



# PRESENTATION Q2 2012

Oslo, 21 August 2012  
John Binde, CEO  
Ola Loe, CFO

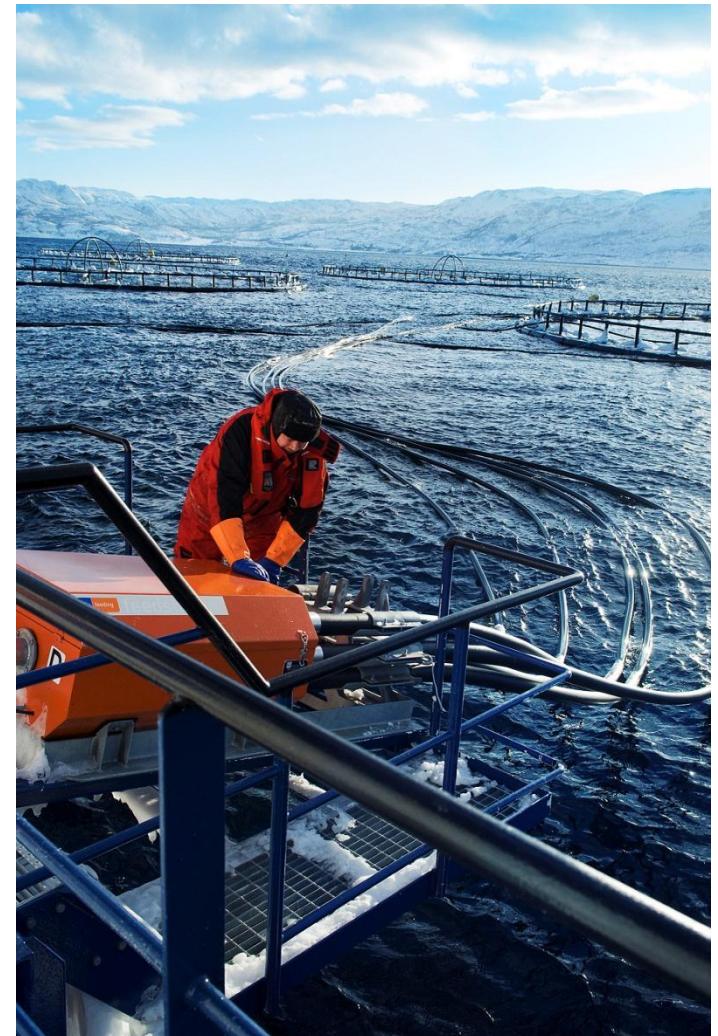
## AGENDA:

 Highlights for the period

 Segment information

 Group financials

 Outlook



# Highlights - first half year 2012:

-  The strong consumption growth continues with 27 % increase in export from Norway
-  Sold volume from NRS increased by 25 % y/y
-  Harvested volume in NRS increased by 118 % y/y
-  Good biological status
-  Good financial flexibility with NIBD to bank of MNOK 362 of a total credit facility of MNOK 612
-  The reporting of segment information has changed; contribution from sales operations is allocated to Region North and Region South.

# Highlights in Q2 2012

KEY FIGURES (NOK '000)	Q2 2012	Q2 2011
Operating revenues	409 088	452 890
EBITDA	16 644	37 699
EBIT fva <sup>1)</sup>	9 271	31 648
EBIT	17 175	-51 253
Income from associates	1 161	-5 383
EBT	9 059	-62 682
EPS (NOK) <sup>2)</sup>	0,03	0,20
ROACE <sup>3)</sup>	2,7 %	9,7 %
Op. cash flow	-3 737	2 154
Capital expenditure	10 531	33 750
Net interest-bearing debt	477 659	480 674
Equity ratio	40,4 %	36,3 %
Volume harvested (HOG)	5 039	3 351
EBIT per kg <sup>4)</sup>	2,67	10,74
- of which sales	1,47	1,54
Volume sold	13 243	11 244

1) EBIT pre fair value adjustments

2) Earnings per share pre fair value adjustments

3) ROACE: Return on average capital employed based on 12-months rolling EBIT aligned for fair value adjustments / average (NIBD + Equity - Financial

4) EBIT pre fair value adjustments for segments incl margin from sales



Average salmon price 26 % down from Q2 last year with negative impact on profits



Harvested volume in Q2 increased by 50 % y/y and sold volume increased by 18 % y/y



EBIT fva MNOK 9.3



Combined Farming and Sales EBIT per kg NOK 2.67



Continued strong equity ratio above 40 %



## SEGMENT INFORMATION

# Key segment information

KEY FIGURES NOK	Region North	Region South	Total
<b>Farming</b>			
- Volume harvested (tons)	2 995	2 045	5 039
- EBIT per kg harvested*	1,63	0,56	1,20
<b>Sales</b>			
- Volume sold (tons)			13 243
- EBIT per kg sold			0,56
- EBIT per kg harvested*	1,47	1,47	1,47
<b>Total</b>			
- EBIT per kg harvested*	3,10	2,03	2,67

\* EBIT pre fair value adjustments

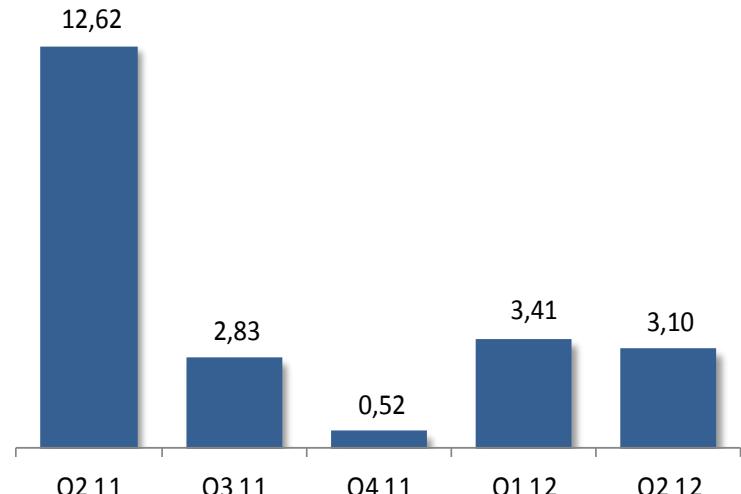


- The reporting of segment information has changed; contribution from sales operations is allocated to Region North and Region South

# Region North

KEY FIGURES (NOK '000)	Q2 2012	Q2 2011
Operating revenues	243 294	374 029
EBIT fva *	9 297	34 898
Volume harvested (tons)	2 995	2 766
EBIT per kg *	3,10	12,62
- of which sales	1,47	1,54

