

# Lerøy Seafood Group

Quarterly report

First quarter 2004

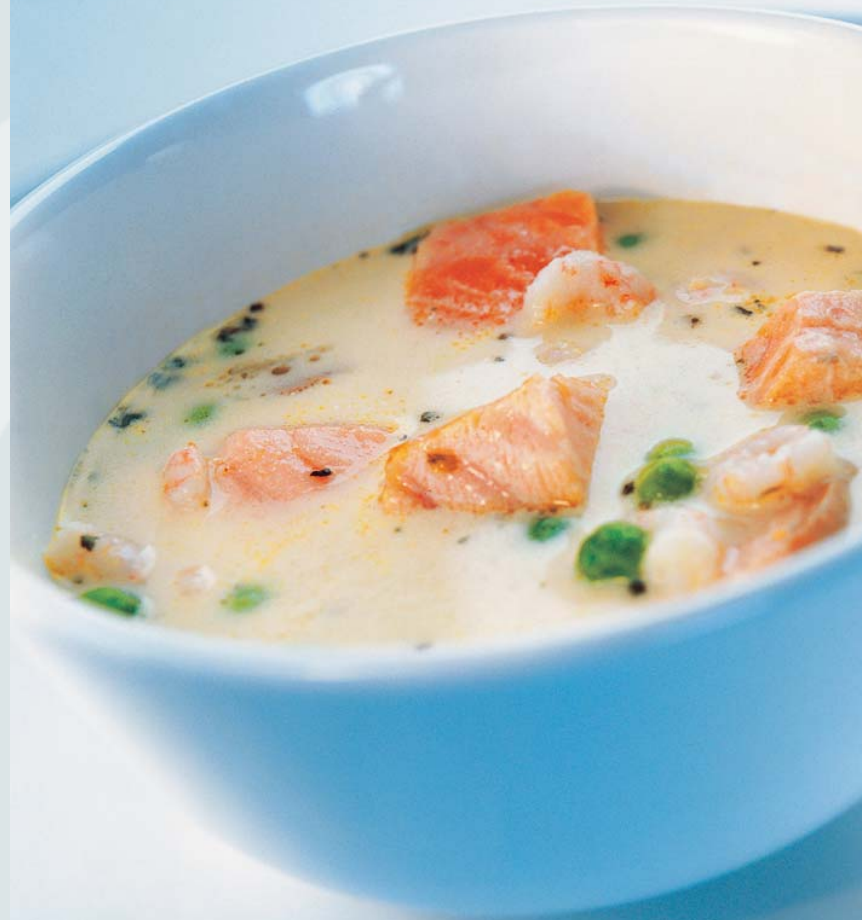
May 13<sup>th</sup>

Ole-Eirik Lerøy

CEO

Helge Singelstad

CFO



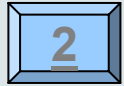
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# Agenda



**Considerations**



**Key financial figures Q1 2004**



**Lerøy at a glance**



**Lerøy Seafood Group – Company profile**



**Market glance**





# Internal considerations 1.st Quarter 2004

## Main figures All figures in mill NOK

	Q1-04	Q1-03	Change	2003	2002
• Turnover	857	602	42,4%	2.915	2.556
• Operating profit	28	17	64,7%	84	55
• Affiliated companies	-2	-7	71,4%	-21	-13
• Pre-tax profit	21	11	91,0%	55	40





# Internal considerations 1.st Quarter 2004

## • Financially Solid

- Share issue 4th December 2003, NOK 86,4 mill (2.700.000 shares)
- Well positioned for future organic and strategic growth
- Proposed dividend for 2003 NOK 0,60 per share (Ex dividend 26. May 2004)

## • Appr. 2.931 shareholders per 7. May 2004

- Increasing number of shareholders
  - Ferd Private Equity sold 2.500.000 shares in Q1 2004 (rest 9,53%)
  - Sparebanken Midt Norge sold all its shares (1.768.010) in Q1 2004
- Considerably improved liquidity traded shares

## • Consolidated

- Satisfactory operations in most areas in Q1 2004
- Still focus on operations and synergies
- Lerøy Midnor AS well integrated

