

## 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	Q3 19	Q3 18	YTD 19*	YTD 18
Operating revenue	152.3	68.8	462.5	286.8
Operational EBIT	21.9	-31.7	73.3	-69.4
Operational EBIT %	14.4%	-46.2%	15.9%	-24.2%
Harvested volume (1 000 tgw)	2.3	1.2	7.2	4.7
EBIT/kg gw (NOK)	9.54	-27.05	10.16	-14.77

\* The numbers for YTD 2019 apply from 1 February 2019, the date from which Arnarlax was consolidated into SalMar's financial statements. The results for 2018 are unconsolidated.

In the first quarter of 2019, SalMar increased its holding of shares in Arnarlax to over 50 per cent, with effect for accounting purposes from 1 February. As a result, Arnarlax was reported as an associate in January, and consolidated into SalMar's financial statements and treated as a separate segment with effect from 1 February 2019. Comparable numbers for 2018 have not be restated. The effect of the transaction on the financial statements is presented in Note 5.

Arnarlax harvested around 2,300 tonnes of salmon in the third quarter 2019, compared with 1,200 tonnes in the third quarter last year. Operating revenues for the quarter totalled NOK 152.3 million, compared with NOK 68.8 million for the same quarter last year.

The volume harvested in the third quarter derived from the generation of fish transferred to the sea in 2017. A high average weight for the fish harvested resulted in good price achievement in the quarter. At the same time, costs held steady in relation to the previous quarter.

Arnarlax made an Operational EBIT of NOK 21.9 million for the third quarter of 2019, down from NOK 26.2 million for the previous quarter, but up from NOK -31.7 million for the same period last year. EBIT per kg gutted weight came to NOK 9.54 for the period, slightly up from the NOK 9.43 per kg achieved for the previous quarter, but a substantial improvement from the NOK -27.05 per kg posted for the third quarter of 2018.

Arnarlax will finish harvesting the 2017-generation in the fourth quarter and start harvesting fish from the 2018-generation at the end of December. The volume harvested in the fourth quarter is expected to be slightly lower, while costs are forecasted to remain at the same level.

This year's transfer of smolt has been better than last year, with a lower mortality rate, and the status of the next generations is good. Investment in new smolt capacity continue as planned.

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