\* EBIT pre fair value adjustments incl. allocated margin from sales



## Achieved sales price Q2 12: NOK 25.25 per kg FCA packing station

- Price NOK 10.08/kg lower than Q2 11
- 10 % contract sales



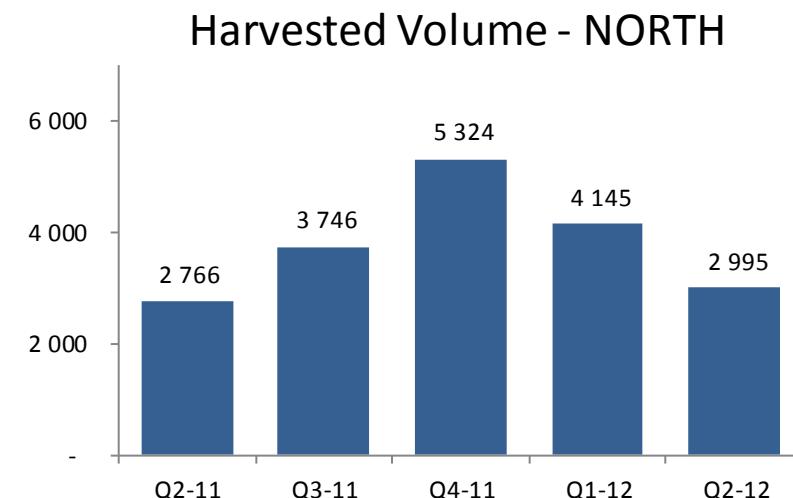
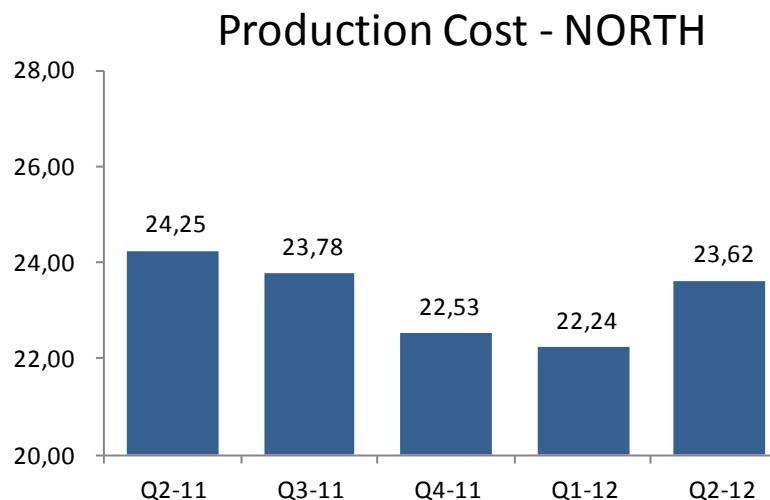
## EBIT per kg NOK 3.10 (NOK 12.62 in Q2 11)



## Operation

- Biological status is very good
- Low sea temperatures in Finnmark have caused lower growth than normal in Q2
- Smolts released this year have performed well, with low mortality

# Farming – Region North



Production cost of NOK 23.62 per kg

- Down by NOK 0.63 per kg compared to Q2 11
- Up by NOK 1.38 per kg since Q1 12
  - One harvested site in Q2 12 having higher production costs than expected

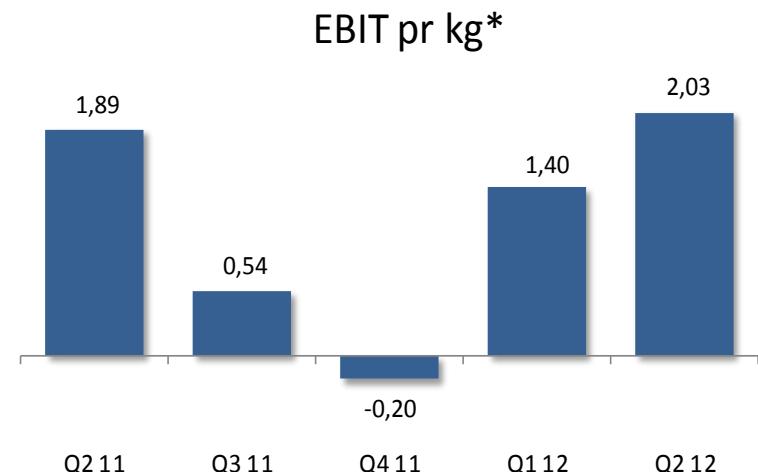


Volume growth of 8 % compared to Q2 11

# Farming - Region South

KEY FIGURES (NOK '000)	Q2 2012	Q2 2011
Operating revenues	165 398	78 861
EBIT fva *	4 150	1 103
Volume harvested (tons)	2 045	585
EBIT per kg *	2,03	1,89
- of which sales	1,47	1,54

\* EBIT pre fair value adjustments incl. allocated margin from sales



Achieved price Q2 12 NOK 26.49 per kg FCA packing station

- 29 % contract sales
- Price NOK 1.45/kg lower than Q2 11



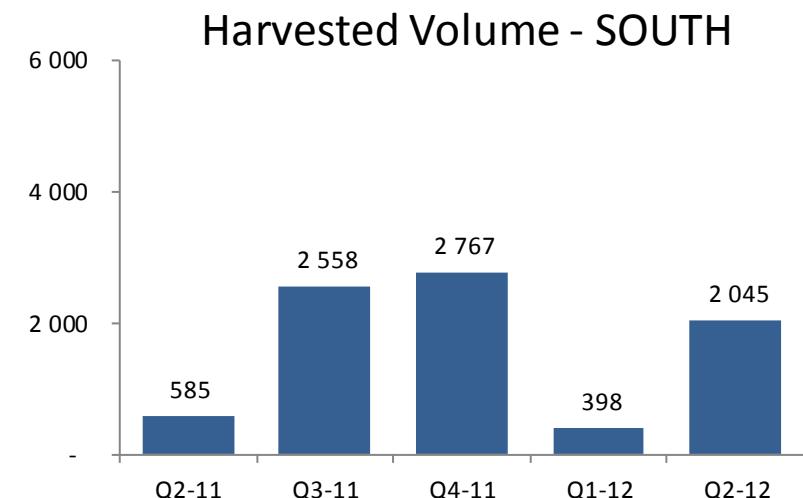
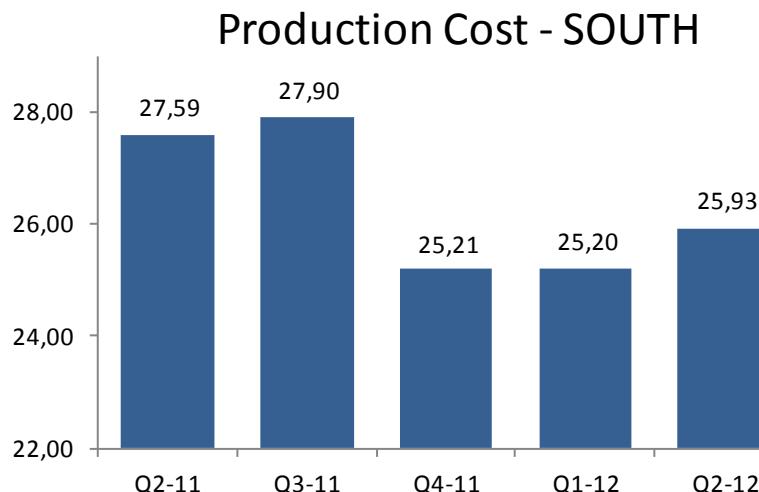
EBIT per kg NOK 2.03 (NOK 1,89 in Q2 11)



