



Austevoll Seafood ASA



# Financial report Q4 2018 and preliminary figures for 2018



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## FINANCIAL REPORT Q4 2018 AND PRELIMINARY FIGURES FOR 2018

- The best annual profit in the Group's history
- Good earnings from fish farming
- High level of activity within pelagic segment in South America and North Atlantic
  - » Purchase of second-hand fishing vessel for FoodCorp, Chile
- High level of activity within whitefish
- The Board of Directors intends to propose a dividend payment of NOK 3.50 per share for 2018, in line with the company's dividend policy

### KEY FIGURES FOR THE GROUP

All figures in NOK 1,000	Q4 2018	Q4 2017	2018	2017
Operating revenue	5,765,343	4,802,013	22,837,084	20,798,933
EBITDA*	1,215,632	818,675	5,238,612	4,747,249
EBITDA %	21%	17%	23%	23%
EBIT*	955,123	584,264	4,278,538	3,827,155
Pre tax profit before biomass adj.*	967,927	650,624	4,396,999	4,029,098
Pre tax profit	246,985	-361,284	5,192,428	2,200,015
Earnings per share (EPS) *	2.49	1.62	9.79	8.62
Earnings per share (EPS)	1.06	-0.39	11.39	5.00
Dividend per share (paid)			2.80	2.50
Proposed dividend	3.50	-		
Total assets			37,954,835	35,309,224
Equity			22,454,007	19,171,739
Equity ratio			59%	54%
Net interest bearing debt (NIBD)			3,982,594	4,137,532

\* Before fair value adjustments of biological assets

## Q4 2018

Group operating revenue in Q4 2018 totalled NOK 5,765 million, compared with NOK 4,802 million in Q4 2017. The increase in revenue was mainly generated by an increase in sales volume for Atlantic salmon and pelagic products compared with the same quarter in 2017.

EBITDA for the Group in Q4 2018 was NOK 1,216 million, up from Q4 2017 (NOK 819 million).

EBIT before fair value adjustment related to biological assets in Q4 2018 was NOK 955 million (Q4 2017: NOK 584 million). EBIT after fair value adjustment related to biological assets in Q4 2018 was NOK 214 million (Q4 2017: NOK -418 million). Fair value adjustment related to biological assets amounted to NOK -741 million in Q4 2018 compared with NOK -1,002 million in Q4 2017.

Income from associates in Q4 2018 totalled NOK 151 million (Q4 2017: NOK 143 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 Q4 2018 totalled NOK 56 million (Q4 2017: NOK 67 million).

**Profit before tax and fair value adjustment related to biological assets for Q4 2018 amounted to NOK 968 million, compared with NOK 651 million in Q4 2017.**

Profit before tax for the quarter totalled NOK 247 million (Q4 2017: loss of NOK 361 million). Profit after tax was NOK 356 million (Q4 2017: loss of NOK 181 million).

## OPERATING SEGMENTS

### *Lerøy Seafood Group ASA (LSG)*

LSG's operations comprise farming, wild catches (Havfisk and LNWS), VAP and Sales & Distribution. LSG's farming operations are distributed geographically with licences in Troms and Finnmark (Lerøy Aurora), Nordmøre/Trøndelag (Lerøy Midt) and in Hordaland (Lerøy Sjøtroll).

In Q4 2018, LSG reported revenue of NOK 5,347 million (Q4 2017: NOK 4,554 million) and EBITDA before fair value adjustment related to biological assets of NOK 1,134 million (Q4 2017: NOK 921 million).

An increase in harvest volume, higher prices realised and lower release from stock costs for salmon and trout are the most important factors behind the improvement in EBITDA. Harvest volumes reported by the segment totalled 49,414 tonnes gutted weight of salmon and trout in the quarter, up from 42,280 tonnes in Q4 2017. This represents an increase in harvest volume of 17%.

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, limited 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.

The average price for salmon in Q4 2018, measured by NSI, was NOK 55.4/kg, compared with NOK 49.3/kg in Q4 2017.

Contract share in the quarter was 23%, and prices realised on contracts in the quarter were slightly higher than on the spot market.

Lerøy Sjøtroll's harvest volume in Q4 2018 comprised 48% trout. Towards the end of the quarter, the company encountered significant challenges due to the downgrading of trout as a result of reproductive maturity. This had a substantial impact on prices realised in the quarter, and will continue to affect prices realised for the Group in the beginning of Q1 2019. In Q4 2018, prices realised for trout for the Farming segment were NOK 12 per kg lower than for salmon.

For the Group, release from stock costs in Q4 2018 were significantly lower than in both Q4 2017 and Q3 2018.

Lerøy Aurora could report a reduction in release from stock costs from Q3 2018 to Q4 2018. Release from stock costs in 2018 in total were higher than in 2017. For Q1 2019 and 2019 as a whole, the Group expects to achieve a good performance although with slightly higher costs for 2019 when compared with 2018.

