarter, the company had caught its entire quota of 231,700 tonnes. In Q2, the company has also purchased raw materials from third parties, in both Central/North Peru and in South Peru, with total purchases exceeding 79,000 tonnes in the quarter.

The company has sold substantially more than half its fishmeal production volume from the first season in Q2 2018, while 15% of the fish oil volume produced in Q2 was sold by the end of June. At the end of the second quarter, the company had 41,700 tonnes of fishmeal and fish oil in stock. At the end of Q2 2017, the company had an inventory of 25,500 tonnes of fishmeal and oil.

The prices realised for fishmeal and oil have been 8% and 6% higher in Q2 2018 respectively, when compared with the same quarter last year.

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 global prices for fishmeal. From 2014 to 2017, Peru has struggled with low quotas and difficult operating conditions. The weather phenomenon known as "El Niño" has had an impact during this period. In 2017, the institutes monitoring this weather phenomenon signalled that sea temperatures were returning to normal. The recommended quota for 2017 in total of 4.3 million tonnes indicates that the researchers believe the biomass

is now stable. This was further supported with the new quota established for the first season of 2018 – at a total of 3.3 million tonnes – up from 2.8 million tonnes for the corresponding season in 2017. Operations in the first season of 2018 show signs of a significant improvement in catch volumes, reinforcing the Group's projections of a return to normal for fisheries in Peru.

### ***Foodcorp Chile S.A (Chile)***

Foodcorp Chile S.A. (FC) is involved in fishing, consumer products, and production of fishmeal and oil. From 2018, the regulation of fisheries in Chile has provided higher flexibility for the fleet to carry out fishing in all the country's regions. This provides corresponding flexibility for FC, as this company previously had a quota that only covered South Chile. FC's quota therefore corresponds to 8.4% of the horse mackerel quota established for the fleet to which FC's vessels belong. FC also has a quota for sardine/anchoveta.

All FC's shore-based industrial activities are located in the same building in the coastal town of 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.

In 2018, the company has its own quota (including leased quota) for horse mackerel, 29,400 tonnes. The company also purchased 21,400 tonnes of horse mackerel from third parties to be caught by FC's own vessels. This amounts in total to an annual volume of 50,800 tonnes of horse mackerel for the company.

Subsequent to the main season for catches of horse mackerel, the company had caught a total 37,500 tonnes of horse mackerel by the end of June (from the total annual volume of 50,800 tonnes). Of this volume, 20,000 tonnes were caught in Q2 2018 compared with a corresponding figure of 16,000 tonnes for Q2 2017. Demand for the company's products has been good, and sales of frozen products exceeded 12,500 tonnes in the quarter, compared with 9,400 tonnes in Q2 2017.

Operating revenue in Q2 2018 totalled NOK 212 million (Q2 2017: NOK 163 million) and EBITDA amounted to NOK 53 million (Q2 2017: NOK 71 million).

The increase in turnover is attributed to an increased sales volume and higher prices realised in Q2 2018 when compared with Q2 2017. The fall in EBITDA can principally be attributed to increased prices for purchases of horse mackerel quota from third parties and an increase in the annual fee for the company's own horse mackerel quota.

There has been a marked decline in fishing for horse mackerel in Chile since 2008/2009. International fish stock management was introduced in 2012, and a total quota was set for the second time. Responsibility for the scheme is assigned to the South Pacific Regional Fisheries Management Organization (SPRFMO). The quotas established in subsequent years have seen only a minor increase, in order to safeguard the build-up of biomass. Thanks to SPRFMO's conservative management, it was able to report in the autumn of 2017 that the biomass had reached a sustainable level, allowing the organisation to recommend an increase of 17% in the quotas for 2018.

The outcome of the auction for horse mackerel executed in December 2017 was finalised in the spring of 2018, and FC has sustained its share of fisheries on payment of an annual fee for the auctioned volume.

#### **Br. Birkeland AS (BrB) and Br. Birkeland Farming AS (BrBF)**

A reorganisation was executed at the end of 2017 whereby Br. Birkeland AS' farming operations were demerged and transferred to the new company Br. Birkeland Farming AS, while fishery operations remained in Br. Birkeland AS. As a result, the accounting figures will from now on be classified as farming operations, BrBF and fishery operations, BrB. The comparative figures for corresponding accounting periods in 2017 are therefore proforma. At the end of June 2018, AUSS owned 55.2% of the shares in Br. Birkeland Farming AS and 49.4% of the shares in Br. Birkeland AS.

In Q2 2018, the BrB segment reported operating revenue of NOK 73 million (Q2 2017: NOK 59 million). EBITDA amounted to NOK 29 million (Q2 2017: NOK 10 million).

Permission to fish for capelin in the Barents Sea was granted in 2018. The company fished for capelin in the first quarter of the year, partly postponing catches of blue whiting until the second quarter. In addition, the company has had normal operations for North Sea herring fishing in the quarter. Snow crab catches remain at a low level, although with certain signs of improvement in the first part of the second quarter. Catches for Q2 2018 were 169 tonnes compared with 257 tonnes in Q2 2017. The regulations

governing snow crab catches were amended in May 2018, including a ban on fishing for snow crab between 15 June and 15 September, the period during which the snow crab sheds its shell.

As reported in the interim report for the first quarter of 2018, the BrBF segment did not expect to harvest salmon in Q2 2018. BrBF is therefore without operating revenue in the quarter (Q2 2017: NOK 245 million). EBITDA before fair value adjustment related to biological assets in Q2 2018 was NOK 5 million (Q2 2017: NOK 108 million). The harvest volume in Q2 2017 was 3,685 tonnes of salmon, realising good prices, and this is reflected by the revenue and EBITDA reported for that quarter.

