



Austevoll Seafood ASA



# Financial report Q3 2018



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Austevoll Seafood ASA

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# FINANCIAL REPORT

## Q3 2018

- Good earnings from fish farming, but harvest volume down on Q3 2017 as expected. Good production throughout Q3.
- Seasonally low production in the pelagic segment in South America, but good development in production and profit so far this year. EBIT has more than doubled compared with same period in 2017.
- Seasonally lower activity related to pelagic and whitefish in the North Atlantic.

### KEY FIGURES FOR THE GROUP

All figures in NOK 1,000	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	2017
Operating revenue	5 317 212	4 902 771	17 071 741	15 996 920	20 798 933
EBITDA*	1 008 046	1 051 110	4 022 980	3 928 574	4 747 249
EBITDA %	19 %	21 %	24 %	25 %	23 %
EBIT*	770 720	822 034	3 323 415	3 242 891	3 827 155
Pre tax profit before biomass adj.*	757 904	873 360	3 429 071	3 378 474	4 029 098
Pre tax profit	797 847	328 812	4 945 443	2 561 299	2 200 015
Earnings per share (EPS) *	1,44	1,95	6,88	6,99	6,99
Earnings per share (EPS)	1,50	0,85	9,92	5,39	5,00
Dividend per share (paid)			2,80	2,50	2,50
Total assets			37 632 745	34 891 667	35 309 224
Equity			21 849 058	19 165 506	19 171 739
Equity ratio			58 %	55 %	54 %
Net interest bearing debt (NIBD)			4 435 398	4 411 494	4 137 532

\* Before fair value adjustments of biological assets

## Q3 2018

The Group reported operating revenue of NOK 5,317 million in the quarter, compared with NOK 4,903 million in Q3 2017. The increase in revenue was mainly generated by an increase in sales volume for fishmeal and oil compared with the same quarter in 2017.

EBITDA for the Group in Q3 2018 was NOK 1,008 million, on a par with Q3 2017 (NOK 1,051 million).

EBIT before fair value adjustment related to biological assets in Q3 2018 was NOK 771 million (Q3 2017: NOK 822 million). EBIT after fair value adjustment related to biological assets in Q3 2018 was NOK 843 million (Q3 2017: NOK 310 million). Fair value adjustment related to biological assets was NOK 72 million in Q3 2018 against NOK -512 million in Q3 2017.

Income from associates in Q3 2018 totalled NOK 42 million (Q3 2017: NOK 89 million). The largest associates are Norskott Havbruk AS and Pelagia AS. The Group's associates generate good results, are significant enterprises in their segments and represent substantial values for Austevoll Seafood ASA.

The Group's net interest expense in Q3 2018 totalled NOK -76 million (Q3 2017: NOK -73 million).

**Profit before tax and fair value adjustment related to biological assets for Q3 2018 amounted to NOK 758 million, compared with NOK 873 million in Q3 2017.**

Profit before tax for the quarter totalled NOK 798 million (Q3 2017: NOK 329 million). Profit after tax was NOK 608 million (Q3 2017: NOK 270 million).

## OPERATING SEGMENTS

### *Lerøy Seafood Group ASA (LSG)*

LSG's operations comprise farming, wild catches (Havfisk and LNWS) and VAP, Sales & 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 Q3 2018, LSG reported operating revenue of NOK 4,456 million (Q3 2017: NOK 4,373 million) and EBITDA before fair value adjustment related to biological assets of NOK 820 million (Q3 2017: NOK 1,008 million).

The lower earnings were essentially due to the lower harvest volume of salmon and trout.

The company harvested 37,227 tonnes gutted weight of salmon and trout in Q3 2018, compared with 46,024 tonnes in the same quarter of 2017, representing a decrease in harvest volume of 19%.

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.

Through 2017, the Norwegian fish farming industry showed a positive development in terms of 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. Through 2018, the outlook for the industry's growth in harvest volume for the year has been adjusted downwards. Uncertainty about volumes has contributed to a market with extremely volatile prices, although with less volatility in Q3 than in Q2 2018. The average price in Q3 2018, measured by NSI, was NOK 54.8/kg, compared with NOK 56.4/kg in Q3 2017.

LSG's contract share in the quarter was 25%, and prices realised on contracts in the quarter were higher than in the spot market.

Prices realised by Lerøy Sjøtroll in the quarter were lower because 52% of the harvest volume in the quarter was trout. For LSG as a whole, prices realised for trout in Q3 2018 were NOK 7 per kg lower than for salmon.

There has been a positive development in the Group's release from stock costs. The release from stock costs are lower in Q3 2018 than in both Q2 2018 and Q3 2017, but remain at a level the Group considers unsatisfactory. The biological development in Q3 has been positive, and the Group currently expects falling release from stock costs in Q4.

Lerøy Aurora has a marginally higher cost level in Q3 than the previous quarters of 2018 because of high industry costs. A lower cost level is expected in Q4 2018.