Growth rate in the sea for Lerøy Midt was lower than expected at the end of 2018. This resulted in somewhat higher release from stock costs in Q4 2018 and will also be reflected in the release from stock costs in the first half of



2019. Release from stock costs were higher in Q4 2018 than in Q3 2018, but were significantly lower in 2018 as a whole when compared with 2017. At the time of writing, release from stock costs in 2019 are expected to be on par with 2018 costs, but there is potential to make improvements here.

Release from stock costs for Lerøy Sjøtroll were substantially lower in Q4 2018 than in Q3 2018, and were lower in 2018 as a whole when compared with 2017. Current projections are for lower release from stock costs in 2019 when compared with 2018.

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 Q4 2018 was 11,515 tonnes, compared with 12,345 tonnes in Q4 2017. Catch volumes for the main species in Q4 2018 were 6,534 tonnes of cod, 2,567 tonnes of saithe and 961 tonnes of haddock. The catch distribution in Q4 2017 was 8,511 tonnes of cod, 1,545 tonnes of saithe and 1,264 tonnes of haddock. Compared with Q4 2017, the average price realised for all species increased by 11% in Q4 2018. The prices for cod, haddock and saithe increased by 20%, 17% and 10 % respectively in the quarter.

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 2018, representing a challenge for processing operations.

In total, Havfisk/LNWS contributed an operating profit (EBIT) of NOK 54 million in Q4 2018, compared with NOK 79 million in the same period of 2017.

For further information, please refer to LSG's report and presentation for Q4 2018.

#### ***Austral Group S.A.A (Peru)***

Austral Group S.A.A. (Austral) is involved in fishing, production of fishmeal and fish 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 fish 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 fish 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 Q4 2018 totalled NOK 164 million (Q4 2017: NOK 16 million) and EBITDA was negative at NOK 77 million (Q4 2017: NOK -122 million).

The second fishing season in 2018 started on 15 November, with a total quota of 2.1 million tonnes. By the end of the year, the company had caught 87% of its quota of 146,700 tonnes. The remaining quota was caught in January 2019, and the company has thus caught 100% of its allocated quota for the second season of 2018. As a result, the company had a high level of activity from mid-November 2018 and up to 9 January 2019, when it reached 100% of its quota. In addition, the company purchased 34,600 tonnes of anchoveta from the coastal fleet in Q4, for the production of fishmeal and fish oil.

The total quota for the same season in 2017 was 1.5 million tonnes. Fishing was however stopped a few days after the season opened, on 23 November 2017, due to an excessive proportion of fish below the minimum size. For this season, fisheries did not restart until January 2018. Austral caught 40,200 tonnes in January 2018, representing 39% of the company's quota for the second season in 2017.

Sales volume in Q4 2018 was 7,715 tonnes of fishmeal and fish oil, compared with 513 tonnes in Q4 2017. The company entered the fourth quarter of 2018 with a low inventory of fishmeal and fish oil, and only sold a small volume in Q4 from new production made from catches in the second fishing season. The low sales volume in Q4 2017 was attributed to the halt to fishing as described above.

At the end of Q4 2018, the company had 42,800 tonnes of fishmeal and fish oil in stock. At the end of Q4 2017, the company had an inventory of 160 tonnes of fishmeal and fish oil.

The prices realised for fishmeal and fish oil have been 7% and 20% higher respectively in 2018 compared with average prices realised in 2017 as a whole.

Peru is usually the largest producer of fishmeal and fish oil in the world. Production volumes in Peru therefore have a direct influence on 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" had an impact during this period. 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. The quota for the second season of 2018 was established at 2.1 million tonnes, up from 1.5 million tonnes for the corresponding season in 2017. Operations in the first and second seasons in 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 fisheries, production of consumer products and production of fishmeal and fish 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 a corresponding increase in flexibility for FC, whose quota previously covered South Chile exclusively. 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 and lasts until the end of December.

In 2018, the company had its own quota (including leased quota) for horse mackerel of 29,400 tonnes. The company also purchased an additional 23,400 tonnes of horse mackerel from third parties to be caught by FC's own vessels. In total, this amounted to an annual volume of 52,800 tonnes of horse mackerel for the company, up from a total of 43,000 tonnes in 2017.

The company had a low level of activity in Q4 2018. The main season closed in the third quarter and the company fished its remaining quota of horse mackerel in December 2018. This amounted to just over 5,000 tonnes. The company caught just under 4,000 tonnes in the same quarter of 2017. Demand for the company's products has been good, and sales of frozen products totalled 3,500 tonnes in the quarter, compared with 3,800 tonnes in Q4 2017.

Operating revenue in Q4 2018 totalled NOK 73 million (Q4 2017: NOK 102 million) and EBITDA was negative at NOK -31 million (Q4 2017: NOK -30 million).

As a result of the increase in volume of raw materials for horse mackerel, FC increased its production of frozen products in 2018 by 32% when compared with 2017. This also resulted in increased revenue and EBITDA for the year as a whole. However, the margins for frozen horse mackerel were down from 2017, mainly due to the increased prices for the horse mackerel quota purchased from third parties and an increase in the annual fee for the company's own quota of horse mackerel.