#### **Pelagia AS**

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

Revenue for the quarter was NOK 638 million (Q2 2017: NOK 596 million) and EBITDA was NOK 86 million (Q2 2017: NOK 47 million).

As normal, there has been a lower level of activity in the second quarter, particularly in relation to consumer products. The main activity in this segment is the receipt of North Sea herring. Production of fishmeal and fish oil has mainly comprised receipt of cuttings from the consumer product facilities and receipt of capelin and blue whiting. Total receipt of raw materials in the Group (100%) for fishmeal/FPC and fish oil production was approx. 265,000 tonnes in Q2 2018, compared with approx. 337,000 tonnes in the same quarter of 2017. The volume of raw materials received for consumer products in the second quarter was 47,000 tonnes, compared with 59,000 tonnes in the same quarter of 2017.

#### **CASH FLOWS Q2 2018**

Cash flow from operating activities in Q2 2018 was NOK 312 million (Q2 2017: NOK 269 million). A high activity level within fisheries in South America required an increase in bound up capital at the end of June. Cash flow from investing activities for Q2 2018 was NOK -96 million (Q2 2017: NOK -311 million). Cash flow from financing activities in Q2 2018 was NOK -1,129 million (Q2 2017: NOK -338

million). The Group made dividend payments totalling NOK 1,081 million in Q2 2018, against the corresponding figure for Q2 2017 of NOK 947 million. Net change in cash in the second quarter 2018 for the Group was NOK -912 million (Q2 2017: NOK -381 million).

The Group's cash and cash equivalents at the end of Q2 2018 totalled NOK 4,846 million, compared with NOK 4,048 million at the end of Q2 2017.

## FINANCIAL INFORMATION, FIRST HALF 2018

The Group reported operating revenue of NOK 11,755 million for the first half of 2018 (H1 2017: NOK 11,094 million). EBITDA before value adjustment related to biological assets in the first half of 2018 was NOK 3,015 million (H1 2017: NOK 2,877 million).

EBIT before value adjustment related to biological assets in the first half of 2018 was NOK 2,553 million (H1 2017: NOK 2,421 million). The fair value adjustment related to biological assets in H1 2018 was positive at NOK 1,468 million. The corresponding figure for the same period in 2017 was negative at NOK 319 million.

EBIT after value adjustment related to biological assets in the first half of 2018 was NOK 4,020 million (H1 2017: NOK 2,102 million).

Income from associates for H1 2018 totalled NOK 279 million (H1 2017: NOK 266 million).

The Group's net interest expense in H1 2018 totalled NOK 145 million (H1 2017: NOK 143 million).

**Profit before tax and fair value adjustment related to biological assets for H1 2018 was NOK 2,671 million, compared with NOK 2,505 million in H1 2017.** Profit after tax for the first half of 2018 totalled NOK 3,267 million (H1 2017: NOK 1,742 million).

## CASH FLOWS, H1 2018

Cash flow from operating activities for the first half of 2018 was NOK 1,338 million (H1 2017: NOK 2,001 million). Tax payments in H1 2018 totalled NOK 889 million (H1 2017: NOK 567 million). Cash flow from investing activities for the first half of 2018 was NOK -604 million (H1 2017: NOK -559 million). As previously reported, the Group is investing substantially in its core business, including a new fishing

vessel for Havfisk, new smolt facilities with RAS technology and new industrial facilities in Norway, the Netherlands and Spain. Cash flow from financing activities for H1 2018 was NOK -962 million (H1 2017: NOK -1,135 million). Net change in cash for the Group in H1 2018 was NOK -228 million (H1 2017: NOK 307 million).

The Group's cash and cash equivalents at the end of June 2018 totalled NOK 4,846 million compared with NOK 4,047 million at the end of June 2017.

## STATEMENT OF FINANCIAL POSITION AT 30/06/2018

The Group's statement of financial position at end June 2018 showed a total of NOK 37,547 million, compared with NOK 35,151 million at end June 2017. The Group's statement of financial position at the end of December 2017 totalled NOK 35,309 million.

The Group is financially sound with book equity at 30 June 2018 of NOK 21,266 million, equivalent to an equity ratio of 57%. At end June 2017, the book equity was NOK 19,053 million, or an equity ratio of 54%.

The Group had net interest-bearing debt totalling NOK 4,657 million at the end of Q2 2018, compared with NOK 5,169 million at the end of the same quarter in 2017.

The parent company is financially sound, with book equity of NOK 4,108 million (NOK 4,068 million) and net interest-bearing debt of NOK 563 million (NOK 586 million) at 30 June 2018. The parent company and Group have good access to external financing on competitive terms.

## RISKS AND UNCERTAINTIES

The Group's risk exposure is described in the Annual Report 2017. 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 trade barriers and geopolitical risk, the general consensus is that macroeconomic uncertainty is still greater than what was previously considered normal. Although this situation may have negative effects on the real economy in most markets, we are confident that AUSS's 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.

At the end of Q2 2018, the Group had live fish on its statement of financial position worth more than NOK 5 billion. Biological risk has been and will remain a substantial risk factor in the Group's operations. Assessing and managing biological risk must therefore be a part of the Group's core expertise.

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

After LSG's acquisition of Havfisk and LNWS, the Group has substantial exposure in relation to catches of various species of whitefish according to Norwegian quotas. The Group faces political risk linked to decisions by the authorities, including framework conditions for fish farming and licence terms related to fisheries legislation.

Industrial developments and employment in capital-intensive activities exposed to global competition such as fish farming, fisheries and industry represent challenges and require a long-term perspective by businesses and politicians at national level. The Group's strategy centres on a long-term perspective, irrespective of framework conditions, to ensure a globally competitive organisation, which can continue to ensure industrial development in the numerous local communities where the Group has operations.

