



NORWAY ROYAL SALMON

Trondheim, 04 June 2014
Klaus Hatlebrekke, COO

AGENDA:



Share price performance



Current setup



Highlights for the period



NRS and Market Outlook



Regional development

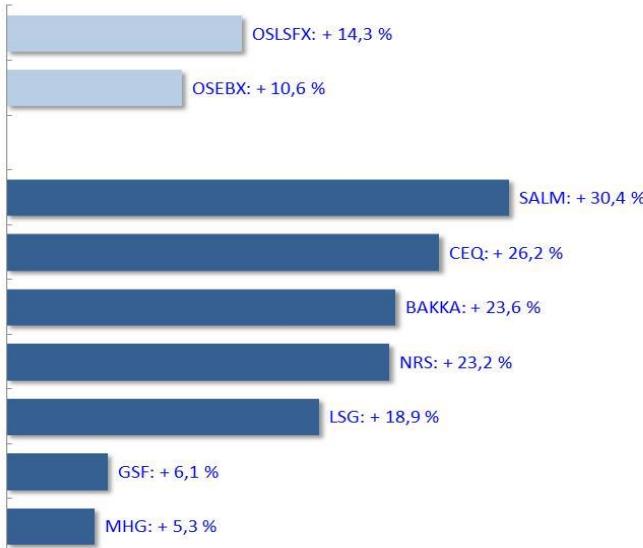


New licenses





Return on Investment - YTD 2014



Return on Investment since 29-March-2011 (IPO)



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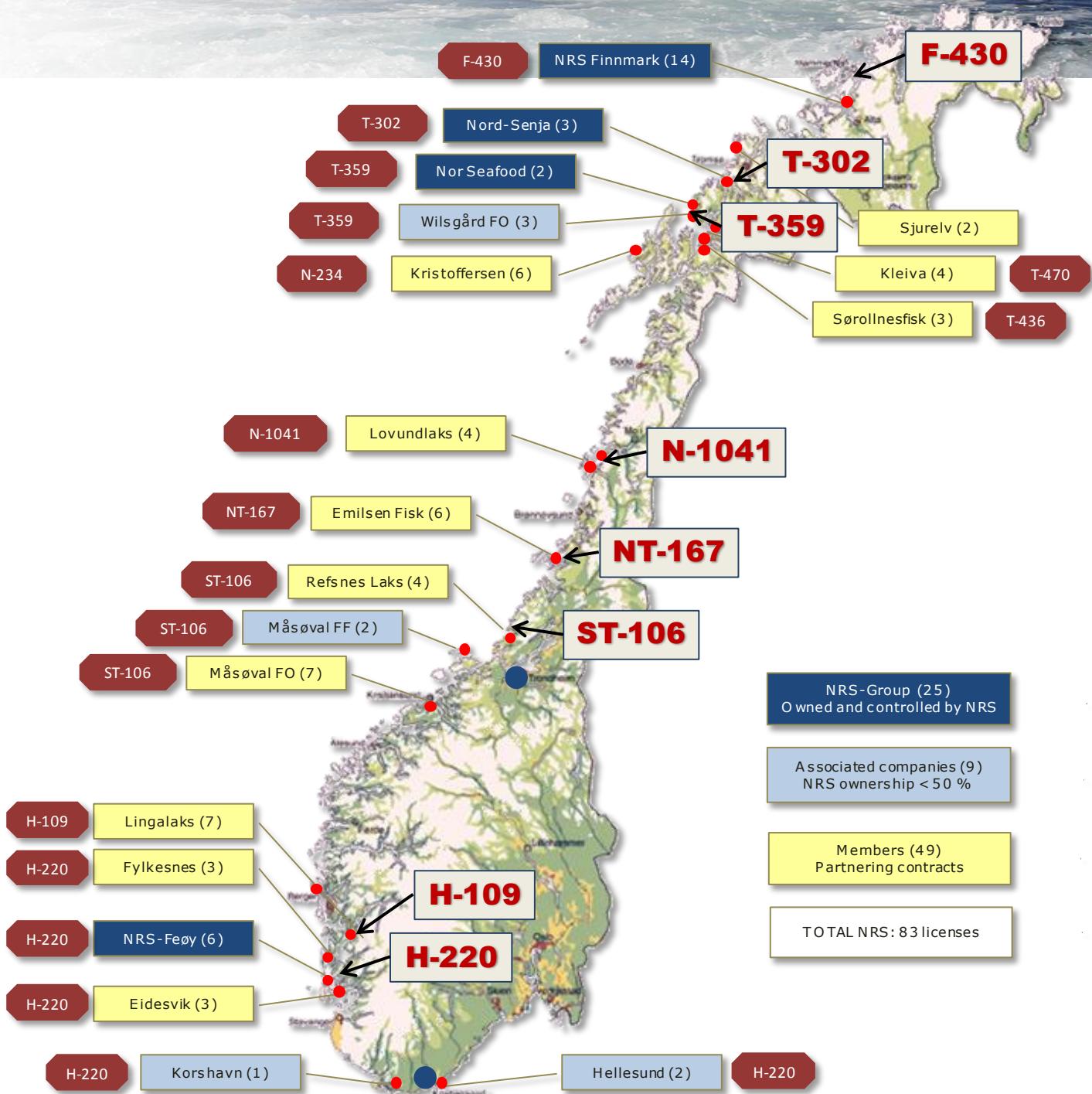