## • Affiliated companies

- Improved, but still difficult market situation





# External considerations 1st Quarter 2004

- **Improved salmon and trout prices**
  - Prices increased in Q1
  - Prices in Q1 04 higher than comparable figures in Q1 03 and Q4 03
  - Higher prices needed
  - Prices so far in Q2 04 higher than comparable prices in Q2 03, but uncertainty in price development
- **Weakened financial and operational performances throughout the industry**
  - Enhances restructuring
  - Consolidation
  - Increased market orientation
- **Still difficult market situation in both pelagic and white fish sectors**
- **Currencies**
  - Future will bring great volatility





# External considerations 1st Quarter 2004

cont.

- **Political issues / trade barriers**
  - Great uncertainty regarding regulation of future market access for non-EU producers
  - Salmon-trout case
- **“Hear-says”**
- **Safeguard measures**
- **Dumping ?**
- **WTO**

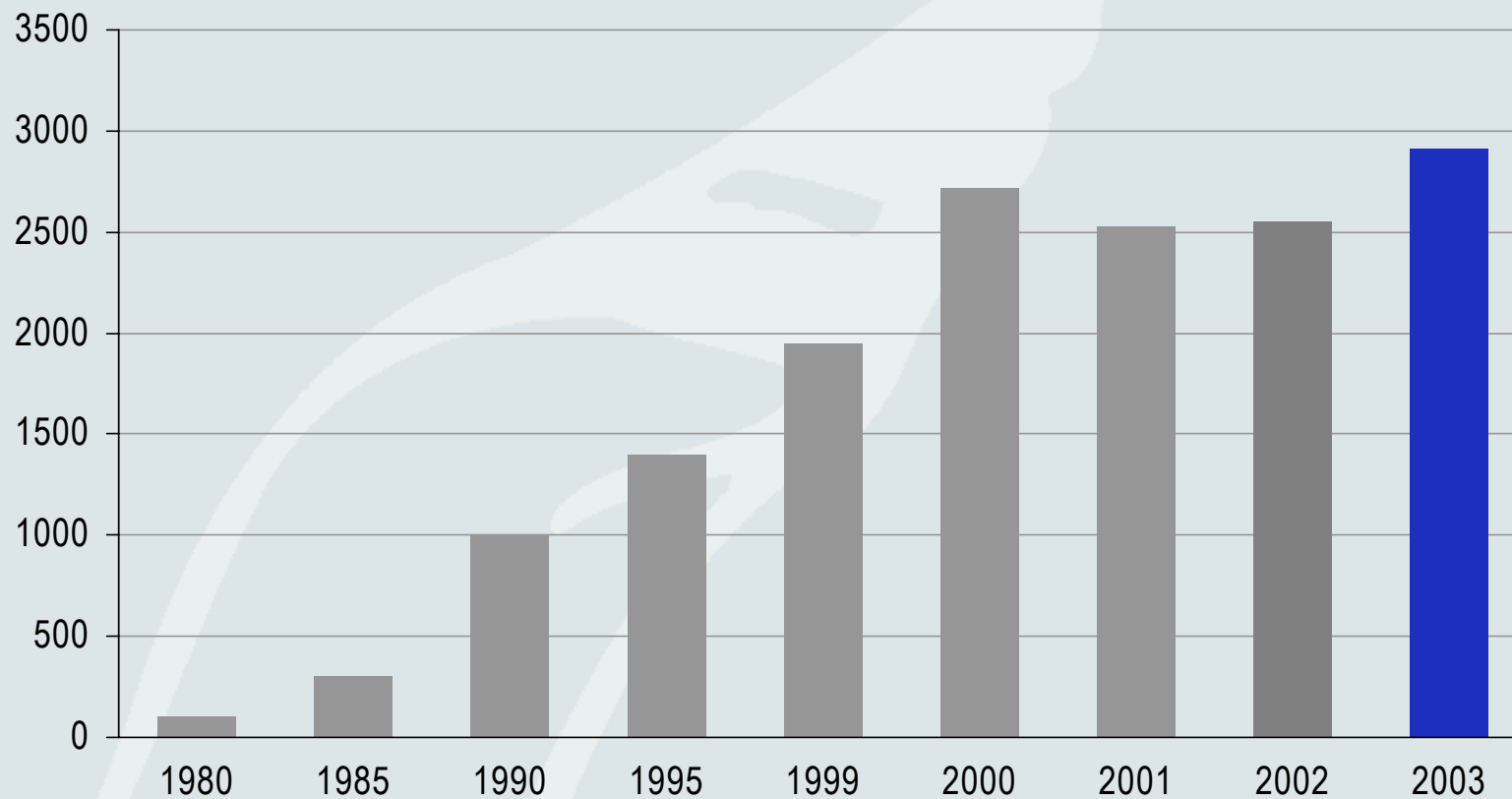


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# Yearly turnover LSG

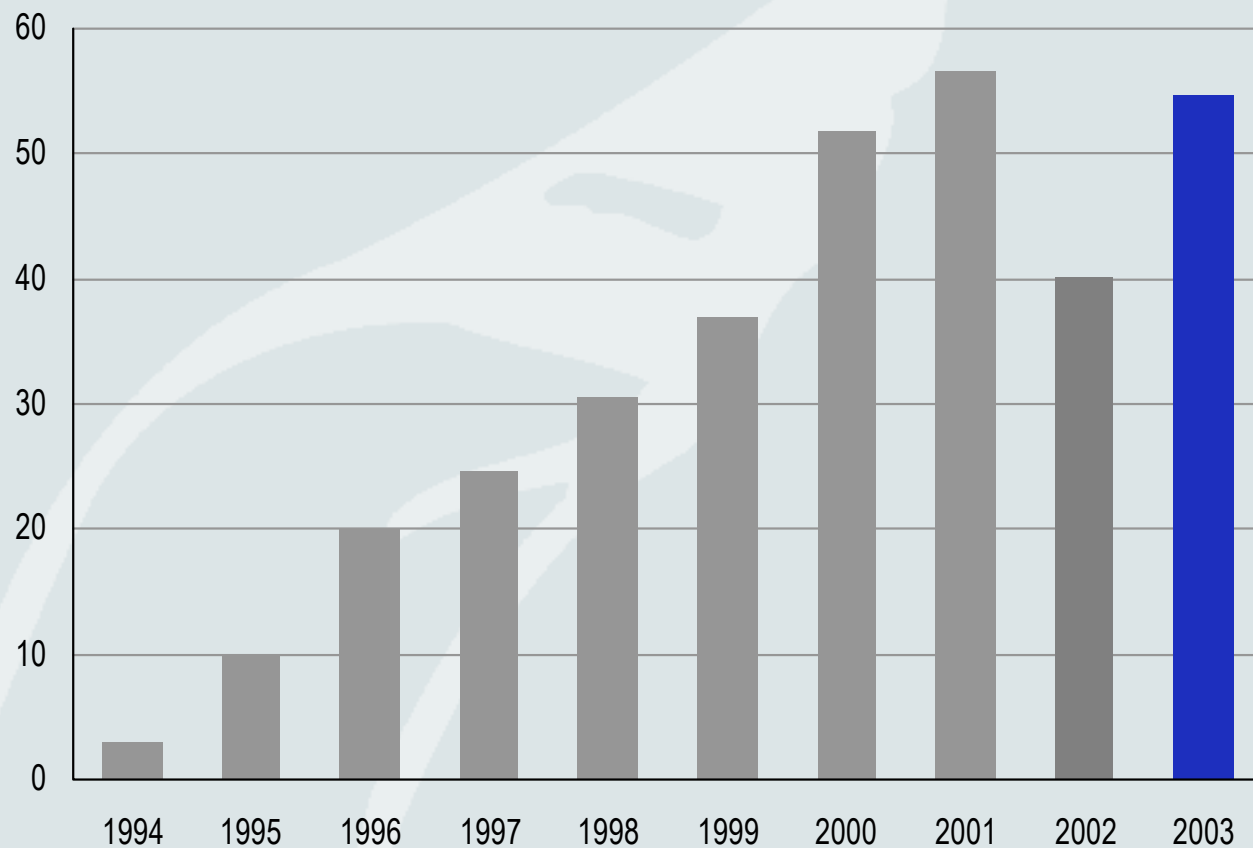
mill. NOK





# Pre-tax earnings LSG

mill. NOK

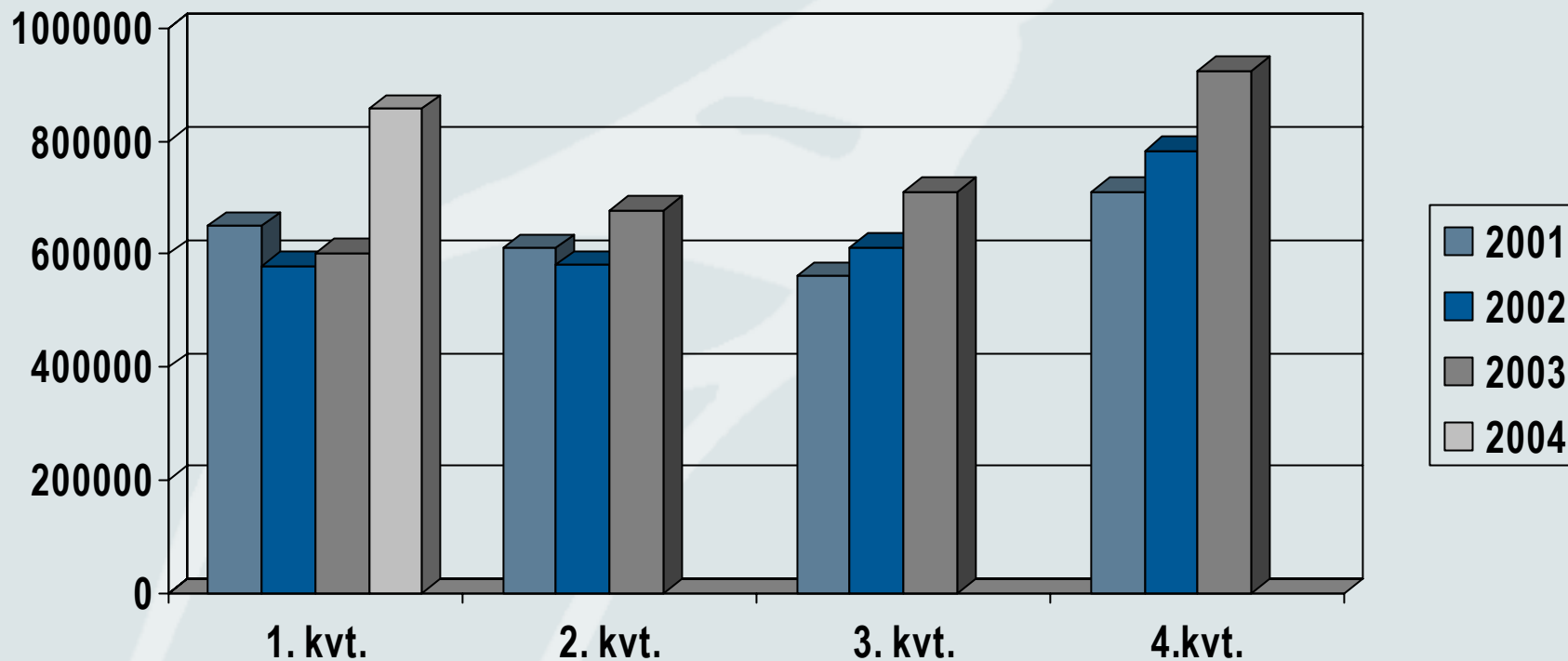






# Quarterly turnover LSG

mill. NOK



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# Resultatregnskap / Income Statement Q1-04