In the approval granted by the Norwegian Ministry of Trade, Industry and Fisheries, LSG's ownership of Havfisk and LNWS is linked to the ownership structure approved when the application was submitted, thereby requiring approval of any changes in ownership not covered by the exemption granted by the Ministry. The nationality requirement in section 5 of the Act relating to the right to participate in fishing must also be met.

The majority of the Group's debt is at floating interest rates, but fixed-rate contracts have been entered into for approx. 25 % 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 4,961 shareholders at 30 June 2018. The number of shareholders at the start of the period was 5,456.

The share price at the start of Q2 2018 was NOK 78.50 and NOK 97.80 at the end of the quarter.

A list of the 20 largest shareholders can be found in Note 6 in this report.

The annual general meeting in 2018 adopted a dividend payment of NOK 2.80 per share for the 2017 financial year (2017: NOK 2.50 per share). The dividend payment was made on 1 June 2018.

## MARKET AND OUTLOOK

### *Production, sale and distribution of salmon, trout and whitefish*

The development in prices for Atlantic salmon to date in 2018 has been extremely volatile. This obstructs industrial development and has an impact on the willingness among market actors to assume positions and take risk. At the same time, the Group has close links with the end market and observes a very positive underlying growth in demand for both Atlantic salmon and other seafood.

The Group is not satisfied with the developments reported by Lerøy Sjøtroll in 2018 but feels confident that the initiatives taken will generate substantial improvements in the next few years. In this context, the investment in the RAS facility is important. The Group expects the facility to produce larger smolt of higher quality, in turn improving productivity when the smolt are released to sea. Current estimates for harvest volume in 2018, including the share of LSG's volume from associates, are 179,000 GWT. The harvest volume may, for numerous reasons including biology and market evaluations, differ from estimates. The Group does not expect the difference to be major in 2018.

Developments within whitefish in 2018 have been positive, even though industrial development and processing of fish in Norway remain difficult. This situation is impacted by

political framework conditions, but the Group has a clear ambition to increase competitiveness and earnings for whitefish, with the prevailing conditions and by means of improved marketing and improvements to operational efficiency in this part of the organisation also. Work on industrial development of whitefish requires patience, a long-term perspective and considerable investments. Such investments require framework conditions that are predictable, and the Group and its employees fervently hope to be able to carry out such work without any obstacles in the years to come. The Group can report a positive development in catches to date in 2018, and its best estimate remains a catch volume of whitefish and shrimp in 2018 of approximately 65,000 tonnes.

Organic growth and a series of acquisitions have afforded LSG a position as the world's second-largest producer of salmon and trout and Norway's largest supplier of whitefish. In addition to fish produced from the Group's own licences and catches covered by the Group's own quotas, LSG also has substantial trading activities with other suppliers. LSG plays an active role in developing the value chain for seafood and is gaining an increasingly important position as a substantial international seafood supplier.

Thanks to LSG's well-established integrated value chain for red fish, there is significant potential for increased value creation by means of further developing the market for whitefish, including strengthening the Group's position as a supplier of fresh/"refreshed" seafood with a full range of seafood products.

LSG's many years of building alliances, developing high-quality products, entering new markets, quality-assuring its value chain and developing its brand will enable it to continue to generate value going forward. The Group will continue its work to deliver sustainable value creation by focusing on strategic business development and operational improvements. This work will generate growth and, based on customer requirements, ensure continuity of supply, quality and cost efficiency, paving the way for increased profitability. Improving operational efficiency is an on-going process that will further improve the Group's competitive strengths on the national and global markets.

#### ***Fishmeal and fish oil***

The quotas for the first season of 2018 in Peru were 3.3 million tonnes, up from 2.8 million tonnes for the same season of 2017. The increase in volume has a very positive

impact on the company's earnings, but the growth in volume resulted in a decline in prices at the end of the first quarter and start of the second quarter. Subsequently, the prices have remained relatively stable. In 2018, the European quotas for catches of fish species primarily used for production of fishmeal and oil in Europe are on par with the quotas in 2017. Realised prices for fishmeal FOB Peru (super prime) are currently USD 1,590, while CIF Hamburg prices for fishmeal (standard 64%/65%) are USD 1,484.

#### ***Consumer products (pelagic)***

The Group's production of consumer products takes place in Europe and South America. In Europe, the season for herring and capelin is usually from January to April and the season for North Sea herring from May onwards. The main season for mackerel fishing normally starts in September and continues throughout the autumn. The remaining quotas for Norwegian spring-spawning herring are also caught during the same period. The first half of the year is the season for horse mackerel in South America. The ban on imports to Russia and import quotas and currency restrictions on sales to Nigeria have made marketing much more complex in recent years. However, the market situation in Nigeria has slightly improved in 2017, and this market is therefore expected to accept high volumes of frozen fish again in 2018. We note that the Group's products are faring well in competition with alternative sources of protein.

#### ***The Group***

The Group is financially sound, has shown positive development and is currently well positioned in several parts of the global seafood industry. 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 industry gives grounds for a positive outlook for the Group's future development.