Regional development



New licenses

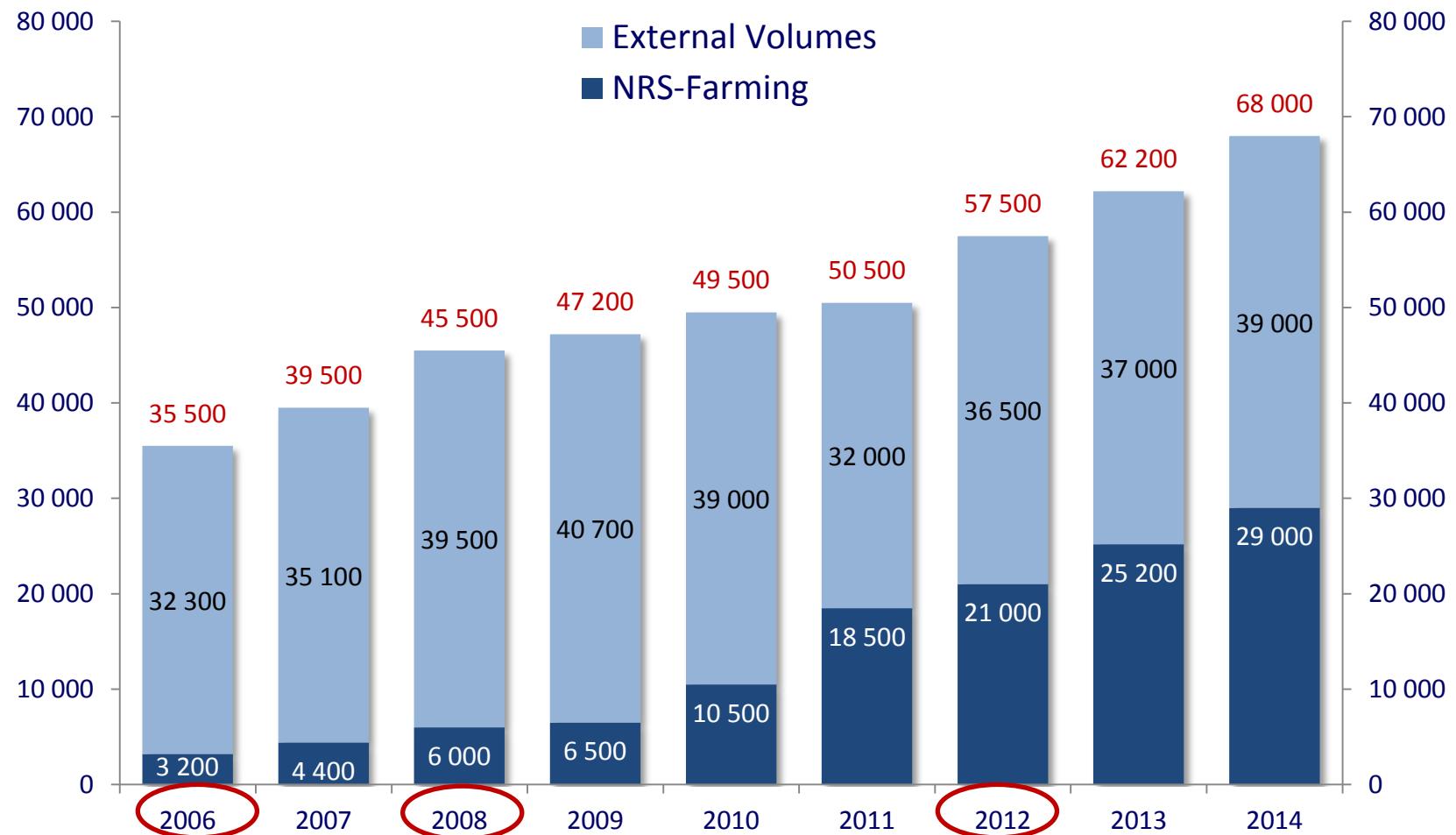




Development of volumes from NRS



Huge unutilized farming capacity in 2009, which will be almost utilized in 2014



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Highlights in Q1 2014:



The best margins in NRS' history

- EBIT/kg Farming North of 18.71
- EBIT/kg Farming South of 15.40
- ROCE rolling past 4 quarters of 29.3 %



Continued strong salmon market driven by increased demand and low supply growth

- Historically high salmon prices throughout the quarter
- Promising outlook with historically high forward prices



Favourable refinancing with increased flexibility

- Total bank facility of MNOK 900



NRS is nominated for 10 new green licenses

- 9 licenses in Troms and Finnmark at MNOK 10 ea (Group B)
- 1 license in Rogaland (intended for Troms) at MNOK 56 (Group A)
- Potential capacity growth of 40 %

Highlights in Q1 2014

KEY FIGURES (NOK '000)	Q1 2014	Q1 2013
Operating revenues	695 371	527 593
Operational EBITDA	96 306	52 633
Operational EBIT ¹⁾	87 057	44 781
Income from associates	2 522	2 810
EBIT	28 325	92 425
EBT	12 307	84 034
EPS (NOK) ²⁾	1,05	0,58
ROCE ³⁾	29,3 %	5,5 %
Op. cash flow	102 016	-7 219
Capital expenditure	8 355	17 017
Net interest-bearing debt	367 359	603 883
Equity ratio	47,8 %	38,1 %
Volume harvested (HOG)	5 435	5 405
Operational EBIT per kg Farming	18,45	9,48
Op. EBIT per kg Sales inc. contracts	-1,40	-0,23
Total operational EBIT per kg	17,04	9,26
Volume sold	13 978	13 574

Average salmon price (NASDAQ) up 32 % from Q1 last year with significant positive impact on operational EBIT

Harvested volume unchanged and sold volume up by 3 % from Q1 last year

Operational EBIT MNOK 87.1 in Q1 14

- ROCE 29.3 %
- Operational EBIT per kg Farming NOK 18.45
- Loss on fixed price contracts of MNOK 10.2

Negative fair value adjustment of MNOK 61.3

Positive cash flow from operations with MNOK 102

Equity ratio increased in Q1 14 to 47.8 % from 42.4 % due reduced total capital.