Alle tall i NOK 1.000 / All figures in NOK 1,000

	Q1 - 2004	Q1 - 2003	2003
<b>Salgsinntekter / Operating revenues</b>	<b>857 399</b>	601 659	<b>2 914 873</b>
Vareforbruk / Cost of goods sold	<b>732 606</b>	537 161	<b>2 614 210</b>
Lønn og andre personalkostnader / Salaries and other personnel expenses	<b>48 054</b>	23 886	<b>116 472</b>
Andre driftskostnader / Other operating expenses	<b>36 739</b>	20 005	<b>85 674</b>
Ordinære avskrivninger / Ordinary depreciation and amortization	<b>12 064</b>	3 328	<b>14 150</b>
<b>Driftsresultat / Operating profit</b>	<b>27 936</b>	17 279	<b>84 367</b>
Inntekt tilknyttet selskap / Income from affiliated companies	<b>-2 437</b>	-6 883	<b>-20 511</b>
Netto finansposter / Net financial items	<b>-4 242</b>	633	<b>-9 196</b>
<b>Resultat før skattekostnad / Profit before tax</b>	<b>21 257</b>	11 029	<b>54 659</b>
Beregnete skatter / Estimated taxation	<b>-6 708</b>	-5 103	<b>-20 577</b>
<b>Periodens resultat / Profit for the period</b>	<b>14 549</b>	5 926	<b>34 083</b>

# Balanse / Balance Sheet Q1-04

Alle tall i NOK 1.000 / All figures in NOK 1,000

	31.03.04	31.03.03	31.12.03
Immaterielle eiendeler / Intangible assets	270 111	24 118	272 457
Varige driftsmidler / Tangible fixed assets	182 695	67 334	183 417
Finansielle anleggsmidler / Financial fixed assets	272 643	287 116	275 063
<b>Sum anleggsmidler / Total fixed assets</b>	<b>725 449</b>	<b>378 568</b>	<b>730 937</b>
Varer / Inventories	255 861	69 344	274 823
Fordringer / Receivables	407 999	311 060	505 917
Betalingsmidler / Cash and equivalents <sup>1)</sup>	265 072	364 672	292 749
<b>Sum omløpsmidler / Total current assets</b>	<b>928 932</b>	<b>745 076</b>	<b>1 073 489</b>
<b>Sum eiendeler / Total assets</b>	<b>1 654 381</b>	<b>1 123 644</b>	<b>1 804 426</b>

1) Tall som inngår i beregningen av netto rentebærende gjeld /  
 Figures used in calculation of net interest bearing debt



# Balanse / Balance Sheet Q1-04

forts./cont.

Alle tall i NOK 1.000 / All figures in NOK 1,000

	31.03.04	31.03.03	31.12.03
Innskutt egenkapital / Equity contributions	656 053	505 288	656 043
Opptjent egenkapital / Earned equity	140 471	119 371	127 781
Minoritetsinteresser / Minority interests	10 351	25 140	10 325
<b>Sum egenkapital / Total equity</b>	<b>806 875</b>	<b>649 799</b>	<b>794 149</b>
Avsetning for forpliktelser / Accrued liabilities	2 193	310	8 647
Langsiktig gjeld / Long-term liabilities <sup>1)</sup>	407 428	187 343	412 195
Kortsiktige kreditter / Short-term loans <sup>1)</sup>	113 398	5 343	242 898
Annen kortsiktig gjeld / Other short-term liabilities	324 487	280 849	346 537
<b>Sum gjeld / Total liabilities</b>	<b>847 506</b>	<b>473 845</b>	<b>1 010 277</b>
<b>Sum egenkapital og gjeld / Total equity and liabilities</b>	<b>1 654 381</b>	<b>1 123 644</b>	<b>1 804 426</b>

1) Tall som inngår i beregningen av netto rentebærende gjeld /  
Figures used in calculation of net interest bearing debt



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# Key figures – Lerøy Seafood Group Q1-04

## Nøkkeltall / Key figures

Resultatmargin / Profit margin

Driftsmargin / Operating margin

Resultat per aksje / Earnings per share

Utvannet resultat per aksje / Diluted earnings per share

	Q1 - 2004	Q1 - 2003	2 003
Resultatmargin / Profit margin	2,48 %	1,83 %	1,88 %
Driftsmargin / Operating margin	3,26 %	2,87 %	2,89 %
Resultat per aksje / Earnings per share	0,42	0,20	1,15
Utvannet resultat per aksje / Diluted earnings per share	0,42	0,20	1,15