In Q4 2018, the company purchased a second-hand fishing vessel. The vessel was built in Norway and completed in 2001. It is 64 metres in length, 13 metres in beam and has a gross tonnage of 1,514 tonnes. The vessel sailed from Norway at the end of November and arrived in Chile in January 2019. It is expected to start fishing in Chile in the second quarter of 2019.

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 increase in quotas for 2019 is just under 3%.

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 increased 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 December 2018, AUSS owned 55.2% of the shares in Br. Birkeland Farming AS and 42.9% of the shares in Br. Birkeland AS.

Br. Birkeland AS' wholly-owned subsidiary, Opilio AS, owns the vessel "Northguider". This vessel has been involved in snow crab and shrimp fishing. On Friday 28 December 2018, the vessel ran aground at Sperreneset, north of the Hinlopenstredet strait on Svalbard. A complex rescue operation was initiated and the 14 crew on board were evacuated with only minor injuries. The shipowner then carried out an emergency operation to unload the vessel over the following weeks, in close collaboration with the Governor of Svalbard, the Norwegian Coastal Administration, the coast guard, other agencies and the shipowner's insurance company and salvage experts. The company's insurance company has concluded that the vessel is a total loss and has abandoned the vessel.

The BrB segment reported operating revenue in Q4 2018 of NOK 73 million (Q4 2017: NOK 85 million). EBITDA amounted to NOK 15 million (Q4 2017: NOK 34 million).

The pelagic vessels have as normal had a high level of activity and have caught their remaining quotas of mackerel and herring. The vessel allocated catches of snow crab re-started operations in Q4 2018 after the stop to snow crab fishing from 15 June to 15 September, the period during which the snow crab sheds its shell. Catch volumes have been very limited in the quarter. As mentioned above, the

"Northguider" ran aground during fishing for shrimp on 28 December 2018. The vessel has been declared a total loss and has therefore been written down in the consolidated income statement and statement of financial position. The insurance amount for the vessel has correspondingly been reported in the consolidated income statement with the same class as the write-down for the vessel. The total net effect is a write-down of NOK 14.4 million in Q4 2018.

The BrBF segment reported operating revenue in Q4 2018 of NOK 87 million (Q4 2017: NOK 61 million). EBITDA before fair value adjustment related to biological assets in Q4 2018 was NOK 15 million (Q4 2017: NOK 17 million). A total of 1,644 tonnes of salmon were harvested in Q4 2018, up from 1,198 tonnes in Q4 2017.

#### **Pelagia AS**

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

Revenue for the quarter was NOK 1,193 million (Q4 2017: NOK 1,104 million) and EBITDA was NOK 107 million (Q4 2017: NOK 116 million).

As normal, there has been a good level of activity in the fourth quarter, particularly in relation to consumer products. Total receipt of raw materials in the Group (100%) for fishmeal/FPC and fish oil production was approx. 165,000 tonnes in Q4 2018, compared with approx. 194,000 tonnes in the same quarter of 2017. The main share of the raw materials for fishmeal and fish oil production in Q4 is based on receipt of cuttings from the consumer product plants. The volume of raw materials received for consumer products in the fourth quarter was 189,000 tonnes, compared with 206,000 tonnes in Q4 2017. Raw materials in Q4 were mainly mackerel, Norwegian spring-spawning herring and North Sea herring.

#### **CASH FLOWS Q4 2018**

Cash flow from operating activities for the fourth quarter 2018 was NOK 1,130 million (Q4 2017: NOK 974 million). Cash flow from investing activities for Q4 2018 was NOK -608 million (Q4 2017: NOK -584 million). These comprise investments in maintenance, ongoing projects within smolt production and the purchase of a second-hand fishing vessel

for operations in Chile. Cash flow from financing activities for Q4 2018 was NOK -606 million (Q4 2017: NOK 80 million). This figure reflects the redemption by the parent company of a bond loan of NOK 500 million. Net change in cash in Q4 2018 for the Group was NOK -84 million (Q4 2017: NOK 470 million).

The Group's cash and cash equivalents at the end of Q4 2018 totalled NOK 4,393 million, compared with NOK 5,075 million at the end of Q4 2017.

## FINANCIAL INFORMATION 2018

The Group reported operating revenue of NOK 22,837 million in 2018 (2017: NOK 20,799 million). EBITDA before fair value adjustment related to biological assets in 2018 was NOK 5,239 million (2017: NOK 4,747 million).

EBIT before fair value adjustment related to biological assets in 2018 was NOK 4,279 million (2017: NOK 3,827 million). The fair value adjustment related to biological assets for the year was positive at NOK 798 million. The corresponding figure in 2017 was negative at NOK 1,832 million.

EBIT after fair value adjustment related to biological assets for the year was NOK 5,077 million (2017: NOK 1,995 million).

Income from associates for 2018 totalled NOK 472 million (2017: NOK 499 million).

The Group's net interest expense in 2018 totalled NOK 277 million (2017: NOK 283 million).