1) EBIT pre fair value adjustments and non-recurring items

2) Earnings per share pre fair value adjustments

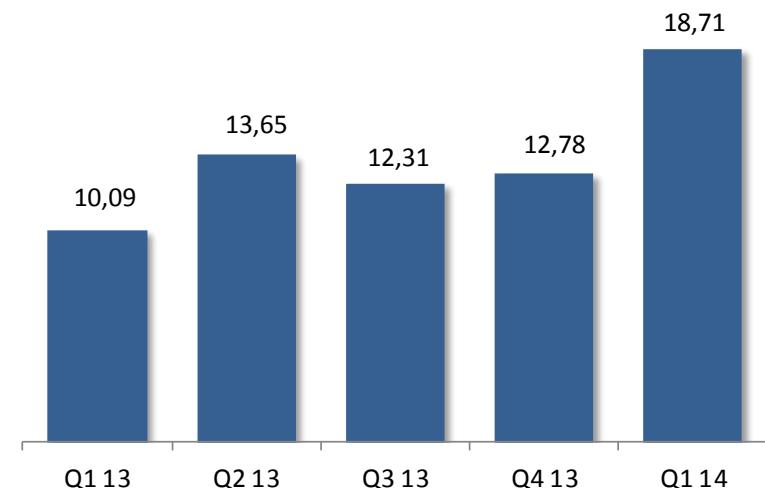
3) ROCE: Return on average capital employed based on 4-quarters rolling operational EBIT / average (NIBD + Equity - Financial assets)

Region North

KEY FIGURES (NOK '000)	Q1 2014	Q1 2013
Operating revenues	639 705	437 008
Operational EBIT *	86 642	44 097
Volume harvested (tonnes)	5 007	4 473
Operational EBIT per kg Farming	18,71	10,09
Op. EBIT per kg Sales inc. contracts	-1,40	-0,23
Total operational EBIT per kg	17,30	9,86

* EBIT pre fair value adjustments and non-recurring items incl. allocated margin from sales

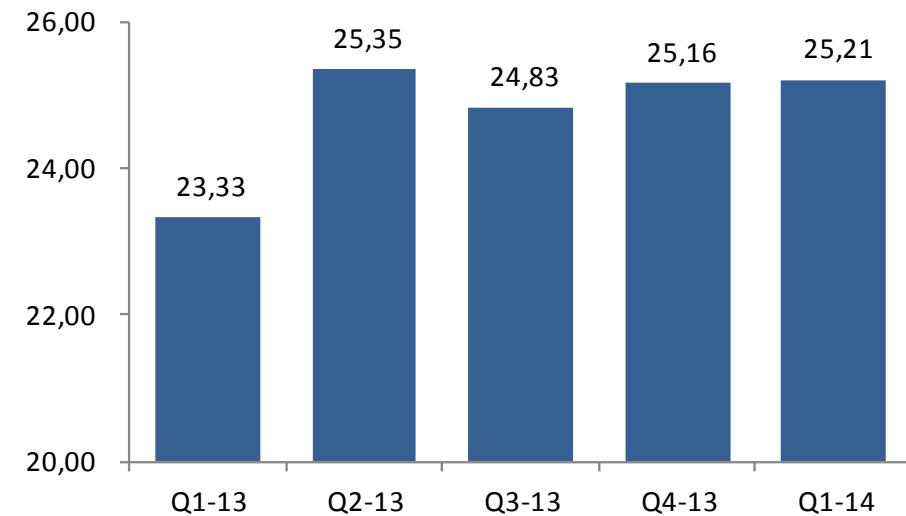
Operational EBIT pr kg farming



Operational EBIT per kg farming NOK 18.71

- Margin from Sales down by NOK 1.17 per kg compared with Q1 13
- Sales price FCA packing station up by NOK 10.50 per kg from Q1 13

Production Cost - NORTH



Region South

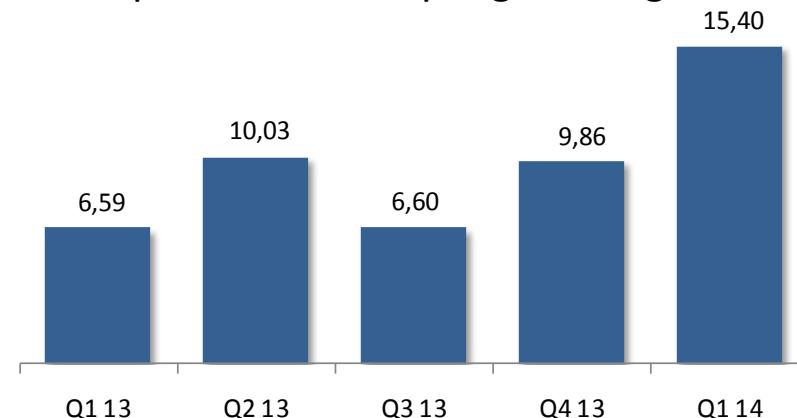
KEY FIGURES (NOK '000)	Q1 2014	Q1 2013
Operating revenues	54 561	89 612
Operational EBIT *	5 987	5 923
Volume harvested (tonnes)	428	932
Operational EBIT per kg Farming	15,40	6,59
Op. EBIT per kg Sales inc. contracts	-1,40	-0,23
Total operational EBIT per kg*	14,00	6,36

* EBIT pre fair value adjustments and non-recurring items incl. allocated margin from sales