As previously communicated, Lerøy Midt saw a positive development in production through 2017. This development continued into 2018, and this is the fifth quarter in a row with falling release from stock costs.

The year-to-date release from stock costs in Lerøy Sjøtroll are impacted by the final releases of the Spring 17 generation, a generation that has been associated with high costs. With the transition to the Autumn 17 generation, release from stock costs are now expected to fall significantly from Q4 2018 but will remain at a level higher than in the Group's other regions. In the long term, the Group expects to implement measures with the potential to significantly improve biological performance in Lerøy Sjøtroll in the form of lower production costs and better utilisation of the licence volume. Such measures include construction of one of the world's largest and most advanced RAS facilities for post-smolt at Kjærelva in Fitjar municipality. The first delivery of smolt/release from the facility is scheduled to take place in 2019.

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. 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 catch-handling equipment that will provide optimal quality and utilisation of the whole fish. The newbuilding is scheduled for delivery in Q1 2020.

Havfisk's total catch volume in Q3 2018 was 14,282 tonnes, compared with 17,029 tonnes in Q3 2017. Catch volumes for the main species in Q3 2018 were 4,714 tonnes of cod, 3,908 tonnes of saithe and 1,008 tonnes of haddock. The catch distribution in Q3 2017 was 7,662 tonnes of cod, 3,436 tonnes of saithe and 2,464 tonnes of haddock. Moreover, catches of shrimp increased from 165 tonnes in Q3 2017 to 2,703 tonnes in Q3 2018. Compared with Q3 2017, the average price realised for all species increased by 23% in

Q3 2018. The prices for cod and haddock increased by 23% and 38% respectively in the quarter, while the price for saithe fell by 5%.

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.

Overall, the quarter was characterised on the fishing side by lower catch volumes but good price developments, while conditions for the shore-based industry remain challenging. The quarter was impacted by an increase in inventories of NOK 33 million within fishing operations, with Havfisk/LNWS contributing operating profit of NOK 41 million, compared with NOK 62 million in Q3 2017.

For further information, please refer to LSG's report and presentation for Q3 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 oil factories in Coishco and Pisco.

Operating revenue in Q3 2018 totalled NOK 578 million (Q3 2017: NOK 311 million) and EBITDA NOK 157 million (Q3 2017: NOK -10 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. Accordingly, the company had a low level of activity in the third quarter. Austral purchased a total of approx. 14,500 tonnes of anchoveta from the coastal fleet for production of fishmeal and oil in the quarter.

The company sold the remainder of the fishmeal and oil production from the first season in Q3 2018, totalling 41,800 tonnes, compared with 26,800 tonnes in Q3 2017. At 30 September 2018, the company had 3,800 tonnes of fishmeal and oil in stock. At 30 September 2017, the company had an inventory of 500 tonnes of fishmeal and oil.

The prices realised for fishmeal and oil have been 14% and 15% higher respectively in Q3 2018 compared with the same quarter last year.

Peru is usually the largest producer of fishmeal and oil in the world. Production volumes in Peru therefore have a direct influence on global prices for fishmeal. From 2014 to 2017, Peru struggled with low quotas and extremely difficult operating conditions, including the weather phenomenon known as "El Niño". In 2017, the institutes monitoring this weather phenomenon signalled that sea temperatures were returning to normal. The recommended quotas for 2017 totalled 4.3 million tonnes, indicating that the researchers assessed the biomass to be in a good state. This was further supported by the quota of 3.3 million tonnes established for the first season of 2018, up from 2.8 million tonnes for the corresponding season in 2017. Operations in the first season of 2018 showed signs of a significant improvement in catch volumes, reinforcing the Group's projections of a return to normal for fisheries in Peru going forward.

#### ***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 allowed greater flexibility for the fleet to carry out fishing in all the country's regions. This provides a corresponding increase in flexibility for FC, whose quota previously covered only South Chile. FC's quota therefore now 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 of 29,400 tonnes. The company has also purchased additional quota of 23,400 tonnes of horse mackerel from third parties to be caught by FC's own vessels. This gives a total annual volume of 52,800 tonnes of horse mackerel for the company.

The main fishing season for horse mackerel is now over, and by the end of September the company had caught a total 47,200 tonnes of horse mackerel (from the total annual volume of 52,800 tonnes). Of this volume, 9,700 tonnes were caught in Q3 2018, compared with a corresponding figure of 15,600 tonnes in Q3 2017. The remainder of the annual volume is expected to be fished in December. Demand for the company's products has been good, and sales of frozen products totalled 9,200 tonnes in the quarter, compared with 10,100 tonnes in Q3 2017.

In Q3 2018, operating revenue was NOK 152 million (Q3 2017: NOK 145 million) and EBITDA was NOK 13 million (Q3 2017: NOK 28 million).

The increase in turnover is explained by higher prices realised in Q3 2018 compared with Q3 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.