Storebø, 21 August 2018  
The Board of Directors of Austevoll Seafood ASA

**Helge Singelstad**  
Chairman of the Board

**Lill Maren Møgster**  
Board member

**Oddvar Skjegstad**  
Deputy Chairman of the Board

**Eirik Drønen Melingen**  
Board member

**Helge Møgster**  
Board member

**Hege Charlotte Bakken**  
Board member

**Siren M. Grønhaug**  
Board member

**Arne Møgster**  
CEO

## INCOME STATEMENT (unaudited)

All figures in NOK 1.000	Note	Q2 2018	Q2 2017	H1 2018	H1 2017	(audited) 2017
<b>Operating revenue</b>	4	6 001 380	5 019 195	11 754 529	11 094 149	20 798 933
Raw material and consumables used		2 956 531	2 398 348	5 760 966	5 547 040	10 489 050
Salaries and personnel expenses		733 783	659 309	1 554 754	1 430 714	2 905 356
Other operating expenses		741 425	639 419	1 423 875	1 238 931	2 657 278
<b>EBITDA before fair value adjustments*</b>		<b>1 569 641</b>	<b>1 322 119</b>	<b>3 014 934</b>	<b>2 877 464</b>	<b>4 747 249</b>
Depreciation and amortisation		234 689	232 753	463 256	458 419	919 429
Impairment		-510	-608	-1 017	-1 812	665
<b>EBIT before fair value adjustment*</b>		<b>1 335 462</b>	<b>1 089 974</b>	<b>2 552 695</b>	<b>2 420 857</b>	<b>3 827 155</b>
Fair value adjustment related to biological assets		481 021	702 362	1 467 586	-318 864	-1 832 499
<b>Operating profit</b>		<b>1 816 483</b>	<b>1 792 336</b>	<b>4 020 281</b>	<b>2 101 993</b>	<b>1 994 656</b>
Income from associated companies	5	117 073	115 929	278 899	266 338	498 790
Net interest expenses		-83 399	-68 268	-145 261	-142 747	-282 873
Net other financial items (incl. agio/disagio)		-18 951	-23 170	-6 323	6 903	-10 558
<b>Profit before tax and fair value adj.*</b>		<b>1 344 045</b>	<b>1 104 096</b>	<b>2 671 166</b>	<b>2 505 113</b>	<b>4 029 098</b>
<b>Profit before tax</b>		<b>1 831 206</b>	<b>1 816 827</b>	<b>4 147 596</b>	<b>2 232 487</b>	<b>2 200 015</b>
Income tax expenses		-436 189	-418 592	-880 785	-490 882	-369 059
<b>Net profit</b>		<b>1 395 017</b>	<b>1 398 235</b>	<b>3 266 811</b>	<b>1 741 605</b>	<b>1 830 956</b>
Profit to non-controlling interest		619 309	688 728	1 568 652	825 166	821 489
Profit to controlling interests		775 707	709 507	1 698 159	916 439	1 009 467
Earnings per share (EPS) *		2,86	2,09	5,44	5,03	8,62
Earnings per share (EPS)		3,84	3,52	8,41	4,54	5,00
Diluted EPS		3,84	3,52	8,41	4,54	5,00

\*) related to biological assets (alternative performance measure)

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

All figures in NOK 1.000	Q2 2018	Q2 2017	H1 2018	H1 2017	(audited) 2017
<b>Net earnings in the period</b>	<b>1 395 017</b>	<b>1 398 235</b>	<b>3 266 811</b>	<b>1 741 605</b>	<b>1 830 956</b>
<b>Other comprehensive income</b>					
Currency translation differences	43 827	-1 964	-110 270	44 154	51 737
Other comprehensive income from associated companies	152	-54	-5 343	-2 727	-2 772
Cash flow hedges	2 856	3 885	23 511	5 438	24 609
Change in value available for sale financial assets					
Others incl. tax effect	-7 017	2 688	656	3 382	8 110
<b>Total other comprehensive income</b>	<b>39 818</b>	<b>4 555</b>	<b>-91 446</b>	<b>50 247</b>	<b>81 684</b>
<b>Comprehensive income in the period</b>	<b>1 434 835</b>	<b>1 402 790</b>	<b>3 175 365</b>	<b>1 791 852</b>	<b>1 912 640</b>
<b>Allocated to;</b>					
Minority interests	601 593	703 294	1 534 336	847 444	867 706
Majority interests	833 242	699 496	1 641 029	944 408	1 044 934



## STATEMENT OF FINANCIAL POSITION (unaudited)

All figures in NOK 1.000	Note	30.06.2018	30.06.2017	(audited) 31.12.2017
<b>Assets</b>				
Intangible assets		11 495 376	11 726 665	11 697 603
Vessels		2 199 091	2 003 817	1 953 354
Property, plant and equipment		6 099 695	4 953 401	5 609 737
Investments in associated companies	5	2 003 637	1 861 630	2 073 728
Investments in other shares		29 961	33 039	31 341
Other long-term receivables		150 668	164 921	200 505
<b>Total non-current assets</b>		<b>21 978 428</b>	<b>20 743 473</b>	<b>21 566 268</b>
Inventories	3	7 581 058	7 340 888	5 877 772
Accounts receivable		2 472 233	2 217 879	2 070 947
Other current receivables		668 835	800 807	719 362
Cash and cash equivalents		4 846 182	4 047 521	5 074 875
<b>Total current assets</b>		<b>15 568 308</b>	<b>14 407 095</b>	<b>13 742 956</b>
<b>Total assets</b>		<b>37 546 736</b>	<b>35 150 568</b>	<b>35 309 224</b>
<b>Equity and liabilities</b>				
Share capital	6	101 359	101 359	101 359
Own shares		-18 312	-18 312	-18 312
Share premium		3 713 549	3 713 549	3 713 549
Retained earnings and other reserves		7 068 702	5 891 469	5 989 871
Non-controlling interests		10 400 483	9 365 009	9 385 272
<b>Total equity</b>		<b>21 265 780</b>	<b>19 053 074</b>	<b>19 171 739</b>
Deferred tax liabilities		3 761 035	3 992 376	3 432 079
Pensions and other obligations		82 247	120 965	109 935
Borrowings		7 743 908	8 022 527	7 332 247
Other long-term liabilities		27 296	28 818	28 607
<b>Total non-current liabilities</b>		<b>11 614 486</b>	<b>12 164 686</b>	<b>10 902 868</b>
Short term borrowings		1 437 290	878 104	1 402 565
Overdraft facilities		294 540	287 343	448 988
Account payable		1 442 560	1 284 390	1 456 729
Other current liabilities		1 492 080	1 482 971	1 926 335
<b>Total current liabilities</b>		<b>4 666 470</b>	<b>3 932 808</b>	<b>5 234 617</b>
<b>Total liabilities</b>		<b>16 280 956</b>	<b>16 097 494</b>	<b>16 137 485</b>
<b>Total equity and liabilities</b>		<b>37 546 736</b>	<b>35 150 568</b>	<b>35 309 224</b>
NIBD		4 656 852	5 169 271	4 137 532
Equity ratio		57 %	54 %	54 %

## CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

All figures in NOK 1.000	30.06.2018	(audited) 30.06.2017	(audited) 31.12.2017
<b>Equity at period start</b>	<b>19 171 739</b>	<b>18 212 820</b>	<b>18 212 820</b>
<b>Comprehensive income in the period</b>	<b>3 175 365</b>	<b>1 791 852</b>	<b>1 912 640</b>
Dividends	-1 081 324	-950 584	-952 708
Business combinations/acquisition	-	-	-
Transactions with non-controlling interest	-	-1 014	-1 013
Effect option programme	-	-	-
Other	-	-	-
<b>Total changes in equity in the period</b>	<b>2 094 041</b>	<b>840 254</b>	<b>958 919</b>
<b>Equity at period end</b>	<b>21 265 780</b>	<b>19 053 074</b>	<b>19 171 739</b>

## CASH FLOW STATEMENT (unaudited)

All figures in NOK 1.000	Q2 2018	Q2 2017	H1 2018	H1 2017	(audited) 2017
<b>Cash flow from operating activities</b>					
Profit before income taxes	1 831 205	1 816 826	4 147 596	2 232 487	2 200 015
Fair value adjustment of biological assets	-481 021	-702 362	-1 467 586	318 864	1 832 499
Taxes paid in the period	-625 416	-351 591	-888 712	-567 323	-599 617
Depreciation and amortisation	234 689	232 753	463 256	458 419	919 429
Impairments	-510	-608	-1 017	-1 812	665
Associated companies - net	-117 073	-115 929	-278 899	-266 338	-498 790
Interest expense	96 767	80 623	170 404	163 523	332 833
Interest income	-13 367	-12 355	-25 142	-20 776	-49 960
Change in inventories	-271 836	-220 939	-213 512	218 929	168 415
Change in receivables	-70 838	-12 300	-313 636	56 015	284 690
Change in payables	-28 603	-170 984	-46 088	-185 177	-42 685
Other operating cash flow incl currency exchange	-242 144	-273 791	-208 625	-406 099	-327 003
<b>Net cash flow from operating activities</b>	<b>311 853</b>	<b>269 343</b>	<b>1 338 039</b>	<b>2 000 712</b>	<b>4 220 491</b>
<b>Cash flow from investing activities</b>					
Purchase of intangible and fixed assets	-511 380	-469 720	-1 374 902	-734 110	-1 840 471
Purchase of shares and equity investments	-	-77 170	-127 078	-77 170	-82 181
Proceeds from sale of fixed assets/equity investments	91 684	35 410	484 168	66 630	132 913
Cash inflow from business combinations	-	-	27 341	-	1 194
Dividend received	312 200	210 000	312 200	210 000	264 015
Interest income	13 367	12 355	25 142	20 776	49 960
Other investing activities - net	-1 449	-22 265	49 546	-45 302	-81 487
<b>Net cash flow from investing activities</b>	<b>-95 578</b>	<b>-311 390</b>	<b>-603 583</b>	<b>-559 176</b>	<b>-1 556 057</b>
<b>Cash flow from financing activities</b>					
Proceeds from new long term debt	565 428	791 239	1 091 132	1 300 576	1 584 788
Repayment of long term debt	-438 459	-229 694	-646 657	-810 964	-1 245 904
Change in short term debt	-133 040	127 951	-150 507	-495 044	-326 873
Interest paid	-99 895	-80 972	-171 419	-178 638	-348 031
Dividends paid	-1 081 324	-947 005	-1 081 324	-950 584	-950 584
Other finance cash flow - net	58 731	-	-3 342	-	-39 427
<b>Net cash flow from financing activities</b>	<b>-1 128 559</b>	<b>-338 481</b>	<b>-962 117</b>	<b>-1 134 654</b>	<b>-1 326 031</b>
Net change in cash and cash equivalents	-912 284	-380 528	-227 661	306 882	1 338 403
Cash, and cash equivalents at start of period	5 750 369	4 431 625	5 074 875	3 745 198	3 745 198
Exchange gains/losses (-)	8 097	-3 783	-1 032	-4 766	-8 726
<b>Cash and cash equivalents at period end</b>	<b>4 846 182</b>	<b>4 047 314</b>	<b>4 846 182</b>	<b>4 047 314</b>	<b>5 074 875</b>

## 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 company has implemented IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customers. Implementation of these standards has not required significant changes to the company's accounting policies. Moreover, the interim reports are prepared according to the same accounting policies as for the most recent financial statements, but do 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 (2017).

## NOTE 2 RELATED PARTY TRANSACTIONS

There were related party transactions in Q2 2018. Related party transactions take place on market terms, and the relevant types of transactions are described in more detail in the Annual Report 2017.

## NOTE 3 BIOLOGICAL ASSETS

The Group recognises and measures biological assets at fair value according to IAS 41 and IFRS 13. For salmon and trout, including parent fish, a present value model is applied to estimate fair value. For roe, fry, smolt and cleaner fish, historical cost is assumed to be the best estimate of fair value. The value of fish in the sea is estimated as a function of the estimated biomass at the time of release from stock, multiplied by the estimated sales price. For fish not ready for harvest, a deduction is made to cover estimated residual costs to grow the fish to harvest weight. The cash flow is discounted monthly by a discount rate. The discount rate comprises three main components: (1) the risk of incidents that have an effect on cash flow, (2) hypothetical licence lease and (3) the time value of money.