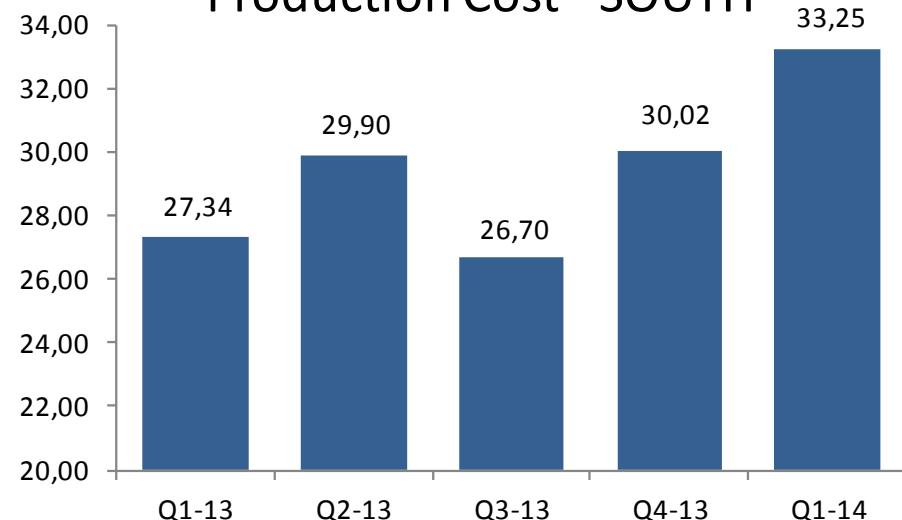
Operational EBIT per kg farming NOK 15.40

- Margin from Sales down by NOK 1.17 per kg compared with Q1 13
- Sales price FCA packing station up by NOK 14.72 per kg from Q1 13.