Good operational performance and good biological status in Q1 12

- Biological status very good
- Good growth in the quarter

# Farming – Region South



**Production cost of NOK 25.93 per kg**

- Up by NOK 0.73 per kg since Q1 12
- Down by NOK 1.66 per kg compared to Q2 11
- The production costs are expected to fall when harvesting the 2011-generation in Q3 12



**Volume growth of 250 % compared to Q2 11**

# Associated companies

KEY FIGURES (NOK '000)	NRS' SHARE Q2 2012		NRS' SHARE YTD 2012	
	Farming companies	Other associated companies	Farming companies	Other associated companies
Operating revenues	13 518	17 241	41 662	24 267
EBIT fva *	2 726	1 187	8 169	1 253
EBIT	2 337	1 187	7 817	1 253
Result after tax	363	799	6 524	783
Volume harvested (tons)	523		1 339	
EBIT per kg *	5,21		6,10	

\* EBIT pre fair value adjustments

**3 farming companies with 8 licenses, 2 harvesting companies and 1 hatchery with a yearly capacity of 5.5 million smolt**

- Ownership from 27 % to 38 %

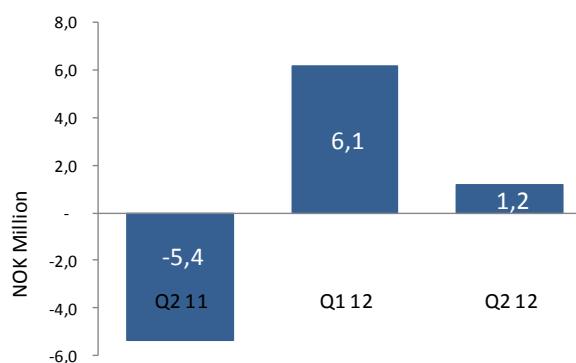
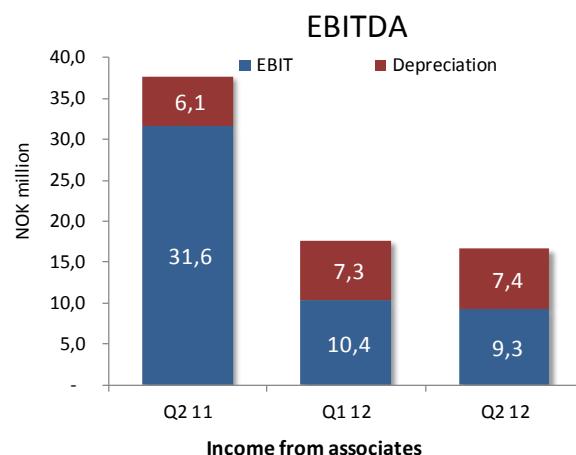
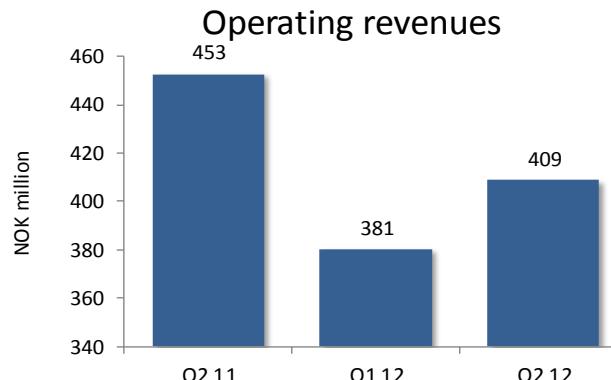
**YTD EBIT per kg of NOK 6.10 for associated farming companies**

**Estimated NRS share of volume for 2012 is 2 676 tons**



## GROUP FINANCIALS

# Key income statement items



**Revenues down MNOK 44 (9.7 %) from Q2 11**

- Lower salmon prices – 26 %
- Higher sold volumes + 18 %



**EBITDA of MNOK 16.6 (37.7 in Q2 11)**

- Farming:
  - Sales price down NOK 8.27/kg
  - Production cost down NOK 0.27/kg
  - Harvested volume up 1 688 tons
- Sales:
  - Traded volume up 1 999 tons
  - Margins up NOK 0.10/kg