**Profit before tax and fair value adjustment related to biological assets for 2018 was NOK 4,397 million, compared with NOK 4,029 million in 2017.**

Profit after tax in 2018 was NOK 4,231 million (2017: NOK 1,831 million).

## CASH FLOWS 2018

Cash flow from operating activities in 2018 was NOK 3,162 million (2017: NOK 4,220 million). Tied-up working capital has seen a significant increase at the end of 2018 when compared with 2017. This is attributed to the good second fishing season in Peru, resulting in an increased inventory of finished products when compared with the end of 2017, when inventory was practically zero. As mentioned above, the second fishing season in Peru was stopped only a few

days after it opened in November 2017, and did not reopen until January 2018.

Cash flow from investment activities in 2018 was NOK -1,606 million (NOK -1,556 million in 2017). As previously reported, the Group has invested and continues to invest substantially in its core business, including fishing vessels, new smolt facilities with RAS technology and industrial facilities in Norway, the Netherlands and Spain.

Cash flow from financing activities in 2018 was NOK -2,253 million (2017: NOK -1,326 million). The Group has paid a total dividend of NOK 1,081 million, compared with NOK 951 million in 2017. Moreover, the parent company redeemed a bond loan of NOK 500 million in Q4 2018. Net change in cash for the Group in 2018 was NOK -697 million (2017: NOK 1,338 million).

The Group's cash and cash equivalents at the end of 2018 totalled NOK 4,393 million compared with NOK 5,075 million at the end of 2017.

## STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

The Group's statement of financial position at the end of December 2018 totalled NOK 37,955 million compared with NOK 35,309 million at the end of December 2017.

The Group is financially sound with book equity at 31 December 2018 of NOK 22,454 million, equivalent to an equity ratio of 59%. At end December 2017, the book equity for the Group was NOK 19,172 million, or an equity ratio of 54%.

The Group had net interest-bearing debt totalling NOK 3,983 million at the end of December 2018, compared with NOK 4,138 million at the end of December 2017.

The parent company is financially sound, with book equity of NOK 4,244 million (NOK 3,981 million) and net interest-bearing debt of NOK 534 million (NOK 568 million) at 31 December 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 a negative impact on the real economy in most markets, it is our opinion that AUSS's core business is 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 Q4 2018, the Group had live fish worth more than NOK 6 billion on its statement of financial position. 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. 27 % 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 4,728 shareholders at 31 December 2018. The number of shareholders at the start of the period was 4,794.

The share price was NOK 112.20 at the start of Q4 2018 and NOK 106.80 at the end of the quarter.

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

## EVENTS AFTER THE DATE ON THE STATEMENT OF FINANCIAL POSITION

On 22 January 2019, an employee died at work at a Group facility in Chile. This tragic incident was the result of an accident in which the employee was crushed when climbing aboard a transport vessel. After the incident, FoodCorp has provided assistance to the employee's relatives and has assisted the public agencies in identifying the sequence of events leading up to the accident.

On 27 January 2019, a fire started in the smolt facility in Laksefjord, Finnmark, resulting in a fatality. An employee of the company carrying out maintenance work died. After the incident, Lerøy Seafood Group has assisted and continues to assist the police and other public agencies in identifying how this tragic accident occurred.

Our thoughts are with the families and colleagues of the two deceased.

## MARKET AND OUTLOOK

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

The Group can report a good underlying demand for seafood, and expects to see satisfactory market conditions for 2019 as well.

Within red fish, the Group's harvest volume was 2% lower than expected in 2018, partly due to price developments but also a slightly lower growth of fish in the sea than expected towards the end of the year. The lower growth rate at the end of 2018 will result in a lower harvest volume in Q1 2019 when compared with the same quarter in 2018.

The Board of Directors and management have acknowledged that the Group's release from stock costs for red fish are lower in 2018 than in 2017, but at the same time specify that they are not satisfied with the cost levels. With time, the Group's investments and continuous work on improvements will result in lower cost levels. As a result of the investments in new smolt facilities, the smolt released to sea by Lerøy Sjøtroll in 2019, for example, will be of a higher quality and considerably larger than before. The Group expects to see Lerøy Sjøtroll gradually increase production and competitive strength from 2020. The material damage caused by the fire at the smolt facility in Laksefjord was also major. The facility was insured and the work to rebuild it has already started. Rebuilding is expected to be completed by the end of Q2 2019. 2.6 million smolt were lost. These were to be released to sea in April 2019. The Group has made good progress on the work to replace this smolt. At the time of writing, the Group expects to be able to replace the full number of smolt, although most probably with a slightly later release date than originally planned.

LSG's contract share for salmon in Q1 2019 will be in the range from 40 to 45%. At the time of writing, contracts have been signed for 2019 for around 30% of the estimated harvest volume of salmon. Estimates for harvest volume in 2019, including the share from associates, remains around 190,000 tonnes.