Operational EBIT pr kg farming

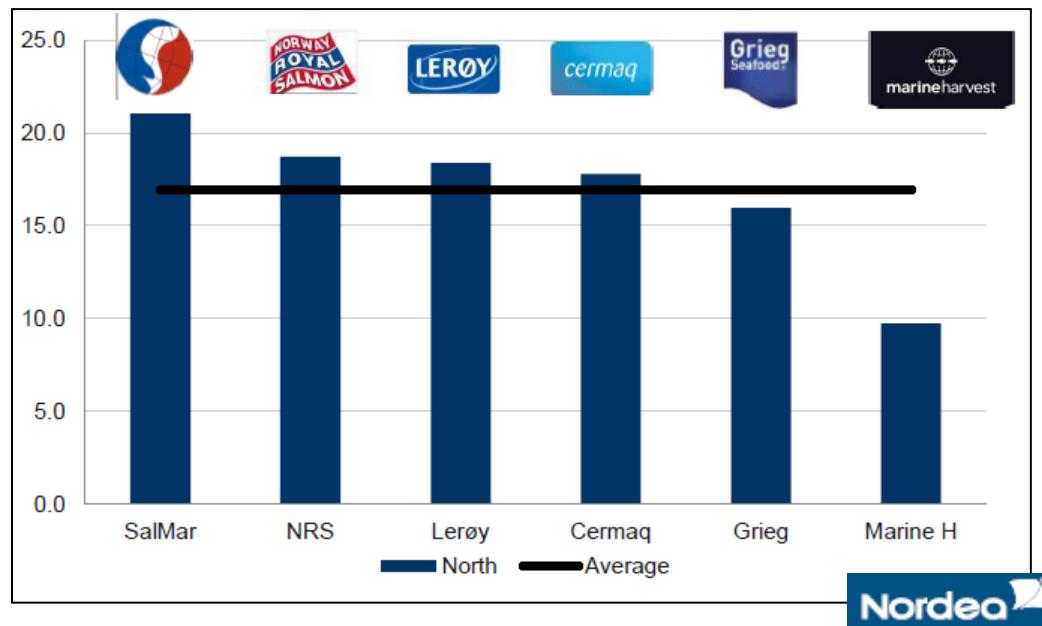


Production Cost - SOUTH

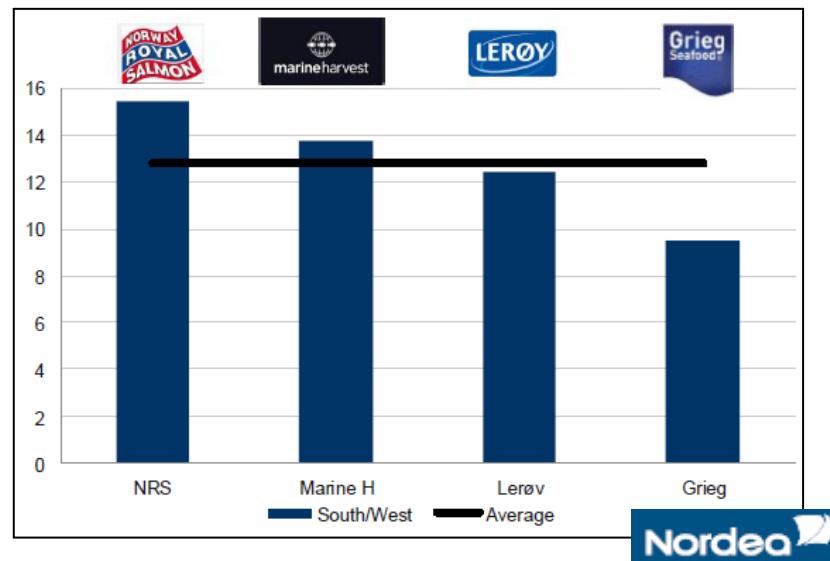




Q1 Northern Norway



Q1 South Norway



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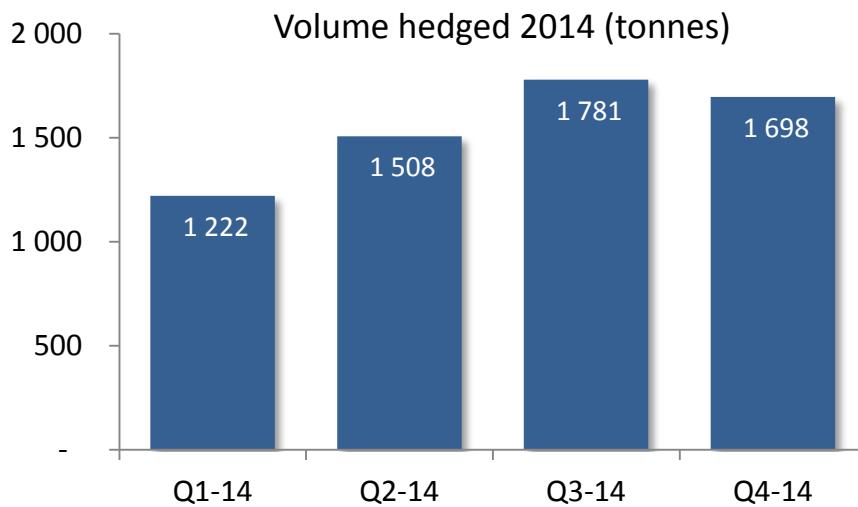
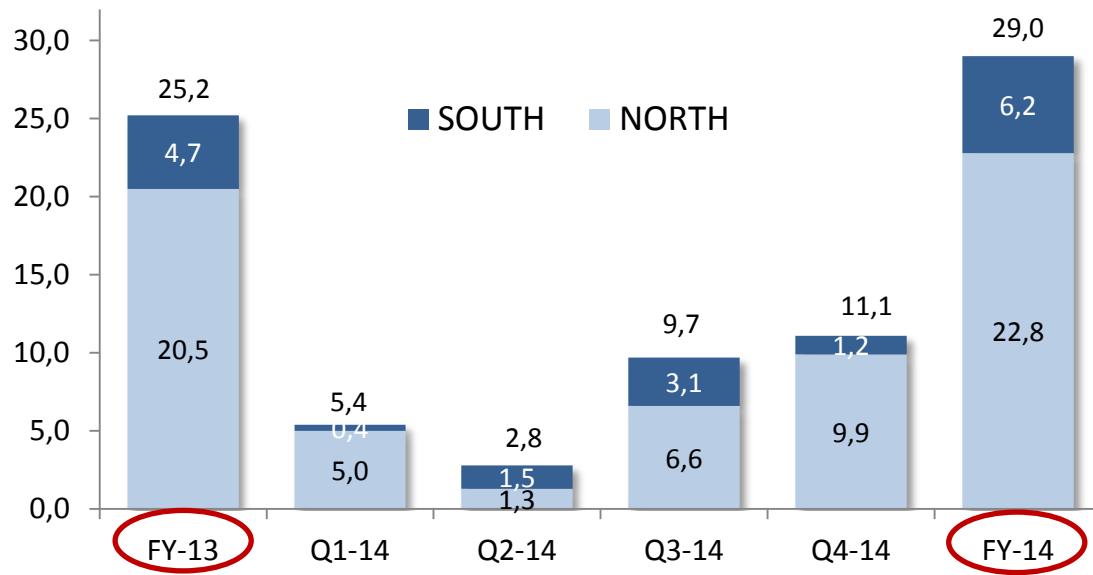
Regional development



New licenses



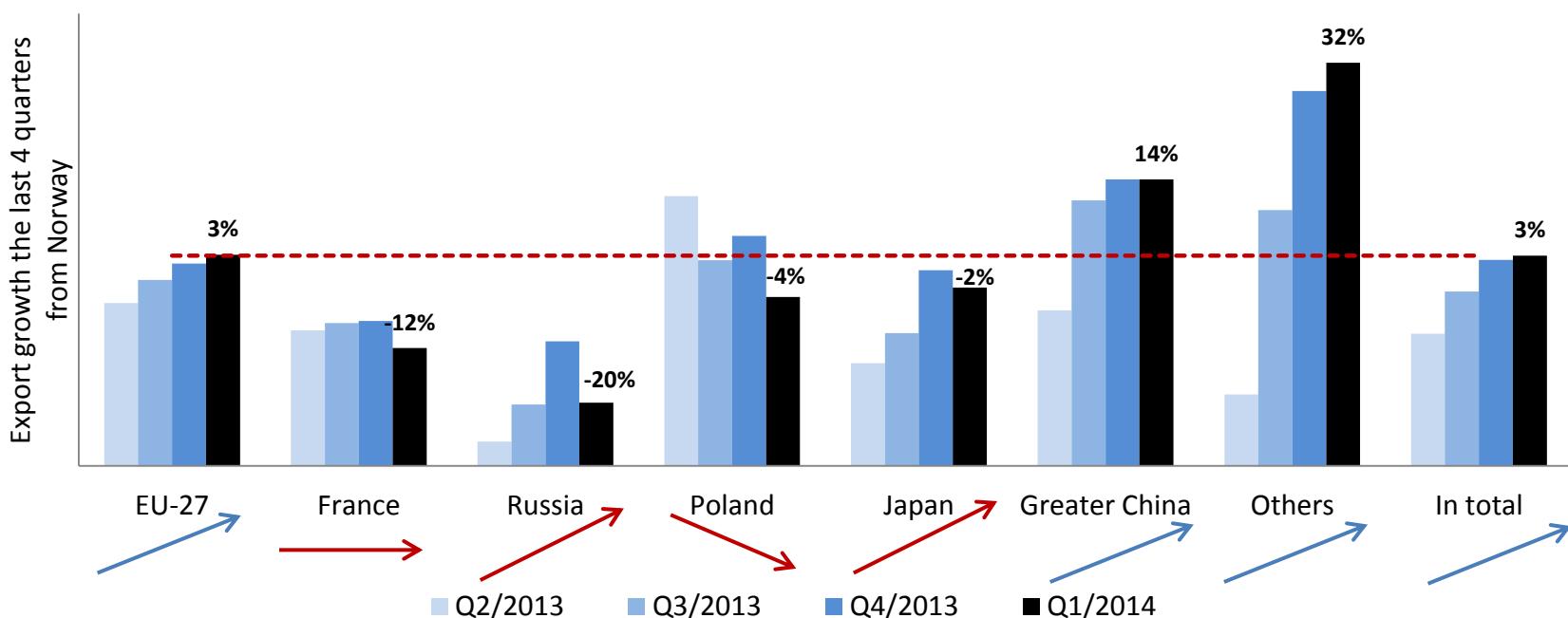
Harvesting estimates 2014: 29.000 tonnes (+ 15%)