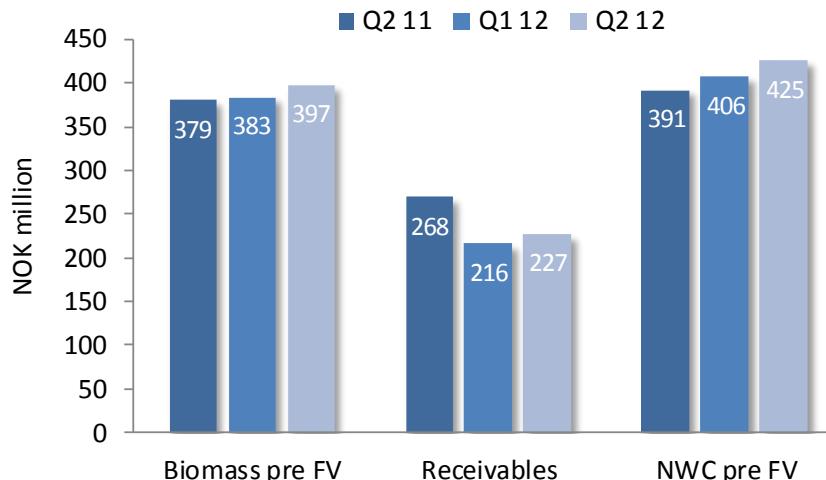


**Depreciation stable from Q1 12**



**Income from associated companies up MNOK 6.6 from Q2 11**

# Key balance sheet items



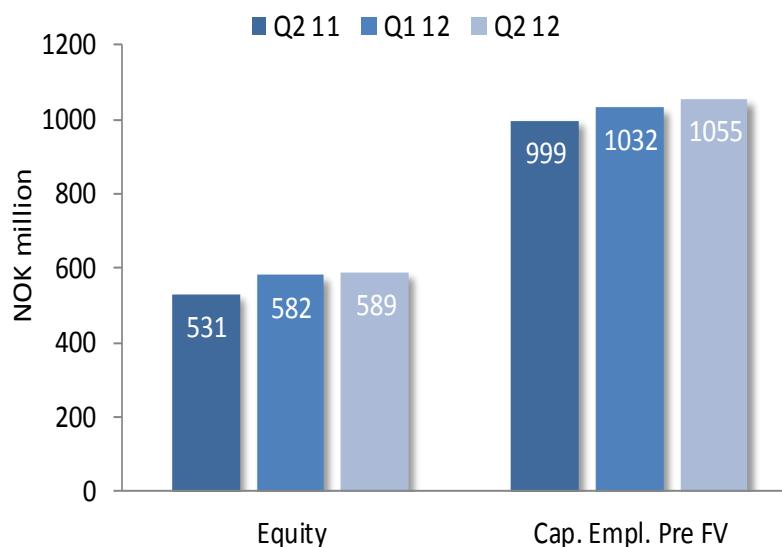
**Biomass pre FV up by MNOK 18 from Q1 12**



**Receivables up by MNOK 11 from Q1 12**



**Working capital pre FV up by MNOK 19 from Q1 12**



**Equity up by MNOK 7 from Q1 12**

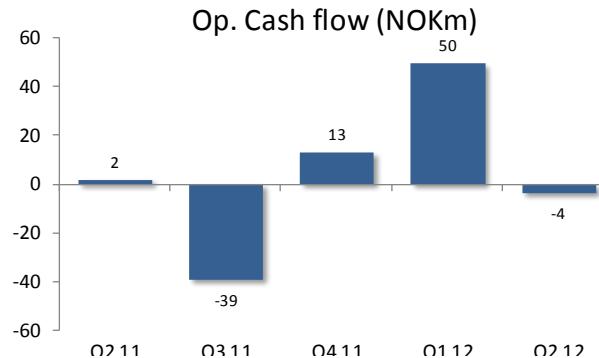
- Equity ratio 40.4%



**Capital employed pre FV up by MNOK 23**

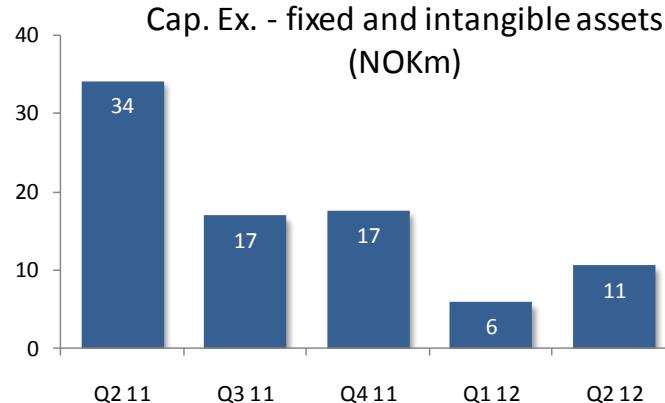
- ROACE 2.7 %

# Cash flow, Cap Ex and Net interest bearing debt



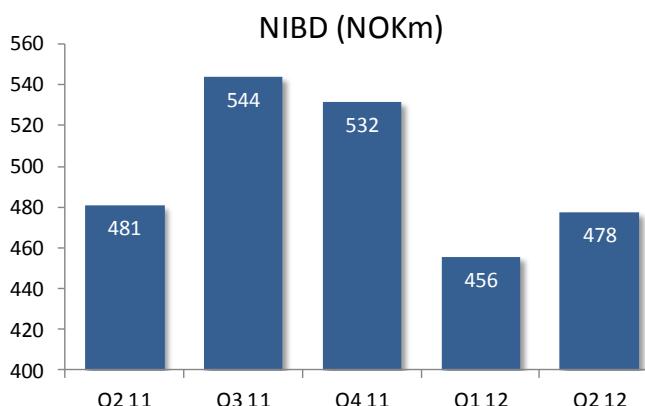
## Operational cash flow negative by MNOK 4

- Positively impacted by positive EBITDA
- Negatively impacted by increased net working capital



## Capex of MNOK 11 in Q2 12

- Significant down from 2011
- Estimated Capex in 2012 MNOK 25



## NIBD up by MNOK 22 from Q2 12

- Increased working capital pre FV
- Investments in fixed assets

# Financing



## Good financial flexibility



MNOK 362 in NIBD to the bank of a total facility of MNOK 612



## Bank covenants

- Equity ratio of minimum 30 % in whole of 2012
  - 35 % from 2013
- NIBD/EBITDA of maximum 6.5
  - Exempt from this covenant in 2012
  - Covenant of maximum 6.5 will apply again from Q1 2013.
  - Will be gradually reduced from Q4 2013

# Financing



## Long term debt

(NOK '000)	<b>30.06.2012</b>
Long-term debt to financial institutions	226 500
Long-term finance lease	90 062
Other long-term interest bearing debt	2 125
<b>Total long-term interest bearing debt</b>	<b>318 687</b>



## Short term debt

(NOK '000)	<b>30.06.2012</b>
Short-term debt to financial institutions	142 921
First year's instalment long-term debt	24 243
<b>Total short-term interest bearing debt</b>	<b>167 164</b>
Cash and cash equivalents	8 192
<b>Net interest bearing debt</b>	<b>477 659</b>

<b>Total NIBD to bank</b>	<b>362 000</b>
<b>Total bank facility</b>	<b>612 000</b>