For whitefish, developments in 2018 have in the main concurred with the Group's estimates. It has been a good year for catches, while increased raw material prices and falling quotas have challenged shore-based operations. In 2019, the quota for important species such as cod and haddock will be reduced by 6.5% and 15% respectively, and this reduction will probably result in increased prices for these products. The Group has implemented numerous measures to boost its competitive strengths. These together with good marketing and product development provide us

with an optimistic outlook for the segment.

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*

Fisheries in Peru in Q4 2018 saw an improvement compared with the same quarter in 2017, and approx. 90% of the total quota in Peru had been caught by the end of December. The remaining volume was caught in January 2019. In 2017, the second season was stopped only a few days after opening on 23 November, so no fish were caught in Q4 2017. The high catch rate in Q4 2018 resulted in a reduction in fishmeal prices in the quarter when compared with the same quarter in 2017, but the correction was lower than in Q3 2018. For 2019, the European quotas for catches of fish species primarily used for production of fishmeal and fish oil in Europe are lower than the quotas in 2018. In Peru, vessel operations prior to the first season of 2019 started in February. We therefore do not have any data related to these operations at the time of writing. Realised prices for fishmeal FOB Peru (super prime) are currently USD 1,490, while CIF Hamburg prices for fishmeal (standard 64%/65%) are USD 1,465.

### **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 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 quota recommended by ICES for the North

Atlantic for 2019 is down on 2018. The quota recommended by SPRFMO for horse mackerel in the South Pacific in 2019 is 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, 25 February 2019

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	Q4 2018	Q4 2017	2018	(audited) 2017
<b>Operating revenue</b>	4	5,765,343	4,802,013	22,837,084	20,798,933
Raw material and consumables used		2,787,442	2,504,116	11,302,468	10,489,050
Salaries and personnel expenses		850,474	767,420	3,195,423	2,905,356
Other operating expenses		911,795	711,802	3,100,581	2,657,278
<b>EBITDA before fair value adjustments *</b>		<b>1,215,632</b>	<b>818,675</b>	<b>5,238,612</b>	<b>4,747,249</b>
Depreciation and amortisation		266,020	231,220	967,118	919,429
Impairment		-5,511	3,191	-7,044	665
<b>EBIT before fair value adjustment *</b>		<b>955,123</b>	<b>584,264</b>	<b>4,278,538</b>	<b>3,827,155</b>
Fair value adjustment related to biological asset		-741,032	-1,001,927	798,388	-1,832,499
<b>Operating profit</b>		<b>214,091</b>	<b>-417,663</b>	<b>5,076,926</b>	<b>1,994,656</b>
Income from associated companies	5	151,138	143,095	472,019	498,790
Net interest expenses		-56,107	-67,028	-276,901	-282,873
Net other financial items (incl. agio/disagio)		-62,137	-19,688	-79,616	-10,558
<b>Profit before tax and fair value adj.*</b>		<b>967,927</b>	<b>650,624</b>	<b>4,396,999</b>	<b>4,029,098</b>
<b>Profit before tax</b>		<b>246,985</b>	<b>-361,284</b>	<b>5,192,428</b>	<b>2,200,015</b>
Income tax expenses		109,141	180,212	-961,596	-369,059
<b>Net profit</b>		<b>356,126</b>	<b>-181,072</b>	<b>4,230,832</b>	<b>1,830,956</b>
Profit to non-controlling interest		143,109	-102,892	1,932,045	821,489
Profit to controlling interests		213,017	-78,180	2,298,787	1,009,467
Earnings per share (EPS) *		2.49	1.62	9.79	8.62
Earnings per share (EPS)		1.06	-0.39	11.39	5.00
Diluted EPS		1.06	-0.39	11.39	5.00

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

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

All figures in NOK 1.000	Q4 2018	Q4 2017	2018	(audited) 2017
<b>Net earnings in the period</b>	<b>356,126</b>	<b>-181,072</b>	<b>4,230,832</b>	<b>1,830,956</b>
<b>Other comprehensive income</b>				
Currency translation differences	257,220	180,021	118,498	51,737
Other comprehensive income from associated companies	-204	-109	-5,526	-2,772
Cash flow hedges	-6,530	9,695	26,588	24,609
Change in value available for sale financial assets				
Others incl. tax effect	-9,222	-2,305	-14,372	8,110
<b>Total other comprehensive income</b>	<b>241,264</b>	<b>187,302</b>	<b>125,188</b>	<b>81,684</b>
<b>Comprehensive income in the period</b>	<b>597,390</b>	<b>6,230</b>	<b>4,356,020</b>	<b>1,912,640</b>
<b>Allocated to;</b>				
Minority interests	170,197	-58,030	2,000,569	867,706
Majority interests	427,193	64,260	2,355,451	1,044,934