Estimated biomass (volume) is based on the actual number of individuals in the sea on the date of the statement of financial position, adjusted to cover projected mortality up to harvest time and multiplied by the estimated harvest weight per individual at harvest time. The measurement unit is the individual fish. However, for practical reasons, these estimates are carried out per locality. The live weight of fish in the sea is translated to gutted weight in order to arrive at the same measurement unit as for pricing.

Pricing is based on the Fish Pool forward prices. The forward price for the month in which the fish is expected to be harvested is applied in order to estimate cash flow. The price stipulated by Fish Pool is adjusted to take into account export costs and clearing costs and represents the reference price. This price is then adjusted to account for estimated harvesting cost (well boat, slaughter and boxing) and transport to Oslo. Adjustments are also made for any projected differences in size and quality. The adjustments to the reference price are made per locality. Joint regional parameters are applied, unless factors specific to an individual locality require otherwise.

Valuation and classification are based on the principle of highest and best use according to IFRS 13. The actual market price per kilo may vary in relation to fish weight. When estimating fair value, the optimal harvest weight, i.e. the weight when the fish is ready for harvest, is defined as the live weight that results in a gutted weight of 4 kg. This corresponds to a live weight of 4.8 kg. The optimal harvest weight may, however, be lowered slightly if required by factors at an individual locality (biological challenges etc.). In terms of valuation, only fish that have achieved a live weight greater than 4.8 kg are classified as ready for harvest.

The Group enters into contracts related to future deliveries of salmon and trout. As biological assets are recognised at fair value, the fair value adjustment of the biological assets will be included in the estimated expenses required to fulfil the contract. This implies that the Group may experience loss-making (onerous) contracts according to IAS 37 even if the contract price for physical delivery contracts is higher than the actual production cost for the products. In such a scenario, a provision is made for the estimated negative value, classified in the financial statements as other current liabilities.

The fair value adjustment related to biological assets recognised in the income statement for the period comprises (1) fair value adjustment related to biological assets, (2) change in fair value (provision) related to onerous contracts and (3) change in unrealised gain/loss related to financial sale and purchase contracts (derivatives) for fish in Fish Pool. Fish Pool contracts are treated as financial instruments on the statement of financial position, where unrealised gain is recognised as other current receivables and unrealised loss as other current liabilities.

## NOTE 3 BIOLOGICAL ASSETS (cont.)

### Conversion to live weight:

The figures for harvested volume and net growth in the tables below have been estimated on the basis of gutted weight (GWT) and converted to live weight (LWT). The gutting loss ratio for salmon and trout applied in this conversion is 16%. The table for Lerøy Seafood Group ASA includes salmon and trout. The table for Br. Birkeland Farming AS only includes salmon.

LWT = live weight measured in tonnes

GWT = gutted weight measured in tonnes

### Lerøy Seafood Group ASA

#### FAIR VALUE ADJUSTMENTS RELATED TO BIOLOGICAL ASSETS

Fair value adjustments over profit and loss	Q2 2018	Q2 2017	H1 2018	H1 2017	2017
Change FV adj. of biological assets	489 490	697 418	1 463 552	-435 862	-1 953 500
Change in FV of onerous contracts	-22 364	17 170	-43 694	203 415	278 926
Change in FV of fishpool contracts	6 586	-5 108	10 619	-17 241	-41 735
FV adj. related to biological assets	473 711	709 480	1 430 477	-249 688	-1 716 309

#### BALANCE SHEET ITEMS RELATED TO BIOLOGICAL ASSETS

Positive amounts are assets and negative amounts are liabilities

Carrying amount on biological assets	30.06.2018	30.06.2017	31.12.2017
Cost on stock for fish in sea	3 159 363	3 347 426	3 466 270
Cost on stock for fry, brood, smolt and cleaning fish	237 420	179 716	244 227
Total cost on stock for biological assets *	3 396 783	3 527 142	3 710 497
FV adj. on fish in sea	2 211 150	2 265 236	747 598
FV adj. on fry, brood, smolt and cleaning fish	0	0	0
Total FV adj. on biological assets	2 211 150	2 265 236	747 598
FV on fish in sea	5 370 513	5 612 663	4 213 868
FV on fry, brood, smolt and cleaning fish	237 420	179 716	244 227
Carrying amount of biological assets	5 607 933	5 792 379	4 458 095
<b>Carrying amount on onerous contracts (liability)</b>			
Carrying amount of onerous contracts	-49 149	-80 966	-5 455
<b>Carrying amount on fishpool contracts</b>			
Carrying amount of fishpool contracts	-5 858	8 320	-16 988

\* Cost on stock is historic costs after expensed mortality

#### HARVESTED VOLUME:

Volume in gutted weight (GWT)	Q2 2018	Q2 2017	H1 2018	H1 2017	2017
Salmon	32 019	22 268	64 613	60 241	134 673
Trout	5 804	3 888	10 786	9 222	23 094
Total harvested volume	37 822	26 156	75 398	69 463	157 768



## NOTE 3 BIOLOGICAL ASSETS (cont.)

### Lerøy Seafood Group ASA (cont.)

#### VOLUME

Volume of fish in sea (LWT)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	31.12.2017
Volume at beginning of period	99 028	89 181	112 489	108 413	108 413
Net growth during the period	36 695	38 215	67 968	70 539	191 895
Harvested volume during the period	-45 026	-31 138	-89 760	-82 694	-187 819
Volume at end of period (LWT)	90 697	96 258	90 697	96 258	112 489

Specification of fish in sea (LWT)	30.06.2018	30.06.2017	31.12.2017
Salmon	76 174	82 553	96 450
Trout	14 523	13 705	16 039
Total	90 697	96 258	112 489
Fish > 4,8 kg (live weight)	10 019	5 132	14 396