# OUTLOOK

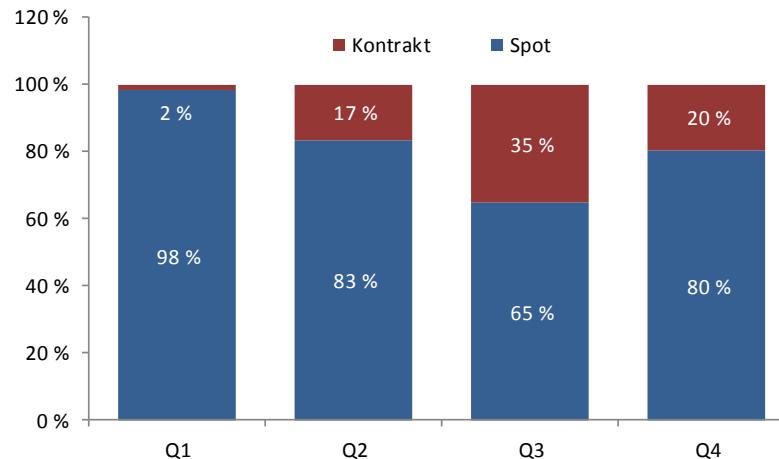
# Outlook - Farming

## Estimated harvested volumes:

- 2012: 22 500 tons (+ 20 %)
- 2013: 28 000 tons (+ 24 %)
  - No changes from Q1 12 presentation

## Smolt release in 2012 reflects full utilization of existing capacity

## Fixed-price contracts 2012



## Fixed-price contracts 2013

- 9 % for whole year
- 18 % for Q1 and Q2

# Harvesting and smolt release

Harvest volumes (kt,gwe)	FY11	Q1 12	Q2 12	Q3 12	Q4 12	FY 12	FY 13
	ACT	ACT	ACT	EST	EST	EST	EST
North	12,9	4,1	3,0	3,0	4,5	14,6	21,5
South	5,9	0,4	2,0	2,1	3,3	7,8	6,5
<b>Total</b>	<b>18,8</b>	<b>4,5</b>	<b>5,0</b>	<b>5,1</b>	<b>7,8</b>	<b>22,5</b>	<b>28,0</b>

Smolt release (Mill no.)	FY 10	FY 11	FY 12
	ACT	ACT	EST
North	4,3	5,9	5,8
South	1,4	1,8	2,0
<b>Total</b>	<b>5,7</b>	<b>7,7</b>	<b>7,8</b>

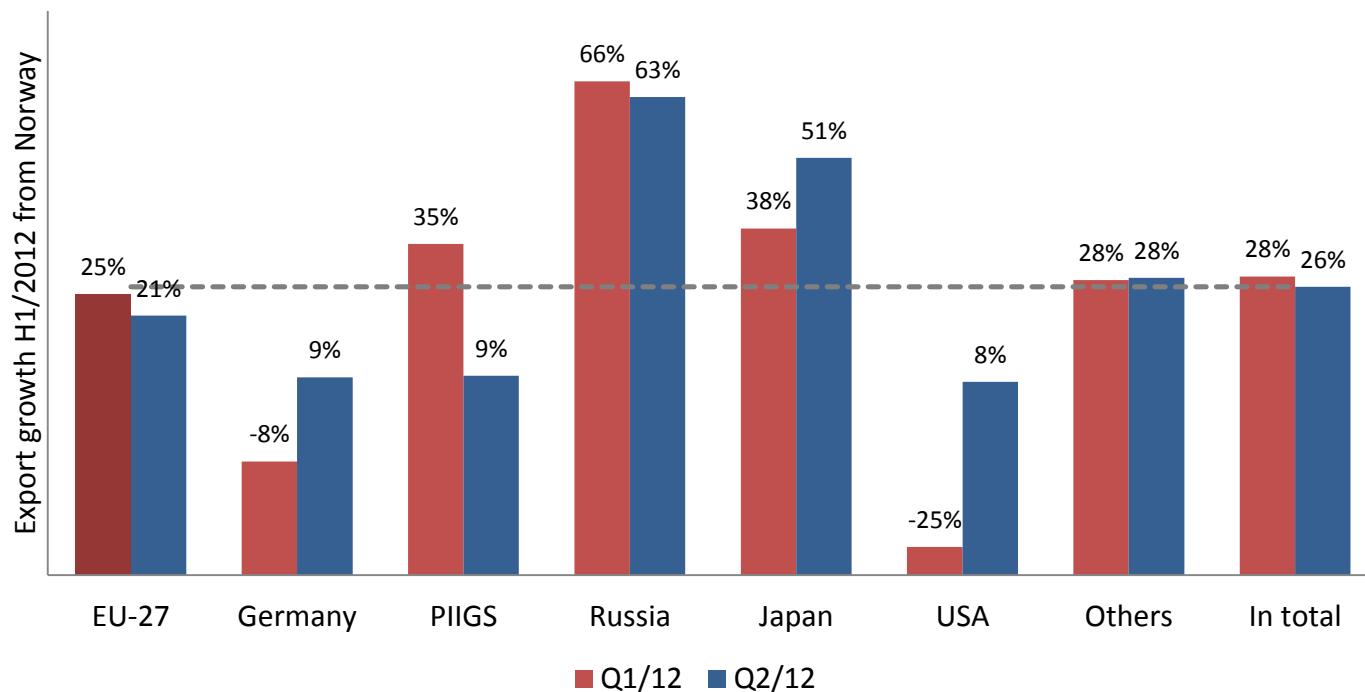


# Outlook – Market and sales



## Market

- Massive volume growth from Norway in Q2 12 of 26 % yr/yr
- Significant growth in most markets as salmon is regarded as good value
- US and Germany has so far been weaker markets for Norwegian exporters, but better than in Q1
- Continued growth from PIIGS, but significantly slower than in Q1.