## STATEMENT OF FINANCIAL POSITION (unaudited)

All figures in NOK 1.000	Note	31.12.2018	(audited) 31.12.2017
<b>Assets</b>			
Intangible assets		11,491,957	11,697,603
Vessels		2,096,891	1,953,354
Property, plant and equipment		6,754,551	5,609,737
Investments in associated companies	5	2,203,623	2,073,728
Investments in other shares		33,054	31,341
Other long-term receivables		156,217	200,505
<b>Total non-current assets</b>		<b>22,736,293</b>	<b>21,566,268</b>
Inventories	3	7,765,933	5,877,772
Accounts receivable		2,293,128	2,070,947
Other current receivables		766,618	719,362
Cash and cash equivalents		4,392,863	5,074,875
<b>Total current assets</b>		<b>15,218,542</b>	<b>13,742,956</b>
<b>Total assets</b>		<b>37,954,835</b>	<b>35,309,224</b>
<b>Equity and liabilities</b>			
Share capital	6	101,359	101,359
Own shares		-18,312	-18,312
Share premium		3,713,549	3,713,549
Retained earnings and other reserves		7,858,932	5,989,871
Non-controlling interests		10,798,480	9,385,272
<b>Total equity</b>		<b>22,454,007</b>	<b>19,171,739</b>
Deferred tax liabilities		3,424,568	3,432,079
Pensions and other obligations		72,757	109,935
Borrowings		6,965,352	7,332,247
Other long-term liabilities		28,006	28,607
<b>Total non-current liabilities</b>		<b>10,490,683</b>	<b>10,902,868</b>
Short term borrowings		940,931	1,402,565
Overdraft facilities		441,168	448,988
Account payable		1,628,329	1,456,729
Other current liabilities		1,999,717	1,926,335
<b>Total current liabilities</b>		<b>5,010,145</b>	<b>5,234,617</b>
<b>Total liabilities</b>		<b>15,500,828</b>	<b>16,137,485</b>
<b>Total equity and liabilities</b>		<b>37,954,835</b>	<b>35,309,224</b>
NIBD		3,982,594	4,137,532
Equity ratio		59%	54%

## CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

All figures in NOK 1.000	31.12.2018	(audited) 31.12.2017
<b>Equity at period start</b>	<b>19,171,739</b>	<b>18,212,820</b>
<b>Comprehensive income in the period</b>	<b>4,356,020</b>	<b>1,912,640</b>
Dividends	-1,081,312	-952,708
Transactions with non-controlling interest	-	-1,013
Other	7,560	-
<b>Total changes in equity in the period</b>	<b>3,282,268</b>	<b>958,919</b>
<b>Equity at period end</b>	<b>22,454,007</b>	<b>19,171,739</b>

## CASH FLOW STATEMENT (unaudited)

All figures in NOK 1.000	Q4 2018	Q4 2017	2018	(audited) 2017
<b>Cash flow from operating activities</b>				
Profit before income taxes	246,984	-361,284	5,192,428	2,200,015
Fair value adjustment of biological assets	741,032	1,001,927	-798,388	1,832,499
Taxes paid in the period	-43,010	-19,161	-948,184	-599,617
Depreciation and amortisation	266,020	231,220	967,118	919,429
Impairments	-5,511	3,191	-7,044	665
Associated companies - net	-151,138	-143,095	-472,019	-498,790
Interest expense	75,742	84,293	333,713	332,833
Interest income	-19,634	-17,265	-56,812	-49,960
Change in inventories	-472,882	-185,492	-1,066,512	168,415
Change in receivables	64,401	-19,911	-78,497	284,690
Change in payables	141,107	257,933	138,969	-42,685
Other operating cash flow incl currency exchange	286,551	141,152	-42,965	-327,003
<b>Net cash flow from operating activities</b>	<b>1,129,662</b>	<b>973,508</b>	<b>3,161,807</b>	<b>4,220,491</b>
<b>Cash flow from investing activities</b>				
Purchase of intangible and fixed assets	-677,094	-649,869	-2,533,241	-1,840,471
Purchase of shares and equity investments	-10,392	-5,011	-144,522	-82,181
Proceeds from sale of fixed assets/equity investments	56,776	58,040	540,413	132,913
<b>Cash inflow from business combinations</b>	<b>247</b>	<b>1,194</b>	<b>26,635</b>	<b>1,194</b>
Dividend received	3,000	27,500	395,200	264,015
Interest income	19,634	17,265	56,812	49,960
Other investing activities - net	-234	-33,035	53,026	-81,487
<b>Net cash flow from investing activities</b>	<b>-608,063</b>	<b>-583,916</b>	<b>-1,605,677</b>	<b>-1,556,057</b>
<b>Cash flow from financing activities</b>				
Proceeds from new long term debt	245,564	96,651	1,513,565	1,584,788
Repayment of long term debt	-713,806	-233,201	-2,402,037	-1,245,904
Change in short term debt	-115,880	301,409	-5,374	-326,873
Interest paid	-81,267	-84,376	-333,713	-348,031
Dividends paid	-	-	-1,081,324	-950,584
Other finance cash flow - net	59,387	-	56,035	-39,427
<b>Net cash flow from financing activities</b>	<b>-606,002</b>	<b>80,483</b>	<b>-2,252,848</b>	<b>-1,326,031</b>
Net change in cash and cash equivalents	-84,403	470,075	-696,718	1,338,403
Cash, and cash equivalents at start of period	4,461,674	4,599,901	5,074,875	3,745,198
Exchange gains/losses (-)	15,592	4,899	14,706	-8,726
<b>Cash and cash equivalents at period end</b>	<b>4,392,863</b>	<b>5,074,875</b>	<b>4,392,863</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. 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 Q4 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. The provision is 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	Q4 2018	Q4 2017	2018	2017
Change FV adj. of biological assets	-740,909	-963,370	799,983	-1,953,500
Change in FV of onerous contracts	22,771	29,657	-46,519	278,926
Change in FV of fishpool contracts	-10,182	-18,292	1,474	-41,735
FV adj. related to biological assets	-728,320	-952,005	754,938	-1,716,309