Smolt release (Mill no.)	FY 13 ACT	FY 14 EST
North	5,9	6,6
South	1,7	1,7
Total	7,6	8,3

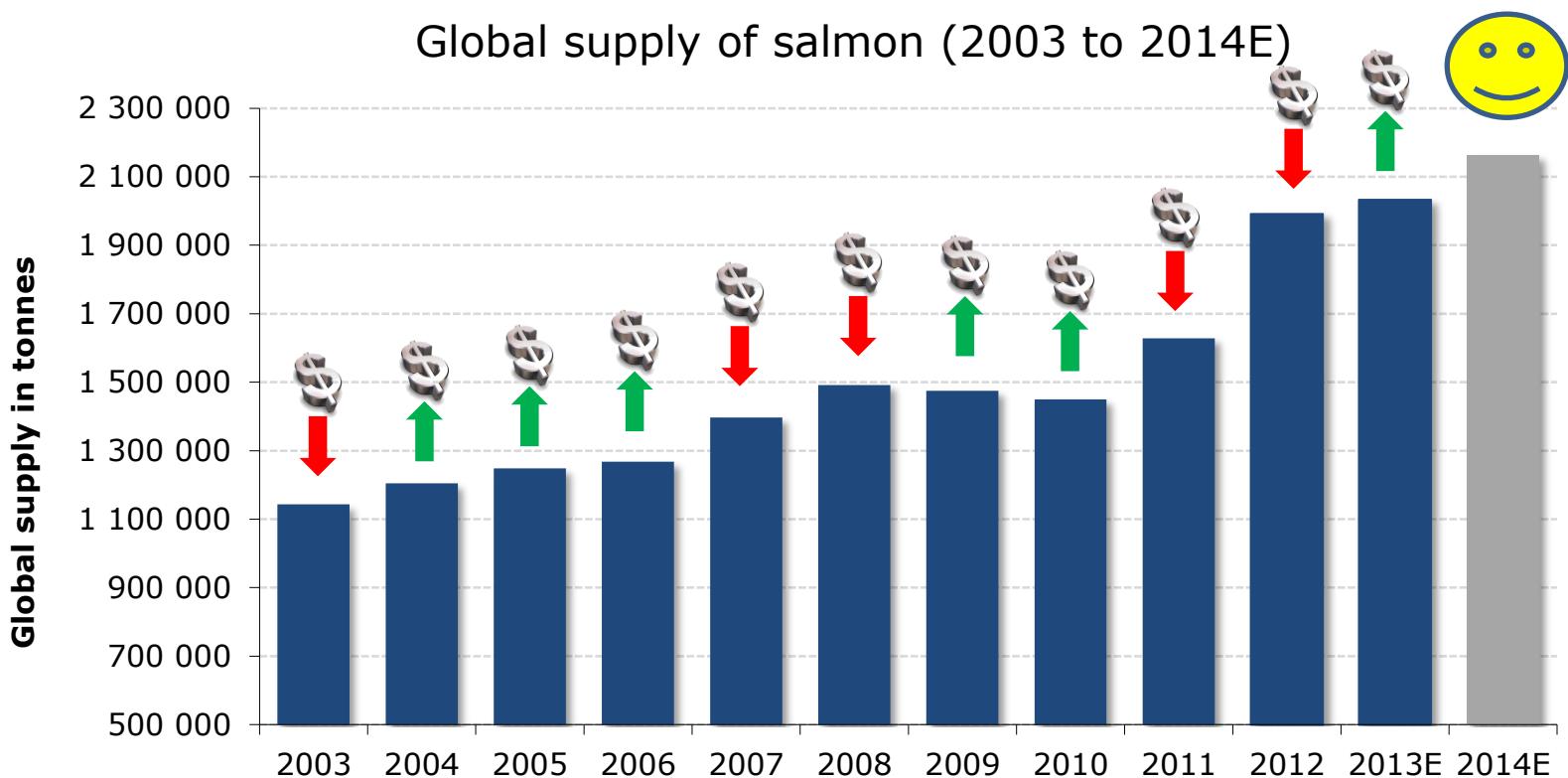
General Market Outlook

- Strong demand for Atlantic salmon in Q1 as prices were approx. 30 % above last year's level, while Norwegian supply increased 3 % and global supply 4 %.
- EU growth in line with Norwegian supply growth, due to strong demand from UK, Holland, Spain, Sweden etc.
- France and Poland imported less salmon and seems affected by the high prices in Q1.
- Russia and Ukraine is also reducing imports due to prices and increased risk.
- Improving demand from Asia and the US in Q1. Strong growth from Greater China, which saw a 14 % import growth from Norway. US doubled volumes vs last year.