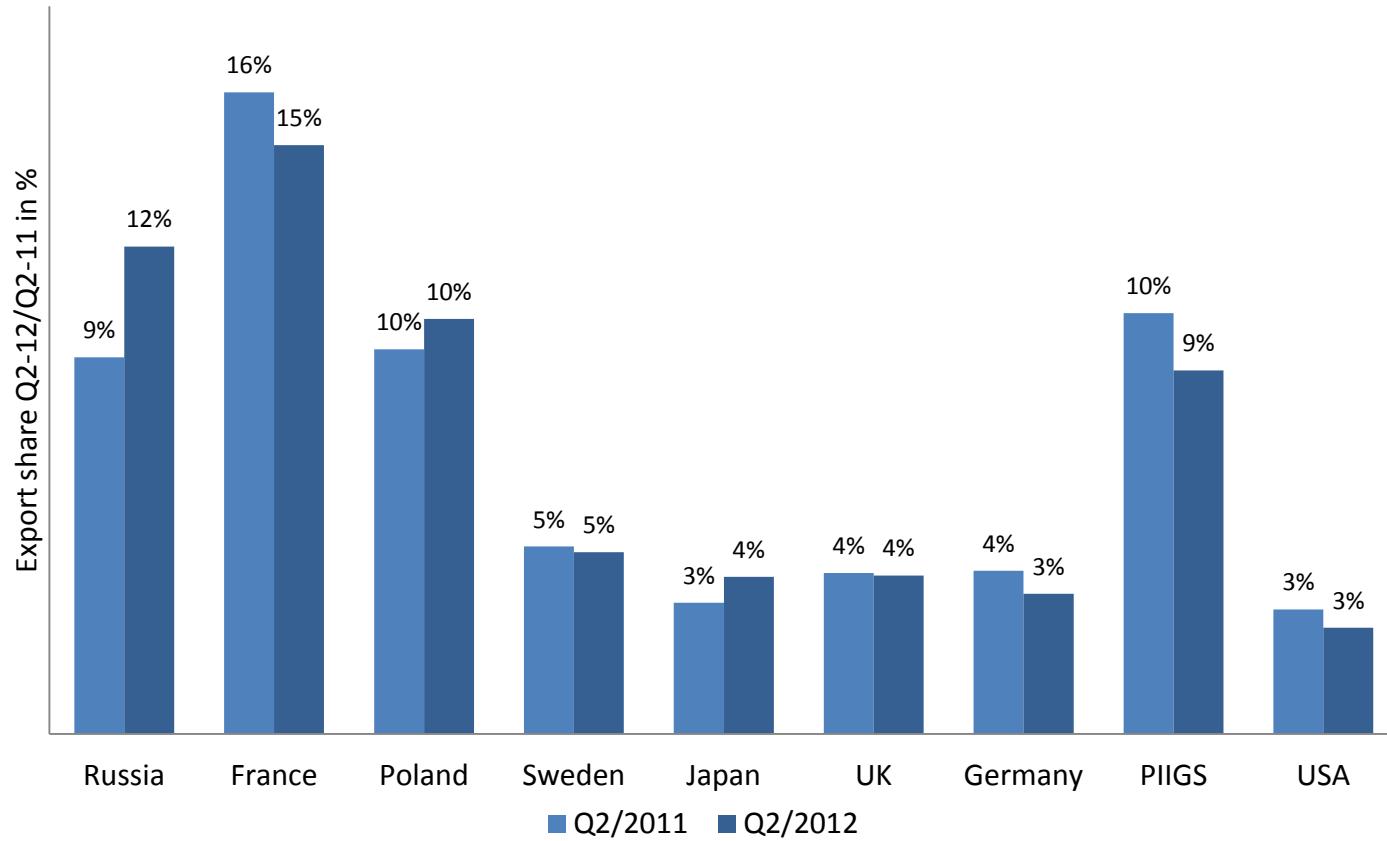


# Outlook – Market and sales



## Market

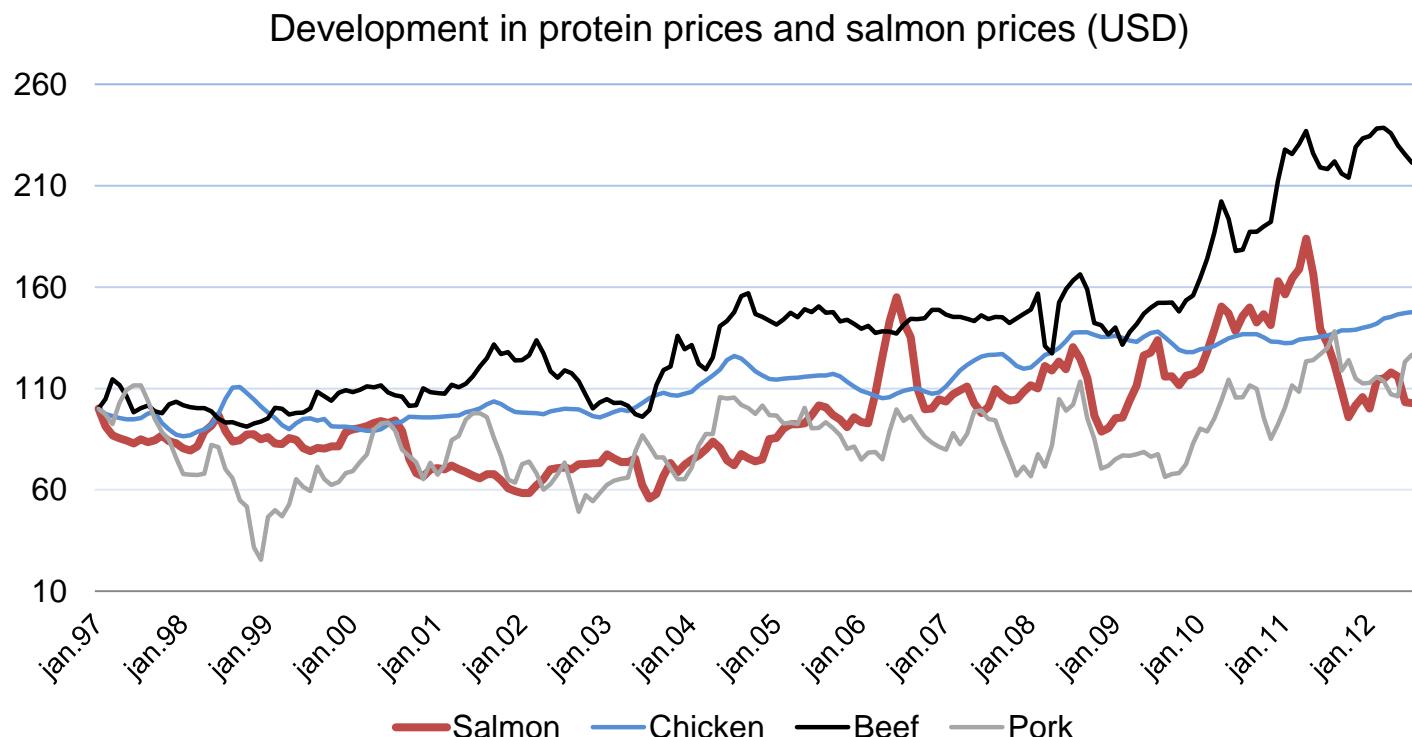
- France is again the single largest market for Norwegian salmon in Q2
- While, Russia and Asia were the strongest markets in Q2
- Lower growth in PIIGS has reduced their share of Norwegian salmon



# Outlook – Market and sales

## Sales

- Increased volumes available in 2012, which will increase trading volumes
- Increased focus on more profitable and growing market segments will continue
- Satisfactory margins are expected for the rest of the year.