Chile has seen a significant decline in horse mackerel fishing since 2008/2009, with joint international fish stock management introduced from 2011. 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 build up the 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) og 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 30 September 2018, AUSS owned 55.2% of the shares in Br. Birkeland Farming AS and 42.9% of the shares in Br. Birkeland AS.

In Q3 2018, the BrB segment reported operating revenue of NOK 63 million (Q3 2017: NOK 52 million). EBITDA amounted to NOK 16 million (Q3 2017: NOK 4 million).

It has as normal been low season for the pelagic vessels, and the horse mackerel season only started at the end of September. The regulations governing fishing for snow crab 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. There has consequently been no fishing for snow crab in the third quarter.

In Q3 2018, the BrBF segment reported operating revenue of NOK 67 million (Q3 2017: NOK 29 million). EBITDA before fair value adjustment related to biological assets in Q3 2018 was NOK 12 million (Q3 2017: NOK 17 million). A total of 1,275 tonnes of salmon were harvested in Q3 2018, up from 543 tonnes in Q3 2017.

### **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 622 million (Q3 2017: NOK 675 million) and EBITDA was NOK 27 million (Q3 2017: NOK 63 million).

The third quarter has as normal seen a lower level of activity within both consumer products and the production of fishmeal and oil. Total receipt of raw materials in the Group (100%) for fishmeal/FPC and oil production was approx. 150,000 tonnes in Q3 2018, compared with approx. 156,000 tonnes

in Q3 2017. Most of the raw material received for fishmeal and oil production in the third quarter was cuttings. The volume of raw materials received for consumer products in the third quarter was 55,000 tonnes, compared with 60,000 tonnes in Q3 2017. Until the start of the main season for mackerel at the end of September, raw materials in the third quarter mainly comprised North Sea herring.

### **CASH FLOWS Q3 2018**

Cash flow from operating activities for Q3 2018 was NOK 694 million (Q3 2017: NOK 1,207 million). Cash flow from investing activities for Q3 2018 was NOK -394 million (Q3 2017: NOK -413 million). Cash flow from financing activities for Q3 2018 was NOK -685 million (Q3 2017: NOK -232 million). This figure reflects an extraordinary repayment of part of a long-term loan in the quarter. Net change in cash in Q3 2018 for the Group was NOK -385 million (Q3 2017: NOK 561 million).

The Group's cash and cash equivalents at 30 September 2018 totalled NOK 4,462 million, compared with NOK 4,600 million at the end of Q3 2017.

### **FINANCIAL FACTORS AT 30 SEPTEMBER 2018**

The Group reported operating revenue of NOK 17,072 million for the first three quarters of 2018 (30.09.2017: NOK 15,997 million). EBITDA before fair value adjustment related to biological assets in the period was NOK 4,023 million (30.09.2017: NOK 3,929 million).

EBIT before fair value adjustment related to biological assets was NOK 3,323 million (30.09.2017: NOK 3,243 million). The fair value adjustment related to biological assets for the first three quarters was positive at NOK 1,539 million. The corresponding figure for the same period in 2017 was negative at NOK 831 million.

EBIT after fair value adjustment related to biological assets in the period was NOK 4,863 million (30.09.2017: NOK 2,412 million).

Income from associates for the first three quarters totalled NOK 321 million (30.09.2017: NOK 356 million).

The Group's net interest expense in the first three quarters was NOK -221 million (30.09.2017: NOK -216 million).

**Profit before tax and fair value adjustment related to biological**

assets for the first three quarters of 2018 was NOK 3,429 million, compared with NOK 3,378 million for the same period in 2017.

Profit after tax for the first three quarters totalled NOK 3,875 million (30.09.2017: NOK 2,012 million).

### CASH FLOWS AT 30 SEPTEMBER 2018

Cash flow from operating activities was NOK 2,032 million for the first three quarters (30.09.2017: NOK 3,208 million). Tax payments in the period totalled NOK 905 million, compared with NOK 580 million for the same period in 2017. Cash flow from investing activities was NOK -998 million for the first three quarters (30.09.2017: NOK -972 million). As previously reported, the Group has invested and continues to invest 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 was NOK -1,647 million for the first three quarters (30.09. 2017: NOK -1,367 million). The Group has paid a total dividend of NOK 1,081 million, compared with NOK 951 million in the equivalent period in 2017. Net change in cash for the Group in the first three quarters of 2018 was NOK -612 million (30.09.2017: NOK 868 million).

The Group's cash and cash equivalents at 30 September 2018 totalled NOK 4,462 million compared with NOK 4,600 million at 30 September 2017.

### STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2018

The Group's statement of financial position at 30 September 2018 showed a total of NOK 37,633 million, compared with NOK 34,892 million at 30 September 2017. The Group's statement of financial position at 31 December 2017 totalled NOK 35,309 million.

The Group is financially sound with book equity at 30 September 2018 of NOK 21,849 million, equivalent to an equity ratio of 58%. At 30 September 2017, book equity was NOK 19,166 million, equivalent to an equity ratio of 54%.