### Br. Birkeland AS

#### FAIR VALUE ADJUSTMENTS RELATED TO BIOLOGICAL ASSETS

Fair value adjustment over profit and loss	Q2 2018	Q2 2017	H1 2018	H1 2017	2017
Change FV adj. biological assets	7 310	-7 118	37 109	-69 176	-116 190
FV adj. related to biological assets	7 310	-7 118	37 109	-69 176	-116 190

#### BALANCE SHEET ITEMS RELATED TO BIOLOGICAL ASSETS

Positive amounts are assets and negative amounts are liabilities

Carrying amount of biological assets	H1 2018	H1 2017	2017
Fish in sea at historic cost	181 783	106 269	187 318
Fair value adjustment fish in sea	80 989	90 894	43 880
Fair value fish in sea	262 772	197 163	231 198
Fry, brood and smolt	-	-	-
Carrying amount of biological assets	262 772	197 163	231 198

#### HARVESTED VOLUME

Harvested volume in gutted weight (GWT)	Q2 2018	Q2 2017	H1 2018	H1 2017	2017
Total volume	2 809	3 685	2 809	4 059	6 543
- Salmon	2 809	3 685	2 809	4 059	6 543

#### VOLUME

Volume of fish in sea (LWT)	Q2 2018	Q2 2017	H1 2018	H1 2017	2017
Volume at beginning of period	2 523	5 631	5 070	5 688	5 688
Net growth during the period	1 283	1 910	2 143	3 202	7 404
Harvested volume during the period	-	-4 534	-3 407	-5 883	-8 022
Volume at end of period (LWT)	3 806	3 007	3 806	3 007	5 070
Fish > 4,8 kg (live weight)	-	-	-	-	2 935

## NOTE 4 SEGMENTS

All figures in NOK 1.000	Lerøy Seafood Group ASA	Austral Group S.A.A	Foodcorp Chile S.A	Br. Birkeland AS**	Br. Birkeland Farming AS**	Other/ elimina- tions	Total Group	Pelagia AS (50% of figures and volumes)	Total Group incl. Pelagia AS (50%)
<b>Q2 2018</b>									
Operating revenue	5 077 155	634 958	211 819	72 792	-	4 656	6 001 380	638 203	6 639 583
EBITDA*	1 160 740	321 580	53 177	28 575	5 431	138	1 569 641	86 212	1 655 853
EBITDA %	23 %	51 %	25 %	39 %			26 %	14 %	25 %
EBIT ex. impairment*	1 000 096	282 048	45 874	11 334	557	-4 958	1 334 951	61 409	1 396 360
EBIT*	1 000 096	282 558	45 874	11 334	557	-4 958	1 335 461	61 409	1 396 870
<b>Volumes sold:</b>									
Salmon (GWT tonnes)	37 822				-		37 822		37 822
Fishmeal/oil/FPC (tonnes)		42 643	5 225				47 868	21 050	68 918
Frozen/fresh fish (tonnes)		4 106	12 509				16 615	25 750	42 365
<b>Q2 2017</b>									
Operating revenue	4 232 407	489 319	162 853	59 486	245 225	-170 095	5 019 195	596 142	5 615 337
EBITDA*	947 686	181 103	71 045	9 970	107 954	4 362	1 322 119	46 848	1 368 967
EBITDA %	22 %	37 %	44 %	17 %			26 %	8 %	24 %
EBIT ex. impairment*	800 716	133 018	61 786	-8 440	102 942	-656	1 089 366	25 111	1 114 477
EBIT*	800 716	134 035	61 377	-8 440	102 942	-656	1 089 974	24 588	1 114 562
<b>Volumes sold:</b>									
Salmon (GWT tonnes)	26 156				3 685		29 841		29 841
Fishmeal/oil/FPC (tonnes)		35 092	5 212				40 304	24 500	64 804
Frozen fish (tonnes)		5 012	9 432				14 444	23 150	37 594

\* Before fair value adjustments related to biological assets

\*\* Br. Birkeland AS was demerged October 5th 2017 and Q2 2017 and H1 2017 figures are proforma figures

## NOTE 4 SEGMENTS (cont.)

All figures in NOK 1.000	Lerøy Seafood Group ASA	Austral Group S.A.A	Foodcorp Chile S.A	Br. Birkeland AS**	Br. Birkeland Farming AS**	Other/ elimina- tions	Total Group	Pelagia AS (50% of figures and volumes)	Total Group incl. Pelagia AS (50%)
<b>H1 2018</b>									
Operating revenue	10 077 273	898 151	377 849	270 484	166 311	-35 539	11 754 529	1 369 513	13 124 042
EBITDA*	2 274 860	385 006	108 384	182 232	63 392	1 060	3 014 934	188 505	3 203 439
EBITDA %	23 %			67 %	38 %		26 %	14 %	24 %
EBIT ex. impairment*	1 960 193	305 485	93 795	147 696	53 644	-9 135	2 551 678	137 952	2 689 630
EBIT*	1 960 193	306 502	93 795	147 696	53 644	-9 135	2 552 695	137 952	2 690 647
<b>Volumes sold:</b>									
Salmon (GWT tonnes)	75 398				2 808		78 206		78 206
Fishmeal/oil/FPC (tonnes)		61 047	7 948				68 995	38 100	107 095
Frozen/fresh fish (tonnes)		5 171	27 535				32 706	64 400	97 106
<b>H1 2017</b>									
Operating revenue	9 692 024	923 329	260 923	110 970	317 561	-210 658	11 094 149	1 282 223	12 376 372
EBITDA*	2 371 150	268 636	80 861	8 142	140 213	8 462	2 877 464	128 469	3 005 933
EBITDA %	24 %	29 %	31 %	7 %			26 %	10 %	24 %
EBIT ex. impairment*	2 078 064	173 242	62 465	-23 333	130 227	-1 620	2 419 045	86 399	2 505 444
EBIT*	2 078 064	175 463	62 056	-23 333	130 227	-1 620	2 420 857	91 969	2 512 826
<b>Volumes sold:</b>									
Salmon (GWT tonnes)	69 463				4 802		74 265		74 265
Fishmeal/oil/FPC (tonnes)		67 651	8 524				76 175	40 900	117 075
Frozen fish (tonnes)		8 136	13 699				21 835	55 650	77 485
<b>2017</b>									
Operating revenue	18 619 588	1 250 406	507 877	247 942	407 556	-234 436	20 798 933	3 061 055	23 859 988
EBITDA*	4 300 013	136 637	79 056	46 004	173 471	12 067	4 747 248	306 965	5 054 213
EBITDA %	23 %	11 %	16 %	19 %			23 %	10 %	21 %
EBIT ex. impairment*	3 716 748	-55 162	46 735	-24 761	152 777	-8 518	3 827 819	217 970	4 045 789
EBIT*	3 716 748	-51 328	46 076	-28 601	152 777	-8 518	3 827 154	242 411	4 069 565
<b>Volumes sold:</b>									
Salmon (GWT tonnes)	157 768				6 543		164 311		164 311
Fishmeal/oil/FPC (tonnes)		94 938	17 712				112 650	94 100	206 750
Frozen fish (tonnes)		8 154	27 661				35 815	160 550	196 365