# Thank you for your attention

For more information: [www.norwayroyalsalmon.com](http://www.norwayroyalsalmon.com)

A wide-angle photograph of a salmon farm in a body of water. In the center, a long, horizontal net pen structure extends across the frame. A small white boat with two people is positioned near the center of the pen. In the foreground, a single yellow buoy floats on the blue water. In the background, several small, flat-topped islands or hills are visible under a clear blue sky.

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# APPENDIX

# Group income statement

(NOK '000)	Q2 2012	Q2 2011	YTD 2011	YTD 2011	Year 2011
<b>Operating revenues</b>	<b>409 088</b>	<b>452 890</b>	<b>789 639</b>	<b>862 088</b>	<b>1 734 022</b>
Cost of goods sold	356 266	390 369	688 296	760 189	1 549 263
Salaries	15 371	12 224	31 670	25 509	60 595
Depreciation	7 373	6 051	14 654	11 577	26 043
Other operating costs	20 807	12 598	35 354	25 640	53 365
<b>Operating profit before fair value adjustments</b>	<b>9 271</b>	<b>31 648</b>	<b>19 665</b>	<b>39 173</b>	<b>44 757</b>
Fair value adjustments	7 905	-82 901	10 682	-58 469	-70 627
<b>EBIT</b>	<b>17 175</b>	<b>-51 253</b>	<b>30 347</b>	<b>-19 296</b>	<b>-25 870</b>
Gain on realisation of financial assets	0	0	0	23 726	41 430
Income from associates	1 161	-5 383	7 307	-2 531	-1 689
Other net financial items	-9 277	-6 046	-17 258	-13 260	-31 038
<b>EBT</b>	<b>9 059</b>	<b>-62 682</b>	<b>20 396</b>	<b>-11 361</b>	<b>-17 166</b>
Tax	-2 211	16 127	-3 869	8 416	15 548
<b>Net profit/loss</b>	<b>6 848</b>	<b>-46 555</b>	<b>16 527</b>	<b>-2 945</b>	<b>-1 618</b>
<b>Profit attributable to:</b>					
Parent company shareholders	5 926	-42 520	14 812	-484	2 140
Minority interests	922	-4 035	1 715	-2 461	-3 759
Earnings per share (NOK)	0,14	-1,17	0,36	-0,01	0,06
Earnings per share - diluted	0,14	-1,17	0,36	-0,01	0,06

# Group balance sheet

(NOK '000)	30.06.2012	31.03.2012	31.12.2011	30.06.2011
Intangible assets	502 887	502 887	502 887	502 887
Property, plant and equipment	179 007	175 850	177 311	157 660
Non-current financial assets	108 796	107 935	103 238	110 735
<b>Non-current assets</b>	<b>790 691</b>	<b>786 673</b>	<b>783 436</b>	<b>771 282</b>
Inventory and biological assets	433 225	407 255	406 730	420 366
Receivables	226 644	215 537	270 922	268 417
Bank deposits, cash	8 192	6 272	6 205	4 615
<b>Current assets</b>	<b>668 060</b>	<b>629 064</b>	<b>683 857</b>	<b>693 398</b>
<b>TOTAL ASSETS</b>	<b>1 458 751</b>	<b>1 415 736</b>	<b>1 467 292</b>	<b>1 464 680</b>
Share capital	43 573	43 573	38 144	38 144
Other equity	506 839	500 682	457 289	454 307
Non-controlling interests	38 944	38 022	37 229	38 526
<b>Equity</b>	<b>589 356</b>	<b>582 276</b>	<b>532 662</b>	<b>530 977</b>
Pensions	8 480	8 480	8 480	7 719
Deferred tax	157 256	155 084	153 784	160 917
<b>Provisions</b>	<b>165 736</b>	<b>163 564</b>	<b>162 265</b>	<b>168 636</b>
<b>Long-term interest-bearing debt</b>	<b>318 687</b>	<b>321 210</b>	<b>320 884</b>	<b>311 077</b>
Short-term interest-bearing debt	167 164	140 921	217 054	174 212
Trade payables	186 925	185 673	219 868	252 012
Tax payable	0	0	0	3 031
Other current liabilities	30 881	22 091	14 558	24 735
<b>Current liabilities</b>	<b>384 971</b>	<b>348 684</b>	<b>451 480</b>	<b>453 990</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 458 751</b>	<b>1 415 736</b>	<b>1 467 292</b>	<b>1 464 680</b>

# Group cash flow statement

(NOK '000)	Q2 2012	Q2 2011	YTD 2011	YTD 2011	Year 2011
<b>Operating profit before fair value adjustments</b>	<b>9 271</b>	31 648	<b>19 665</b>	39 173	44 757
Adjusted for:					
Tax paid	<b>0</b>	0	<b>0</b>	0	-3 031
Depreciation/amortisation	<b>7 373</b>	6 051	<b>14 654</b>	11 577	26 043
Gains (-)/ losses (+) on disposal of non-current assets	<b>0</b>	-1 497	<b>0</b>	-1 497	-1 845
Share based payment	<b>103</b>	172	<b>277</b>	414	616
Pension costs with no cash effect	<b>0</b>	0	<b>0</b>	0	761
Change in inventory / biomass	<b>-12 361</b>	-48 421	<b>-10 237</b>	-78 400	-75 378
Change in debtors and creditors	<b>-11 546</b>	31 282	<b>14 287</b>	45 727	-8 459
Change in other current assets and other liabilities	<b>3 423</b>	-17 081	<b>7 280</b>	-16 537	-9 245
<b>Net cash flow from operating activities</b>	<b>-3 737</b>	2 154	<b>45 926</b>	457	-25 781
<b>Cash flow from investing activities</b>					
Proceeds from sale of property, plant and equipment	<b>0</b>	1 723	<b>0</b>	1 723	2 213
Payments for purchase of property, plant and equipment and intangible assets	<b>-10 531</b>	-33 750	<b>-16 350</b>	-60 124	-94 403
Payments in connection with other transactions	<b>0</b>	0	<b>0</b>	0	-300
Proceeds from investments in non-current financial assets	<b>0</b>	9 735	<b>0</b>	11 235	37 799
Payments for investments in non-current financial assets	<b>0</b>	-1 872	<b>0</b>	-1 903	-1 903
Change in loans to associates and others	<b>300</b>	0	<b>-900</b>	0	-8
<b>Net cash flow from investing activities</b>	<b>-10 231</b>	-24 164	<b>-17 250</b>	-49 069	-56 602
<b>Cash flow from financing activities</b>					
Receipts from new long-term debt	<b>5 282</b>	21 557	<b>9 976</b>	43 287	67 392
Long-term debt repayments	<b>-5 585</b>	-5 000	<b>-11 883</b>	-9 414	-20 859
Net change in overdraft	<b>24 023</b>	45 170	<b>-50 181</b>	20 674	60 664
Net payments from share issue	<b>90</b>	0	<b>30 499</b>	40 112	40 112
Purchase and sale of treasury shares	<b>0</b>	0	<b>11 740</b>	143	143
Interest paid	<b>-7 922</b>	-5 764	<b>-16 840</b>	-11 610	-28 025
Dividend payment	<b>0</b>	-34 713	<b>0</b>	-34 713	-35 586
<b>Net cash flow from financing activities</b>	<b>15 888</b>	21 250	<b>-26 689</b>	48 479	83 841
Net increase (+)/ decrease (-) in cash & cash equivalents	<b>1 920</b>	-760	<b>1 987</b>	-133	1 458
Cash and cash equivalents - opening balance	<b>6 272</b>	5 375	<b>6 205</b>	4 748	4 748
<b>Cash and cash equivalents - closing balance</b>	<b>8 192</b>	4 615	<b>8 192</b>	4 615	6 205