The Group had net interest-bearing debt totalling NOK 4,435 million at 30 September 2018, compared with NOK 4,411 million at 30 September 2017.

The parent company is financially sound, with book equity

of NOK 4,081 million (30.09.2017: NOK 4,049 million) and net interest-bearing debt of NOK 585 million (30.09.2017: NOK 605 million) at 30 September 2018. The parent company and the 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 30 September 2018, the Group had live fish on its statement of financial position worth more than NOK 6 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. 26 % 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 4,794 shareholders at 30 September 2018. The number of shareholders at the start of the period was 4,961.

The share price at the start of Q3 2018 was NOK 97.80 and NOK 112.20 at the end.

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

## 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 highly volatile. This complicates industrial development and reduces the willingness of market actors to take positions and develop the seafood market. At the same time, the Group has close links with the end market and observes very positive underlying growth in demand

for both Atlantic salmon and other seafood.

The Group remains dissatisfied with the 2018 results for Lerøy Sjøtroll but is pleased that things are moving in the right direction. The Group is confident that the initiatives it has implemented will generate substantial improvements in the next few years. The investment in the RAS facility is crucial to the development of Lerøy Sjøtroll. The Group expects the larger, higher-quality smolt produced by the facility to improve productivity when the smolt are released to sea. The current estimate for harvest volume in 2018, including the share of LSG's volume from associates, is 179,000 GWT. The harvest volume may, for numerous reasons including biology and market evaluations, differ from estimates. Again in 2018, the Group does not expect the difference to be major.

The current estimate for harvest volume in 2019, including the share of LSG's volume from associates, is 190,000 GWT.

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. Developments in fishing operations to date in 2018 have been positive, and the Group maintains its best estimates for 2018 catch volumes at approx. 65,000 tonnes.

On 18 October 2018, the Norwegian-Russian fisheries commission stipulated total quotas for cod, haddock, Greenland halibut and redfish for 2019. The total quotas for cod and haddock are down 6.5% and 15% respectively, while the quota for Greenland halibut is unchanged and that for redfish is up 64%.

Moreover, the advice from the International Council for the Exploration of the Sea (ICES) is that the quota for saithe in the zone north of 62 degrees latitude should be reduced by 13%, while the advice for fishing for saithe in the North Sea implies an increase of 21%. The final quotas per vessel will be stipulated in November/December 2018.

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 its own licences and catches covered by its own quotas, the Group 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 investing in vertical integration, building alliances, developing high-quality products, entering new markets, quality-assuring its value chain and building its brand will enable it to continue to create 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 ongoing process that will further improve the Group's competitiveness on 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. A high quota in Peru led to fishmeal prices falling in the second quarter, before rising slightly and stabilising. Peru has carried out its customary surveys ahead of the second fishing season, but as yet there are no details of the size of the quota or when the second fishing season will begin. 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. The quotas recommended by ICES for 2019 are down on 2018. Realised prices for fishmeal FOB Peru (super prime) are currently USD 1,590, while CIF Hamburg prices for fishmeal (standard 64%/65%) are USD 1,485.

#### ***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 improved slightly in 2017, and this market has received high volumes of frozen fish in 2018. We note that the Group's products are faring well in competition with alternative sources of protein. The quotas recommended by ICES for the North Atlantic for 2019 are down on 2018. The quotas recommended by SPRFMO for horse mackerel in the South Pacific in 2019 are up approx. 3% on the quota for 2018.

#### ***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, November 7<sup>th</sup>, 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	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	(audited) 2017
<b>Operating revenue</b>	4	5 317 212	4 902 771	17 071 741	15 996 920	20 798 933
Raw material and consumables used		2 754 060	2 437 894	8 515 026	7 984 934	10 489 050
Salaries and personnel expenses		790 195	707 222	2 344 949	2 137 936	2 905 356
Other operating expenses		764 911	706 545	2 188 786	1 945 476	2 657 278
<b>EBITDA before fair value adjustments *</b>		<b>1 008 046</b>	<b>1 051 110</b>	<b>4 022 980</b>	<b>3 928 574</b>	<b>4 747 249</b>
Depreciation and amortisation		237 842	229 790	701 098	688 209	919 429
Impairment		-516	-714	-1 533	-2 526	665
<b>EBIT before fair value adjustment *</b>		<b>770 720</b>	<b>822 034</b>	<b>3 323 415</b>	<b>3 242 891</b>	<b>3 827 155</b>
Fair value adjustment related to biological asset		71 834	-511 708	1 539 420	-830 572	-1 832 499
<b>Operating profit</b>		<b>842 554</b>	<b>310 326</b>	<b>4 862 835</b>	<b>2 412 319</b>	<b>1 994 656</b>
Income from associated companies	5	41 982	89 357	320 881	355 695	498 790
Net interest expenses		-75 533	-73 098	-220 794	-215 845	-282 873
Net other financial items (incl. agio/disagio)		-11 156	2 227	-17 479	9 130	-10 558
<b>Profit before tax and fair value adj.*</b>		<b>757 904</b>	<b>873 360</b>	<b>3 429 071</b>	<b>3 378 474</b>	<b>4 029 098</b>
<b>Profit before tax</b>		<b>797 847</b>	<b>328 812</b>	<b>4 945 443</b>	<b>2 561 299</b>	<b>2 200 015</b>
Income tax expenses		-189 952	-58 389	-1 070 737	-549 271	-369 059
<b>Net profit</b>		<b>607 895</b>	<b>270 423</b>	<b>3 874 706</b>	<b>2 012 028</b>	<b>1 830 956</b>
Profit to non-controlling interest		304 690	99 215	1 873 342	924 381	821 489
Profit to controlling interests		303 205	171 208	2 001 364	1 087 647	1 009 467
Earnings per share (EPS) *		1,44	1,95	6,88	6,99	8,62
Earnings per share (EPS)		1,50	0,85	9,92	5,39	5,00
Diluted EPS		1,50	0,85	9,92	5,39	5,00