\* Before fair value adjustments related to biological assets

\*\* Br. Birkeland AS was demerged October 5th 2017 and Q2 2017 and H1 2017 figures are proforma figures

## NOTE 5 ASSOCIATES

		Q2 2018	Q2 2017	H1 2018	H1 2017	2017
Norskott Havbruk AS	50.0%	76 067	100 498	152 384	193 049	270 660
Pelagia AS	50.0%	38 898	5 082	114 184	56 344	193 283
Others		2 107	10 349	12 330	16 945	34 846
<b>Total income from ass.companies</b>		<b>117 072</b>	<b>115 929</b>	<b>278 898</b>	<b>266 338</b>	<b>498 789</b>
<b>Total investment</b>				<b>2 003 637</b>	<b>1 861 629</b>	<b>2 073 728</b>

## NOTE 6 LIST OF THE 20 LARGEST SHAREHOLDERS AT 30/06/2018

Investor	Number of shares	% of top 20	% of total
LACO A/S	112 605 876	75.43 %	55.55 %
STATE STREET BANK AN A/C CLIENT FUND NUMB	5 301 092	3.55 %	2.62 %
FOLKETRYGDFONDET	4 579 842	3.07 %	2.26 %
STATE STREET BANK AN A/C CLIENT OMNIBUS F	3 694 009	2.47 %	1.82 %
STATE STREET BANK AN S/A SSB CLIENT OMNI	2 303 761	1.54 %	1.14 %
JPMORGAN CHASE BANK, HANDELSBANKENS NRD S	2 091 416	1.40 %	1.03 %
DANSKE INVEST NORSKE C/O DANSKE CAPITAL A	1 974 329	1.32 %	0.97 %
PARETO AKSJE NORGE V V/PARETO ASSET MANAG	1 843 073	1.23 %	0.91 %
OM HOLDING AS	1 795 889	1.20 %	0.89 %
MITSUI AND CO., LTD	1 782 236	1.19 %	0.88 %
STATE STREET BANK AN A/C WEST NON-TREATY	1 459 036	0.98 %	0.72 %
THE NORTHERN TRUST C NON-TREATY ACCOUNT	1 325 343	0.89 %	0.65 %
JPMORGAN CHASE BANK, NORDEA RE:NON-TREATY	1 314 390	0.88 %	0.65 %
JPMORGAN CHASE BANK, A/C VANGUARD BBH LEN	1 261 076	0.84 %	0.62 %
DANSKE INVEST NORSKE	1 069 205	0.72 %	0.53 %
J.P. MORGAN BANK LUX JPML SA RE CLT ASSET	1 063 971	0.71 %	0.52 %
BANQUE DE LUXEMBOURG S/A BDL - UCITS CLIE	1 017 800	0.68 %	0.50 %
EUROCLEAR BANK S.A./ 25% CLIENTS	959 467	0.64 %	0.47 %
CLEARSTREAM BANKING	921 802	0.62 %	0.45 %
PARETO AS	921 000	0.62 %	0.45 %
<b>Total number owned by top 20</b>	<b>149 284 613</b>	<b>100 %</b>	<b>73.64 %</b>
<b>Total number of shares</b>	<b>202 717 374</b>		<b>100 %</b>



## DECLARATION OF THE BOARD OF DIRECTORS AND CEO

We declare that, to the best of our knowledge, the half-yearly accounts for the period 1 January to 30 June 2018 have been prepared in accordance with IAS 34 – Interim Financial Reporting, and that the information in the accounts provides a correct illustration of the Group’s assets, liabilities, financial position and result as a whole. We also declare that, to the best of our knowledge, the half-yearly report provides a correct overview of significant events during the accounting period and their impact on the half-yearly accounts, the most central risks and uncertainties faced by the Group during the next accounting period and of significant transactions with related parties.

Storebø, 21 August 2018

The Board of Directors of Austevoll Seafood ASA

**Helge Singelstad**  
Chairman of the Board

**Lill Maren Møgster**  
Board member

**Oddvar Skjegstad**  
Deputy Chairman of the Board

**Eirik Drønen Melingen**  
Board member

**Helge Møgster**  
Board member

**Hege Charlotte Bakken**  
Board member

**Siren M. Grønhaug**  
Board member

**Arne Møgster**  
CEO