#### BALANCE SHEET ITEMS RELATED TO BIOLOGICAL ASSETS

Positive amounts are assets and negative amounts are liabilities

Carrying amount on biological assets	31/12/2018	31/12/2017
Cost on stock for fish in sea	3,746,634	3,466,270
Cost on stock for fry, brood, smolt and cleaning fish	270,233	244,227
Total cost on stock for biological assets *	4,016,867	3,710,497
FV adj. on fish in sea	1,547,580	747,598
FV adj. on fry, brood, smolt and cleaning fish	0	0
Total FV adj. on biological assets	1,547,580	747,598
FV on fish in sea	5,294,214	4,213,868
FV on fry, brood, smolt and cleaning fish	270,233	244,227
Carrying amount of biological assets	5,564,447	4,458,095
<b>Carrying amount on onerous contracts (liability)</b>		
Carrying amount of onerous contracts	-51,974	-5,455
<b>Carrying amount on fishpool contracts</b>		
Carrying amount of fishpool contracts	-15,633	-16,988

\* Cost on stock is historic costs after expensed mortality

#### HARVESTED VOLUME:

Volume in gutted weight (GWT)	Q4 2018	Q4 2017	2018	2017
Salmon	41,677	34,684	137,733	134,673
Trout	7,737	7,596	24,306	23,094
Total harvested volume	49,414	42,280	162,039	157,768



## NOTE 3 BIOLOGICAL ASSETS (CONT.)

### Lerøy Seafood Group ASA (cont.)

#### VOLUME

Volume of fish in sea (LWT)	Q4 2018	Q4 2017	2018	31.12.2017
Volume at beginning of period	112,624	108,441	112,489	108,413
Net growth during the period	56,307	54,381	190,520	191,895
Harvested volume during the period	-58,826	-50,333	-192,904	-187,819
Volume at end of period (LWT)	110,105	112,489	110,105	112,489

Specification of fish in sea (LWT)	31/12/2018	31/12/2017
Salmon	92,794	96,450
Trout	17,312	16,039
Total	110,105	112,489
Fish > 4,8 kg (live weight)	6,572	14,396

### Br. Birkeland AS

#### FAIR VALUE ADJUSTMENTS RELATED TO BIOLOGICAL ASSETS

Fair value adjustment over profit and loss	Q4 2018	Q4 2017	2018	2017
Change FV adj. biological assets	-12,712	-49,923	43,451	-116,190
FV adj. related to biological assets	-12,712	-49,923	43,451	-116,190

#### BALANCE SHEET ITEMS RELATED TO BIOLOGICAL ASSETS

Positive amounts are assets and negative amounts are liabilities

Carrying amount of biological assets	2018	2017
Fish in sea at historic cost	217,259	187,318
Fair value adjustment fish in sea	87,331	43,880
Fair value fish in sea	304,590	231,198
Fry, brood and smolt	-	-
Carrying amount of biological assets	304,590	231,198

#### HARVESTED VOLUME

Harvested volume in gutted weight (GWT)	Q4 2018	Q4 2017	2018	2017
Total volume	1,644	1,198	5,727	6,543
- Salmon	1,644	1,198	5,727	6,543