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

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

All figures in NOK 1.000	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	(audited) 2017
<b>Net earnings in the period</b>	<b>607 895</b>	<b>270 423</b>	<b>3 874 706</b>	<b>2 012 028</b>	<b>1 830 956</b>
<b>Other comprehensive income</b>					
Currency translation differences	-28 452	-172 438	-138 722	-128 284	51 737
Other comprehensive income from associated companies	21	64	-5 322	-2 663	-2 772
Cash flow hedges	9 607	9 476	33 118	14 914	24 609
Change in value available for sale financial assets					
Others incl. tax effect	-5 809	7 033	-5 150	10 415	8 110
<b>Total other comprehensive income</b>	<b>-24 633</b>	<b>-155 865</b>	<b>-116 076</b>	<b>-105 618</b>	<b>81 684</b>
<b>Comprehensive income in the period</b>	<b>583 262</b>	<b>114 558</b>	<b>3 758 630</b>	<b>1 906 410</b>	<b>1 912 640</b>
<b>Allocated to;</b>					
Minority interests	304 087	78 293	1 827 577	925 736	867 706
Majority interests	279 175	36 265	1 931 053	980 674	1 044 934

## STATEMENT OF FINANCIAL POSITION (unaudited)

All figures in NOK 1.000	Note	30.09.2018	30.09.2017	(audited) 31.12.2017
<b>Assets</b>				
Intangible assets		11 470 832	11 635 381	11 697 603
Vessels		2 145 221	1 941 556	1 953 354
Property, plant and equipment		6 391 528	5 151 017	5 609 737
Investments in associated companies	5	1 977 767	1 900 749	2 073 728
Investments in other shares		34 278	32 717	31 341
Other long-term receivables		147 033	165 807	200 505
<b>Total non-current assets</b>		<b>22 166 659</b>	<b>20 827 227</b>	<b>21 566 268</b>
Inventories	3	8 034 082	6 694 202	5 877 772
Accounts receivable		2 190 682	2 007 586	2 070 947
Other current receivables		779 648	762 514	719 362
Cash and cash equivalents		4 461 674	4 600 138	5 074 875
<b>Total current assets</b>		<b>15 466 086</b>	<b>14 064 440</b>	<b>13 742 956</b>
<b>Total assets</b>		<b>37 632 745</b>	<b>34 891 667</b>	<b>35 309 224</b>
<b>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		7 347 878	5 925 609	5 989 871
Non-controlling interests		10 704 585	9 443 301	9 385 272
<b>Total equity</b>		<b>21 849 058</b>	<b>19 165 506</b>	<b>19 171 739</b>
Deferred tax liabilities		3 797 662	3 849 081	3 432 079
Pensions and other obligations		71 332	120 667	109 935
Borrowings		6 971 734	7 945 627	7 332 247
Other long-term liabilities		27 349	27 549	28 607
<b>Total non-current liabilities</b>		<b>10 868 077</b>	<b>11 942 924</b>	<b>10 902 868</b>
Short term borrowings		1 346 860	886 983	1 402 565
Overdraft facilities		551 129	151 473	448 988
Account payable		1 487 073	1 198 949	1 456 729
Other current liabilities		1 530 548	1 545 832	1 926 335
<b>Total current liabilities</b>		<b>4 915 610</b>	<b>3 783 237</b>	<b>5 234 617</b>
<b>Total liabilities</b>		<b>15 783 687</b>	<b>15 726 161</b>	<b>16 137 485</b>
<b>Total equity and liabilities</b>		<b>37 632 745</b>	<b>34 891 667</b>	<b>35 309 224</b>
NIBD		4 435 398	4 411 494	4 137 532
Equity ratio		58 %	54 %	54 %

## CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

All figures in NOK 1.000	30.09.2018	(audited) 30.09.2017	(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>3 758 630</b>	<b>1 906 410</b>	<b>1 912 640</b>
Dividends	-1 081 311	-952 709	-952 708
Transactions with non-controlling interest	-	-1 015	-1 013
Other	-	-	-
<b>Total changes in equity in the period</b>	<b>2 677 319</b>	<b>952 686</b>	<b>958 919</b>
<b>Equity at period end</b>	<b>21 849 058</b>	<b>19 165 506</b>	<b>19 171 739</b>

## CASH FLOW STATEMENT (unaudited)

All figures in NOK 1.000	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	(audited) 2017
<b>Cash flow from operating activities</b>					
Profit before income taxes	797 848	328 812	4 945 444	2 561 299	2 200 015
Fair value adjustment of biological assets	-71 834	511 708	-1 539 420	830 572	1 832 499
Taxes paid in the period	-16 462	-13 133	-905 173	-580 456	-599 617
Depreciation and amortisation	237 842	229 790	701 098	688 209	919 429
Impairments	-516	-714	-1 533	-2 526	665
Associated companies - net	-41 982	-89 357	-320 881	-355 695	-498 790
Interest expense	87 567	85 017	257 971	248 540	332 833
Interest income	-12 036	-11 919	-37 178	-32 695	-49 960
Change in inventories	-380 118	134 978	-593 630	353 907	168 415
Change in receivables	170 738	248 586	-142 898	304 601	284 690
Change in payables	43 950	-85 441	-2 138	-270 618	-42 685
Other operating cash flow incl currency exchange	-120 891	-131 482	-329 516	-537 581	-327 003
<b>Net cash flow from operating activities</b>	<b>694 106</b>	<b>1 206 845</b>	<b>2 032 146</b>	<b>3 207 557</b>	<b>4 220 491</b>
<b>Cash flow from investing activities</b>					
Purchase of intangible and fixed assets	-481 245	-456 493	-1 856 147	-1 190 602	-1 840 471
Purchase of shares and equity investments	-7 052	-	-134 130	-77 170	-82 181
Proceeds from sale of fixed assets/equity investments	-532	8 243	483 636	74 873	132 913
<b>Cash inflow from business combinations</b>	<b>-953</b>	<b>-</b>	<b>26 388</b>	<b>-</b>	<b>1 194</b>
Dividend received	80 000	26 515	392 200	236 515	264 015
Interest income	12 036	11 919	37 178	32 695	49 960
Other investing activities - net	3 715	-3 150	53 260	-48 452	-81 487
<b>Net cash flow from investing activities</b>	<b>-394 031</b>	<b>-412 966</b>	<b>-997 615</b>	<b>-972 141</b>	<b>-1 556 057</b>
<b>Cash flow from financing activities</b>					
Proceeds from new long term debt	176 870	187 561	1 268 002	1 488 137	1 584 788
Repayment of long term debt	-1 041 574	-201 739	-1 688 232	-1 012 703	-1 245 904
Change in short term debt	261 013	-133 238	110 506	-628 282	-326 873
Interest paid	-81 027	-85 017	-252 446	-263 655	-348 031
Dividends paid	-	-	-1 081 324	-950 584	-950 584
Other finance cash flow - net	-11	-	-3 353	-	-39 427
<b>Net cash flow from financing activities</b>	<b>-684 729</b>	<b>-232 433</b>	<b>-1 646 847</b>	<b>-1 367 087</b>	<b>-1 326 031</b>
Net change in cash and cash equivalents	-384 654	561 446	-612 316	868 329	1 338 403
Cash, and cash equivalents at start of period	4 846 182	4 047 315	5 074 875	3 745 198	3 745 198
Exchange gains/losses (-)	146	-8 861	-885	-13 627	-8 726
<b>Cash and cash equivalents at period end</b>	<b>4 461 674</b>	<b>4 599 900</b>	<b>4 461 674</b>	<b>4 599 900</b>	<b>5 074 875</b>

## 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 Q3 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.

## NOTE 3 BIOLOGICAL ASSETS (cont.)

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.

### 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	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Change FV adj. of biological assets	77 340	-554 269	1 540 892	-990 131	-1 953 500
Change in FV of onerous contracts	-25 596	45 854	-69 290	249 269	278 926
Change in FV of fishpool contracts	1 036	-6 202	11 655	-23 443	-41 735
FV adj. related to biological assets	52 780	-514 617	1 483 257	-764 305	-1 716 309