# Key figures – Lerøy Seafood Group Q1-04

## Nøkkeltall / Key figures

Avkastning på sysselsatt kapital / ROCE <sup>2)</sup>

Egenkapitalandel / Equity ratio

Netto rentebærende gjeld / Net interest bearing debt

	Q1 - 2004	Q1 - 2003	2 003
Avkastning på sysselsatt kapital / ROCE <sup>2)</sup>	9,66 %	8,22 %	9,55 %
Egenkapitalandel / Equity ratio	48,77 %	57,83 %	44,01 %
Netto rentebærende gjeld / Net interest bearing debt	247 875	-	362 344

1) Tall som inngår i beregningen av netto rentebærende gjeld / Figures used in calculation of net interest bearing debt

2) Annualisert / Annualized

Delårstall er ikke revidert / Ouartely figures have not been audited



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# Lerøy Seafood Group consolidated Q1-04

- **Lerøy Seafood Group's total equity is 806,9 mill NOK**
- **Subsidiaries share of group equity is 464,6 mill NOK**
- **Operating profit for YTD 2003 is 27,9 mill NOK**





## Affiliated companies

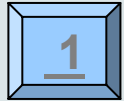
Balance at	31. 03.04	31. 03.03
Norskott Havbruk AS (50%)	154,7 mill	152,4 mill
Hydrotech Gruppen AS (39%)	88,8 mill	98,3 mill
Egersund Fisk AS (27%)	22,9 mill	21,7 mill
<hr/>		
Total	266,4 mill	272,4 mill
Lerøy Seafood Group's total equity	806,9 mill	649,8 mill



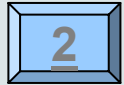




# Agenda



Considerations



Key financial figures Q1 2004



**Lerøy at a glance**



**Lerøy Seafood Group – Company profile**



**Market glance**



# Lerøy Seafood Group

- **Global distribution network**
  - Global distribution from Head Office in Bergen
  - Local distribution and processing in Sweden
  - Local representative offices in some key markets (France, Spain, Italy, Japan, China, USA)