General Market Outlook

- We expect 5-8 % global supply to be manageable at attractive prices.
 - Growth in Q1 driven by Chile
 - Growth from Q2-Q4 driven by Norway
- New licenses will have limited effect for 2014/2015 and full effect from 2016/2017



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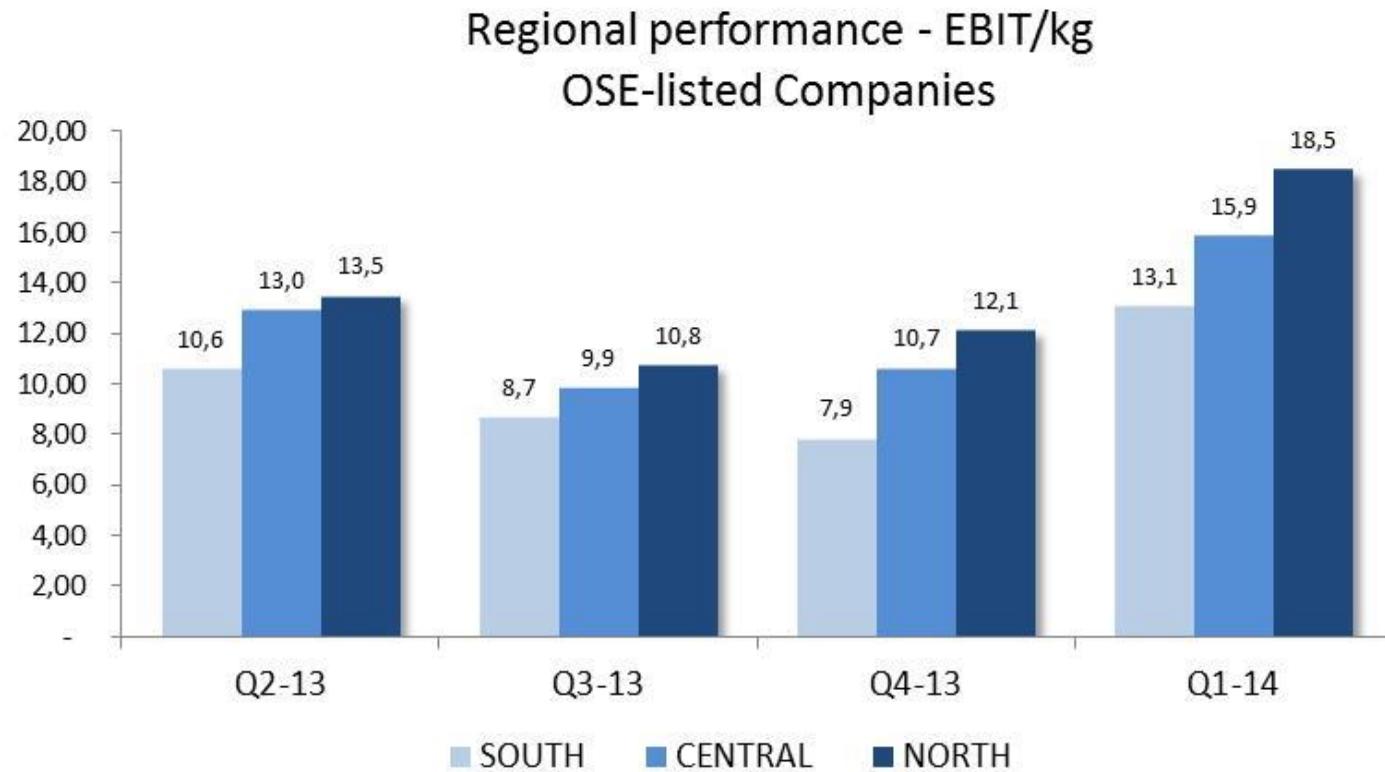