#### BALANCE SHEET ITEMS RELATED TO BIOLOGICAL ASSETS

Positive amounts are assets and negative amounts are liabilities

Carrying amount on biological assets	30.09.2018	30.09.2017	31.12.2017
Cost on stock for fish in sea	3 775 460	3 445 491	3 466 270
Cost on stock for fry, brood, smolt and cleaning fish	208 425	156 261	244 227
Total cost on stock for biological assets *	3 983 886	3 601 752	3 710 497
FV adj. on fish in sea	2 288 490	1 710 967	747 598
FV adj. on fry, brood, smolt and cleaning fish	0	0	0
Total FV adj. on biological assets	2 288 490	1 710 967	747 598
FV on fish in sea	6 063 950	5 156 458	4 213 868
FV on fry, brood, smolt and cleaning fish	208 425	156 261	244 227
Carrying amount of biological assets	6 272 376	5 312 719	4 458 095
<b>Carrying amount on onerous contracts (liability)</b>			
Carrying amount of onerous contracts	-74 745	-35 112	-5 455
<b>Carrying amount on fishpool contracts</b>			
Carrying amount of fishpool contracts	-4 832	1 964	-16 988

\* Cost on stock is historic costs after expensed mortality

#### HARVESTED VOLUME:

Volume in gutted weight (GWT)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Salmon	31 443	39 748	96 056	99 989	134 673
Trout	5 784	6 276	16 569	15 498	23 094
Total harvested volume	37 227	46 024	112 625	115 487	157 768



## NOTE 3 BIOLOGICAL ASSETS (cont.)

### Lerøy Seafood Group ASA (cont.)

#### VOLUME

Volume of fish in sea (LWT)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	31.12.2017
Volume at beginning of period	90 697	96 258	112 489	108 413	108 413
Net growth during the period	66 245	66 973	134 212	137 513	191 895
Harvested volume during the period	-44 318	-54 790	-134 077	-137 485	-187 819
Volume at end of period (LWT)	112 624	108 441	112 624	108 441	112 489

Specification of fish in sea (LWT)	30.09.2018	30.09.2017	31.12.2017
Salmon	93 690	91 700	96 450
Trout	18 934	16 741	16 039
Total	112 624	108 441	112 489
Fish > 4,8 kg (live weight)	12 941	8 133	14 396

### Br. Birkeland AS

#### FAIR VALUE ADJUSTMENTS RELATED TO BIOLOGICAL ASSETS

Fair value adjustment over profit and loss	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	2017
Change FV adj. biological assets	19 054	2 909	56 163	-66 267	-116 190
FV adj. related to biological assets	19 054	2 909	56 163	-66 267	-116 190

#### BALANCE SHEET ITEMS RELATED TO BIOLOGICAL ASSETS

Positive amounts are assets and negative amounts are liabilities

Carrying amount of biological assets	YTD Q3 2018	YTD Q3 2017	2017
Fish in sea at historic cost	212 146	157 869	187 318
Fair value adjustment fish in sea	100 043	93 803	43 880
Fair value fish in sea	312 189	251 672	231 198
Fry, brood and smolt	-	-	-
Carrying amount of biological assets	312 189	251 672	231 198

#### HARVESTED VOLUME

Harvested volume in gutted weight (GWT)	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	2017
Total volume	1 275	543	4 084	5 345	6 543
- Salmon	1 275	543	4 084	5 345	6 543

#### VOLUME

Volume of fish in sea (LWT)	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	2017
Volume at beginning of period	3 806	3 007	5 070	5 688	5 688
Net growth during the period	2 867	2 026	5 010	5 228	7 404
Harvested volume during the period	-1 539	-686	-4 840	-6 569	-8 022
Volume at end of period (LWT)	5 134	4 347	5 240	4 347	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>Q3 2018</b>									
Operating revenue	4 455 832	577 724	151 519	62 853	66 724	2 560	5 317 212	621 921	5 939 133
EBITDA*	819 662	157 150	12 840	15 666	11 893	-9 165	1 008 046	27 316	1 035 362
EBITDA %	18 %	27 %	8 %	25 %	18 %		19 %	4 %	17 %
EBIT*	660 132	114 576	5 263	-1 713	6 953	-14 491	770 720	1 849	772 569
<b>Volumes sold:</b>									
Salmon (GWT tonnes)	37 227				1 275		38 502		38 502
Fishmeal/oil/FPC (tonnes)		41 807	3 366				45 173	26 600	71 773
Frozen/fresh fish (tonnes)		1 316	9 201				10 517	22 300	32 817
<b>Q3 2017</b>									
Operating revenue	4 373 199	311 125	144 976	52 038	29 462	-8 029	4 902 771	675 173	5 577 944
EBITDA*	1 007 515	-9 730	27 761	4 152	16 540	4 872	1 051 110	62 799	1 113 909
EBITDA %	23 %		19 %	8 %	56 %		21 %	9 %	20 %
EBIT*	861 310	-54 148	19 059	-14 996	11 227	-418	822 034	39 985	862 019
<b>Volumes sold:</b>									
Salmon (GWT tonnes)	46 024				543		46 567		46 567
Fishmeal/oil/FPC (tonnes)		26 774	4 681				31 455	33 800	65 255
Frozen fish (tonnes)			10 122				10 122	20 950	31 072

