



Arnarlax

Arnarlax is Iceland's largest producer and processor of farmed salmon. The company is fully vertically integrated, with its own hatchery, sea farms, harvesting plant and sales force.

NOK million	Q2 19	Q2 18	1H 19*	1H 18
Operating revenue	177	78	310	218
Operational EBIT	26	3	51	-38
Operational EBIT %	14.8%	3.3%	16.6%	-17.2%
Harvested volume (1 000 t _{gw})	2.8	1.0	4.9	3.5
EBIT/kg gw (NOK)	9.43	2.70	10.45	-10.65

* Figures for the first half of 2019 apply to the period from February 2019 following Arnarlax's consolidation into SalMar's financial statements. The figures for 2018 are unconsolidated

SalMar increased its shareholding in Arnarlax from 41.95 per cent to 54.23 per cent by means of a share purchase in February 2019. Following the compulsory offer this triggered, SalMar further increased its shareholding to 61.77 per cent in April 2019. See also events after the balance sheet date. Arnarlax was treated as an associate up to and including January 2019. With effect from February this year, it has been recognised as a separate segment. The impact of the transaction on the financial statements is discussed in Note 5.

Arnarlax harvested around 2,800 tonnes of salmon in the second quarter this year, compared with 1,000 tonnes in the same period in 2018.

The company generated gross revenues of NOK 177.2 million in the quarter, up from NOK 78.2 million in the same period last year.

The fish harvested in the period were transferred to sea farms in 2017. The segment made good progress during the period, but the result was negatively affected by the fact that no fish were harvested in June, which led to higher fixed costs per kilo.

Arnarlax's Operational EBIT came to NOK 26.2 million in the quarter. This is a significant improvement on the NOK 2.6 million achieved in the same period last year. A high mortality rate and high costs for the biomass harvested negatively affected last year's second quarter result.

Operational EBIT per kg gutted weight therefore came to NOK 9.43 in the second quarter 2019, compared with NOK 11.77 per kg in the previous quarter and NOK 2.70 per kg in the second quarter last year.

Arnarlax will continue to harvest the 2017 generation in the third quarter. The company expects the volume harvested to be slightly lower, with costs at about the same level.

The company expects to harvest some 10,000 tonnes in 2019 as a whole. This forecast is unchanged from that issued at the close of the previous quarter.