#### VOLUME

Volume of fish in sea (LWT)	Q4 2018	Q4 2017	2018	2017
Volume at beginning of period	5,240	4,347	5,070	5,688
Net growth during the period	2,617	2,176	7,627	7,404
Harvested volume during the period	-2,029	-1,453	-6,869	-8,022
Volume at end of period (LWT)	5,828	5,070	5,828	5,070
Fish > 4,8 kg (live weight)	-	2,935	-	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>Q4 2018</b>									
Operating revenue	5,346,873	164,467	73,427	73,456	86,703	20,417	5,765,343	1,193,047	6,958,390
EBITDA*	1,133,683	76,793	-31,484	14,747	15,263	6,629	1,215,631	106,780	1,322,411
EBITDA %	21%	47%		20%	18%		21%	9%	19%
EBIT ex. impairment*	948,211	31,680	-38,924	-2,347	9,657	1,334	949,611	78,408	1,028,019
EBIT*	948,211	32,195	-19,556	-16,718	9,657	1,333	955,122	81,633	1,036,755
<b>Volumes sold:</b>									
Salmon (GWT tonnes)	49,414				1,644		51,058		51,058
Fishmeal/oil/FPC (tonnes)		7,715	2,550				10,265	24,100	34,365
Frozen/fresh fish (tonnes)		5,321	3,541				8,862	55,650	64,512
<b>Q4 2017</b>									
Operating revenue	4,554,365	15,952	101,978	84,934	60,533	-15,749	4,802,013	1,103,659	5,905,672
EBITDA*	921,348	-122,269	-29,566	33,710	16,718	-1,267	818,674	115,697	934,371
EBITDA %	20%			40%	28%		17%	10%	16%
EBIT ex. impairment*	777,375	-173,324	-35,007	13,568	11,323	-6,481	587,454	91,586	679,040
EBIT*	777,375	-172,643	-35,039	9,728	11,323	-6,481	584,263	110,457	694,720
<b>Volumes sold:</b>									
Salmon (GWT tonnes)	42,280				1,198		43,478		43,478
Fishmeal/oil/FPC (tonnes)		513	4,507				5,020	19,400	24,420
Frozen fish (tonnes)		18	3,840				3,858	83,950	87,808
<b>2018</b>									
Operating revenue	19,879,978	1,640,342	602,795	406,793	319,738	-12,562	22,837,084	3,184,481	26,021,565
EBITDA*	4,228,205	618,949	89,741	212,646	90,549	-1,479	5,238,611	322,601	5,561,212
EBITDA %	21%	38%	15%	52%	28%		23%	10%	21%
EBIT ex. impairment*	3,568,536	451,225	60,135	143,637	70,255	-22,295	4,271,493	218,209	4,489,702
EBIT*	3,568,536	453,273	79,502	129,266	70,255	-22,294	4,278,538	221,434	4,499,972
<b>Volumes sold:</b>									
Salmon (GWT tonnes)	162,039				5,727		167,766		167,766
Fishmeal/oil/FPC (tonnes)		110,569	13,864				124,433	88,850	213,283
Frozen fish (tonnes)		11,808	40,277				52,085	142,350	194,435
<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%	43%		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

		Q4 2018	Q4 2017	2018	2017
Norskott Havbruk AS* a)	50.0%	82,661	37,706	264,993	270,660
Pelagia AS b)	50.0%	70,913	95,445	184,937	193,283
Others		-2,436	9,945	22,089	34,846
<b>Total income from ass.companies</b>		<b>151,138</b>	<b>143,096</b>	<b>472,019</b>	<b>498,789</b>
* Fair value adjustment biological assets		20,090	-9,980	-2,959	3,415
<b>Income from associates before FV adj.</b>		<b>131,048</b>	<b>153,076</b>	<b>474,978</b>	<b>495,374</b>

### Investment in associates:

Norskott Havbruk AS				792,334	777,933
Pelagia AS				1,100,258	1,060,536
Others				311,030	235,259
<b>Total investment</b>				<b>2,203,622</b>	<b>2,073,728</b>

### Dividend received

Norskott Havbruk AS				242,200	161,015
Pelagia AS				150,000	100,000
Others				3,000	3,000
<b>Total Dividend received from associates</b>				<b>395,200</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 PER 31.12.2018

Investor	Number of shares	% of top 20	% of total
LACO AS	112,605,876	76.30	55.55
STATE STREET BANK AND TRUST COMP	5,182,415	3.51	2.56
FOLKETRYGDFONDET	4,899,739	3.32	2.42
STATE STREET BANK AND TRUST COMP	3,554,180	2.41	1.75
STATE STREET BANK AND TRUST COMP	2,541,309	1.72	1.25
OM HOLDING AS	1,916,850	1.30	0.95
MITSUI AND CO., LTD	1,782,236	1.21	0.88
PARETO AKSJE NORGE VERDIPAPIRFOND	1,718,876	1.16	0.85
THE NORTHERN TRUST COMP, LONDON BR	1,664,933	1.13	0.82
JPMORGAN CHASE BANK, N.A., LONDON	1,378,886	0.93	0.68
J.P. MORGAN BANK LUXEMBOURG S.A.	1,278,135	0.87	0.63
STATE STREET BANK AND TRUST COMP	1,216,857	0.82	0.60
JPMORGAN CHASE BANK, N.A., LONDON	1,128,238	0.76	0.56
STATE STREET BANK AND TRUST COMP	1,109,657	0.75	0.55
DANSKE INVEST NORSKE INSTIT.	1,013,029	0.69	0.50
EUROCLEAR BANK S.A./N.V.	1,008,688	0.68	0.50
PARETO INVEST AS	921,000	0.62	0.45
RBC INVESTOR SERVICES TRUST	897,074	0.61	0.44
AUSTEVOLL SEAFOOD ASA	893,300	0.61	0.44
OLD WESTBURY LARGE CAP STRATS FD	878,961	0.60	0.43
<b>Total number owned by top 20</b>	<b>147,590,239</b>	<b>100%</b>	<b>72.81%</b>
<b>Total number of shares</b>	<b>202,717,374</b>		