\* 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>YTD Q3 2018</b>									
Operating revenue	14 533 105	1 475 875	529 368	333 337	233 035	-32 979	17 071 741	1 991 434	19 063 175
EBITDA*	3 094 522	542 156	121 225	197 899	75 285	-8 107	4 022 980	215 821	4 238 801
EBITDA %	21 %	37 %	23 %	59 %	32 %		24 %	11 %	22 %
EBIT*	2 620 325	421 078	99 059	145 984	60 597	-23 628	3 323 415	139 801	3 463 216
<b>Volumes sold:</b>									
Salmon (GWT tonnes)	112 625				4 084		116 709		116 709
Fishmeal/oil/FPC (tonnes)		102 854	11 314				114 168	64 700	178 868
Frozen/fresh fish (tonnes)		6 487	36 736				43 223	86 700	129 923
<b>YTD Q3 2017</b>									
Operating revenue	14 065 223	1 234 454	405 899	163 008	347 023	-218 687	15 996 920	1 957 396	17 954 316
EBITDA*	3 378 665	258 906	108 622	12 294	156 753	13 334	3 928 574	191 268	4 119 842
EBITDA %	24 %	21 %	27 %	8 %	45 %		25 %	10 %	23 %
EBIT*	2 939 373	121 315	81 115	-38 329	141 454	-2 037	3 242 891	131 954	3 374 845
<b>Volumes sold:</b>									
Salmon (GWT tonnes)	115 487				5 345		120 832		120 832
Fishmeal/oil/FPC (tonnes)		94 425	13 205				107 630	74 700	182 330
Frozen fish (tonnes)		8 136	23 821				31 957	76 600	108 557
<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*	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

		Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	2017
Norskott Havbruk AS* a)	50.0%	29 948	39 905	182 332	232 954	270 660
Pelagia AS b)	50.0%	-160	41 494	114 024	97 838	193 283
Others		12 193	7 955	24 524	24 901	34 846
<b>Total income from ass.companies</b>		<b>41 981</b>	<b>89 354</b>	<b>320 880</b>	<b>355 693</b>	<b>498 789</b>
* Fair value adjustment biological assets		-31 892	-32 843	-23 049	13 395	3 415
<b>Income from associates before FV adj.</b>		<b>73 873</b>	<b>122 197</b>	<b>343 929</b>	<b>342 298</b>	<b>495 374</b>

### Investment in associates:

Norskott Havbruk AS				687 348	743 522	777 933
Pelagia AS				1 000 381	936 364	1 060 536
Others				290 037	220 861	235 259
<b>Total investment</b>				<b>1 977 766</b>	<b>1 900 747</b>	<b>2 073 728</b>

### Dividend received

Norskott Havbruk AS				242 200	133 515	161 015
Pelagia AS				150 000	100 000	100 000
Others					3 000	3 000
<b>Total Dividend received from associates</b>				<b>392 200</b>	<b>236 515</b>	<b>264 015</b>

a) Lerøy Seafood Group ASA owns 50% of Norskott Havbruk AS

b) Austevoll Seafood ASA owns 50% of Pelagia AS

## NOTE 6 LIST OF THE 20 LARGEST SHAREHOLDERS AT 30/09/2018

Investor	Number of shares	% of top 20	% of total
LACO AS	112 605 876	75.66	55.55
STATE STREET BANK AND TRUST COMP	5 287 194	3.55	2.61
FOLKETRYGDFONDET	4 899 739	3.29	2.42
STATE STREET BANK AND TRUST COMP	3 631 705	2.44	1.79
STATE STREET BANK AND TRUST COMP	2 642 987	1.78	1.30
PARETO AKSJE NORGE VERDIPAPIRFOND	1 863 073	1.25	0.92
MITSUI AND CO., LTD.	1 782 236	1.20	0.88
OM HOLDING AS	1 745 889	1.17	0.86
DANSKE INVEST NORSKE INSTIT. II.	1 602 129	1.08	0.79
J.P. MORGAN BANK LUXEMBOURG S.A.	1 586 048	1.07	0.78
THE NORTHERN TRUST COMP, LONDON BR	1 460 789	0.98	0.72
STATE STREET BANK AND TRUST COMP	1 319 752	0.89	0.65
JPMORGAN CHASE BANK, N.A., LONDON	1 315 877	0.88	0.65
JPMORGAN CHASE BANK, N.A., LONDON	1 295 955	0.87	0.64
EUROCLEAR BANK S.A./N.V.	1 161 143	0.78	0.57
STATE STREET BANK AND TRUST COMP	1 038 599	0.70	0.51
CLEARSTREAM BANKING S.A.	940 063	0.63	0.46
PARETO AS	921 000	0.62	0.45
AUSTEVOLL SEAFOOD ASA	893 300	0.60	0.44
GOLDMAN SACHS & CO. LLC	835 252	0.56	0.41
<b>Total number owned by top 20</b>	<b>148 828 606</b>	<b>100 %</b>	<b>73.42 %</b>
<b>Total number of shares</b>	<b>202 717 374</b>		<b>100 %</b>