**PELAGIC**

**WHITEFISH**

**FARMED FISH**

**HALLVARD LERØY AS**  
SALES - MARKETING

**DISTRIBUTION FRANCE  
NORDVIK**

**DIRECT EXPORT**

**DISTRIBUTION  
NORWAY**

**DISTRIBUTION UK  
SFF / LERØY**

**DISTRIBUTION  
LERØY SWEDEN**

LERØY  
FRANCE

LERØY  
ITALY

LERØY  
SPAIN

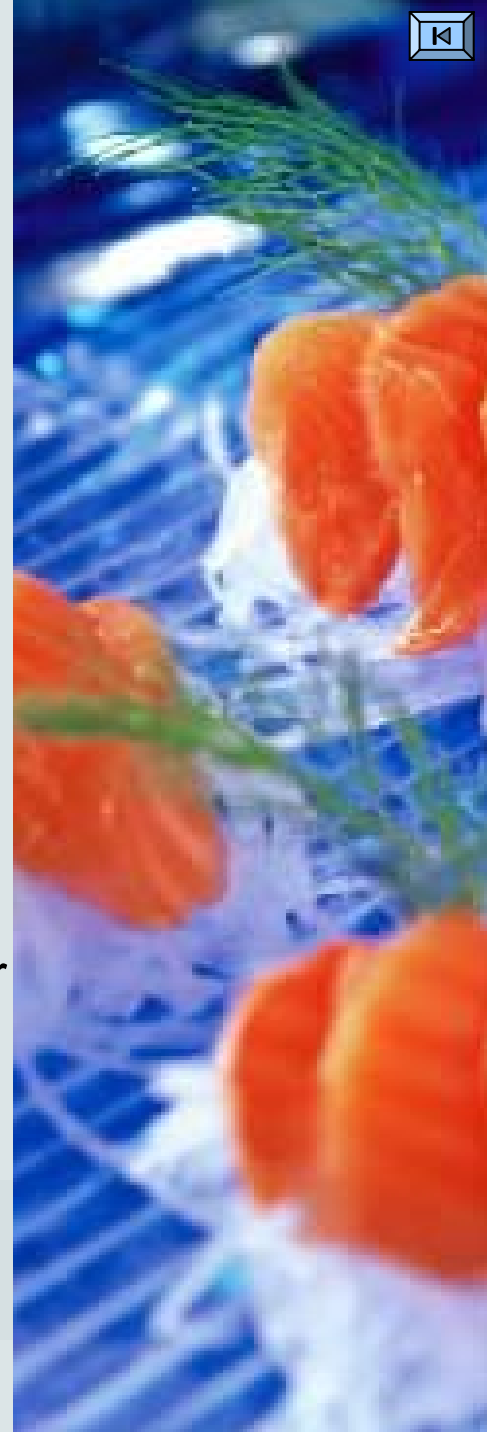
LERØY  
CHINA

LERØY  
JAPAN

LERØY  
US

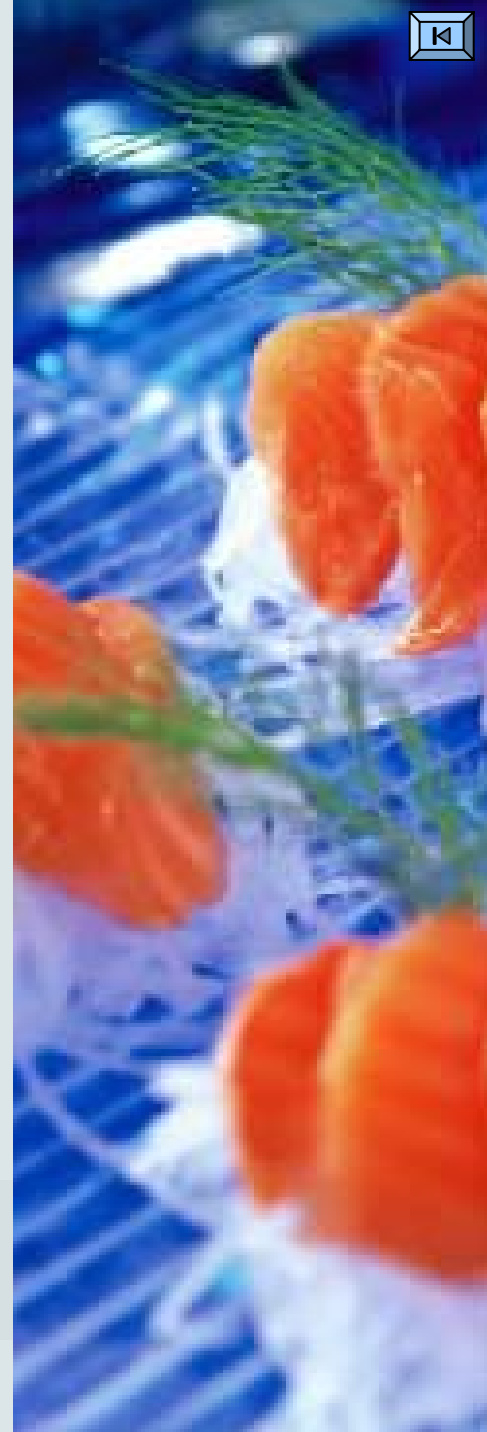
# Lerøy Seafood Group

- **Norway's largest seafood exporter**
  - 9,1 % share of Norwegian Seafood total exports value
  - 14,6 % of Norwegian salmon export in 2003
  - 25% of Norwegian value added salmon export
- **Major shareholder in fish farming operations**
  - Lerøy Midnor AS (100%)
  - Scottish Sea Farms (50%), 2<sup>nd</sup> largest Scottish salmon producer
  - Hydrotech-Gruppen AS (39%)



# Lerøy Seafood Group

- **Steady growth in operating profit and strong balance sheet**
  - Stable earnings despite turbulence in the sea food industry
  - Growth potential within recently acquired businesses
  - Satisfactory liquidity
- **Professional and highly motivated employees**
- **Strong Partnerships / Network of alliances**