# Statement of Equity

30.06.2012 (NOK '000)	<u>Equity allocated to parent company shareholders</u>					Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium fund	Retained earnings	Total		
<b>Equity at 01.01.2012</b>	39 611	-1 467	54 936	402 352	495 433	37 229	532 662
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14 812</b>	<b>14 812</b>	<b>1 715</b>	<b>16 527</b>
<b>Transactions with shareholders</b>							
Share issue	3 961	0	27 728	0	31 689	0	31 689
Net share issue transaction costs	0	0	-635	-223	-858	0	-858
Share based payment	0	0	0	277	277	0	277
Purchase/sale of treasury shares	0	1 467	0	10 273	11 740	0	11 740
Other changes in associates	0	0	0	-2 681	-2 681	0	-2 681
<b>Total transactions with shareholders</b>	<b>3 961</b>	<b>1 467</b>	<b>27 093</b>	<b>7 646</b>	<b>40 167</b>	<b>0</b>	<b>40 167</b>
<b>Equity at 30.06.2012</b>	<b>43 572</b>	<b>0</b>	<b>82 029</b>	<b>424 810</b>	<b>550 412</b>	<b>38 945</b>	<b>589 356</b>
30.06.2011 (NOK '000)	<u>Equity allocated to parent company shareholders</u>					Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium fund	Retained earnings	Total		
<b>Equity at 01.01.2011</b>	37 229	-9	15 526	485 188	537 934	41 862	579 796
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-23 616</b>	<b>-23 616</b>	<b>-2 461</b>	<b>-26 077</b>
<b>Transactions with shareholders</b>							
Share issue	2 382	0	43 730	0	46 112	0	46 112
Net share issue transaction costs	0	0	-4 320	0	-4 320	0	-4 320
Share based payment	0	0	0	260	260	0	260
Dividend	0	0	0	-34 713	-34 713	-875	-35 588
Purchase/sale of treasury shares	0	-1 458	0	-27 747	-29 205	0	-29 205
<b>Total transactions with shareholders</b>	<b>2 382</b>	<b>-1 458</b>	<b>39 410</b>	<b>-62 200</b>	<b>-21 866</b>	<b>-875</b>	<b>-22 742</b>
<b>Equity at 30.06.2011</b>	<b>39 611</b>	<b>-1 467</b>	<b>54 935</b>	<b>399 372</b>	<b>492 452</b>	<b>38 526</b>	<b>530 977</b>

# Quarterly historical information

QUARTERLY HISTORICAL INFORMATION (NOK thousand, NOK per kg)	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
<b>Volumes harvested (ktonnes, HOG)</b>										
Region North	2 995	4 145	5 324	3 746	2 766	1 035	794	913	1 833	2 461
Region South	2 045	398	2 767	2 558	585	0	1 352	954	1 436	935
<b>Total</b>	<b>5 039</b>	<b>4 543</b>	<b>8 091</b>	<b>6 304</b>	<b>3 351</b>	<b>1 035</b>	<b>2 146</b>	<b>1 867</b>	<b>3 269</b>	<b>3 396</b>
<b>EBIT pre fair value</b>										
Region North	9 297	14 140	2 749	10 582	34 898	14 593	-2 984	17 790	28 881	28 467
Region South	4 150	559	-551	1 371	1 103	9	19 395	9 457	25 074	9 751
<b>Total</b>	<b>13 447</b>	<b>14 699</b>	<b>2 198</b>	<b>11 953</b>	<b>36 001</b>	<b>14 602</b>	<b>16 411</b>	<b>27 247</b>	<b>53 955</b>	<b>38 218</b>
<b>EBIT per kg *</b>										
Region North	3,10	3,41	0,52	2,82	12,62	14,10	-3,76	19,49	15,76	11,57
Region South	2,03	1,40	-0,20	0,54	1,89	0,00	14,35	9,91	17,46	10,43
<b>Total</b>	<b>2,67</b>	<b>3,24</b>	<b>0,27</b>	<b>1,90</b>	<b>10,74</b>	<b>14,11</b>	<b>7,65</b>	<b>14,59</b>	<b>16,51</b>	<b>11,25</b>
<b>Volumes sold (ktonnes)</b>										
	13 243	12 817	15 797	13 862	11 244	9 525	13 221	11 858	13 144	11 361
<b>NRS GROUP</b>										
<b>EBITDA</b>	<b>16 644</b>	<b>17 675</b>	<b>3 875</b>	<b>16 175</b>	<b>37 699</b>	<b>13 051</b>	<b>29 768</b>	<b>29 214</b>	<b>55 708</b>	<b>39 506</b>
<b>EBIT pre fair value</b>	<b>9 271</b>	<b>10 395</b>	<b>-3 559</b>	<b>9 143</b>	<b>31 648</b>	<b>7 525</b>	<b>12 993</b>	<b>23 781</b>	<b>50 357</b>	<b>35 659</b>
<b>Net interest bearing debt</b>	<b>477 659</b>	<b>455 859</b>	<b>531 734</b>	<b>543 565</b>	<b>480 674</b>	<b>418 186</b>	<b>425 992</b>	<b>360 892</b>	<b>304 457</b>	<b>340 025</b>
<b>Equity ratio</b>	<b>40,4 %</b>	<b>41,1 %</b>	<b>36,3 %</b>	<b>34,4 %</b>	<b>36,3 %</b>	<b>42,3 %</b>	<b>36,9 %</b>	<b>39,9 %</b>	<b>39,9 %</b>	<b>42,2 %</b>

\* Adjusted for non recurring items in the period