New licenses

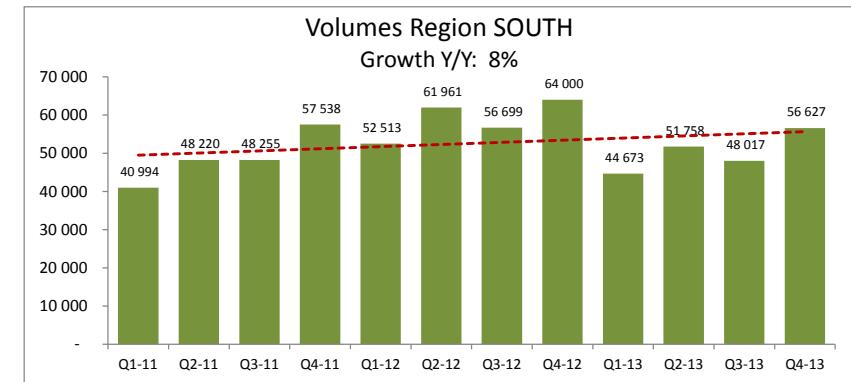
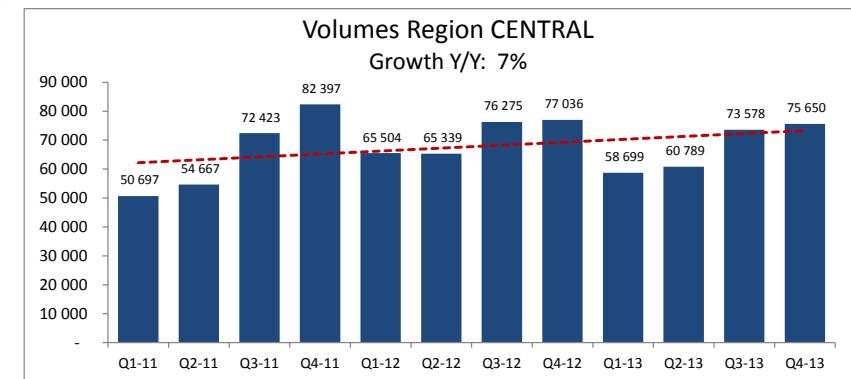
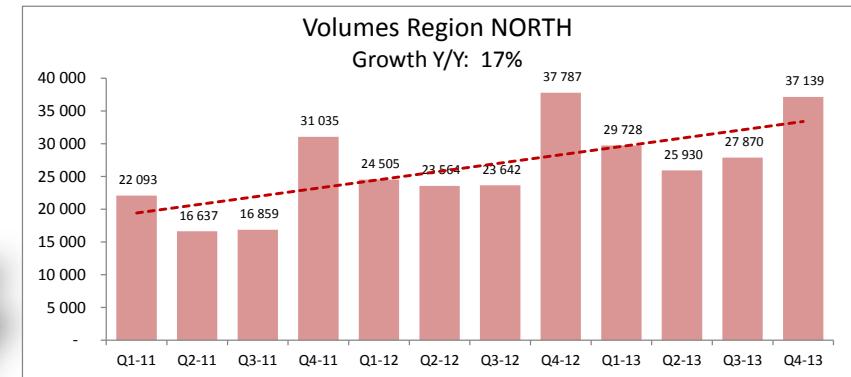
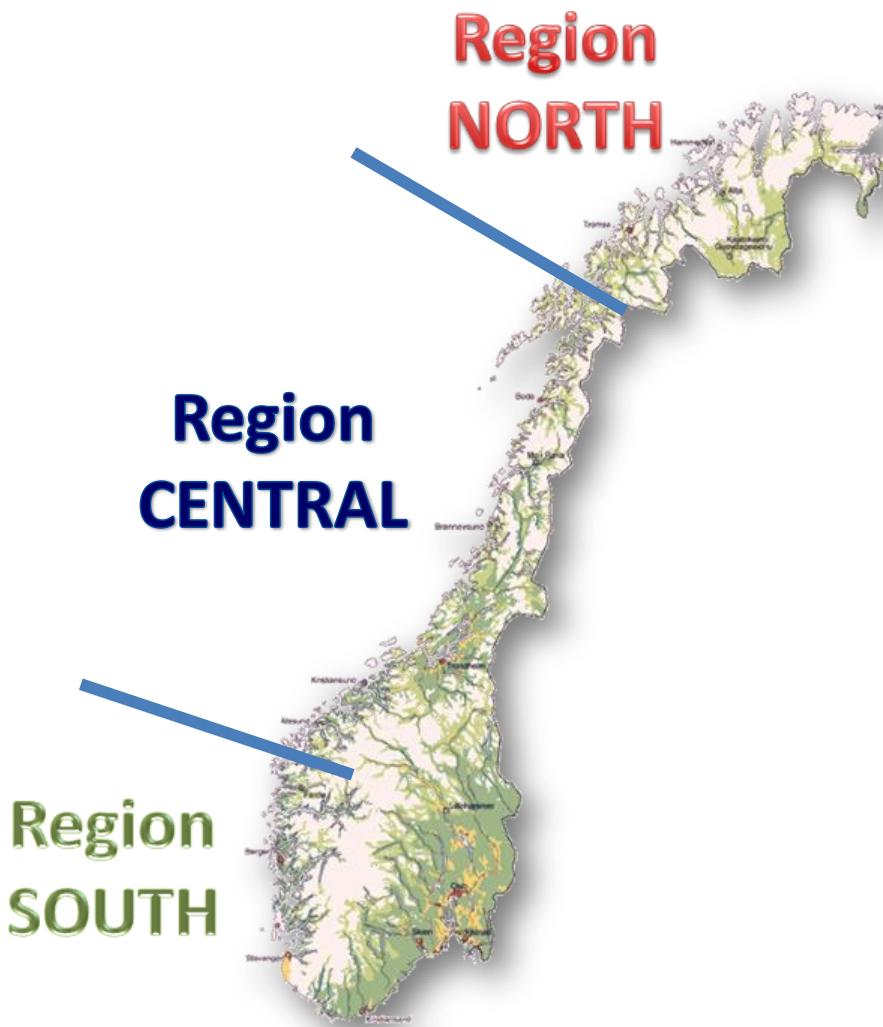


Geographical margin development (OSE listed)

- EBIT margins pr kg has been highest in the Northern region the last period
- Norway Royal Salmon has close to 80% of our own farming operation in the Northern Region



Y/Y growth past 12 quarters OSE-listed companies





GREEN LICENSES

Green licenses – Group B



1 license at MNOK 56 to be awarded to NRS Feøy

- One new green license to be awarded
- One existing license to be converted into green
- Both green licenses to be moved to and operated in Troms



NRS Feøy (Region South)

- Reduced from 6 to 5 licenses



NRS has achieved better operational results in Region North

- Historically 3 - 4 NOK/kg lower production cost in Region North

Green licenses – Group C



NRS has applied for 1 license at MNOK 10 for NRS Finnmark

- Decision to be made within June

Green licenses – Group A



NRS is nominated for the following green licenses:

- NRS Finnmark: 5
- Nor Seafood: 2
- Nord Senja Laks: 2



Criteria: Reduction of sea lice and
minimizing negative influence on wild salmon



For each new license, one existing license to be converted into green within 2 years.



In addition, Wilsgård Fiskeoppdrett AS (37.5%), has also been nominated for 2 new green licenses in group A.

A game changer for NRS

	Existing licenses	Group B	Group A	Green licenses <u>after</u> conversion	Standard licenses <u>after</u> conversion	Total no of licenses
NRS-Finnmark	14		5	10	9	19
Nor Seafood	2		2	4	0	4
Nord-Senja Laks	3		2	6	1	7
NRS - Region NORTH	19		9	20	10	30
NRS - Region SOUTH	6	1			5	5
NRS-Farming	25	1	9	20	15	35



Likely future company structure:

- NRS Finnmark
- NRS Troms
- NRS South

Operational implementation

- Pending final allocation
- 2,5 years from start-up to full operational effect
- Estimated gradual need for working capital of MNOK 200
- Estimated Capex MNOK 100 gradually
- Additional bank facilities of MNOK 200 agreed.

- Production cost expected to be marginally influenced
- Smolt production plant to be realized through partnership

- NRS will return with more detailed information regarding our operational concept for the green licenses when the allocation process is finalized.

And finally

- Future growth in the industry is dependent on sustainable solutions.
- The new licenses will permanently change NRS and the industry towards more sustainable development.
- NRS is motivated and ready for the challenge of being in the forefront of sustainable aquaculture!

Thank you



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