# Shareholders 07.05.04



Shareholder	No. of shares	Ownership share
Ole-Eirik Lerøy	4 685 000	13,60 %
Ferd Private Equity	3 281 307	9,53 %
Skagen Vekst	1 825 200	5,30 %
MP Pensjon	1 317 300	3,82 %
Knut Hallvard Lerøy	1 253 210	3,64 %
Hallvard Lerøy Jr.	1 190 900	3,46 %
DnB ASA, Egenkapital Investeer	900 218	2,61 %
Lime AS**	610 573	1,77 %
Gambak C/O	500 000	1,45 %
Sparebanken Rogaland	495 212	1,44 %
George Harald Lerøy	470 000	1,36 %
Pareto C/O	450 000	1,31 %
KOS Bergen AS	406 640	1,18 %
Inma AS**	400 000	1,16 %
Vital Forsikring ASA	390 773	1,13 %
SalMar AS	386 826	1,12 %
Delphi Norge	383 600	1,11 %
Firstnordic Norge VE	380 500	1,10 %
Sunnhordland Fjordbruk AS	341 600	0,99 %
Orkla Finans	295 000	0,86 %
Total 20 largest share owners	19 963 859	57,97 %
Others	14 476 908	42,03 %
<b>Total shares</b>	<b>34 440 767</b>	<b>100,00 %</b>

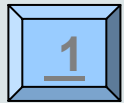
\*\*controlled by CEO Ole-Eirik Lerøy

The company has a total of 2.931 shareholders.

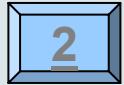




# Agenda



Considerations



Key financial figures 2003



Lerøy at a glance



**Lerøy Seafood Group – Company profile**



**Market glance**



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# Lerøy Seafood Group ASA

## Sales & Distribution

**Lerøy Sverige AB**  
80%

Sales and distribution in Sweden

Strong position towards catering and super-markets

**Hallvard Lerøy AS**  
100%

Sales and distribution ww

Local representation: USA, France, Spain, Italy, UK, Japan, China

**Nordvik SA**  
80%

Sales and distribution in France

Strong position towards Hyper- and super-markets

## Production

**Lerøy Smøgen Seafood AB**  
100%

Cold and hot smoked seafood products, salads and shellfish in brine.

**Lerøy Midnor AS**  
100%

Production of Salmon, Salmon trout, Smolt

Slaughtery and processing

**Sigerfjord Aqua AS**  
90,55%

Production of Arctic char

## Affiliated

### Farming/other

**Norskott Havbruk AS** 50%

**Hydrotech Gruppen AS** 39%

**Egersund \* Fisk AS** 27%

**Hjaltland** 11%

\* Pelagic related activities



# Lerøy Midnor AS



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# Description of Lerøy Midnor AS

## Production

### Smolt:

- 5 licenses
- 6 mill. smolt per year (salmon/trout)

### Farming:

- 26 licenses (salmon/trout)
- All production is located along the coast of Møre and Romsdal and Midt-Norge
- 2004E: 16.000 gwt salmon  
3.000 gwt salmon trout

### Slaughtery:

- Capacity of 65 tonnes per shift
- 47% ownership in Uthaug lakseslakteri AS

### Processing:

- Capacity of appr. 3.500 t per year
- Production of skin and bone free portions and fillets

### Organisation:

- Competent and committed



# Lerøy Midnor AS

## Results and balance



### NOK

Revenues

EBITDA

EBIT

Pre tax

Volume (gwt)

### Q1-04

107,5

15,8

8,9

5,5

4,7

### Balance sheet

Licences / Goodwill /def. Tax

Fixed assets

Inventories

Other current assets

**Total assets**

### 31.03.2004

62,4

111,7

202,0

47,6

**423,7**

Equity

Debt

**Total equity and debt**

Net interest bearing debt

32,2

391,5

**423,7**

347,0

Company est. 11. July 2003

# Lerøy Seafood Group Consolidated

## Key figures

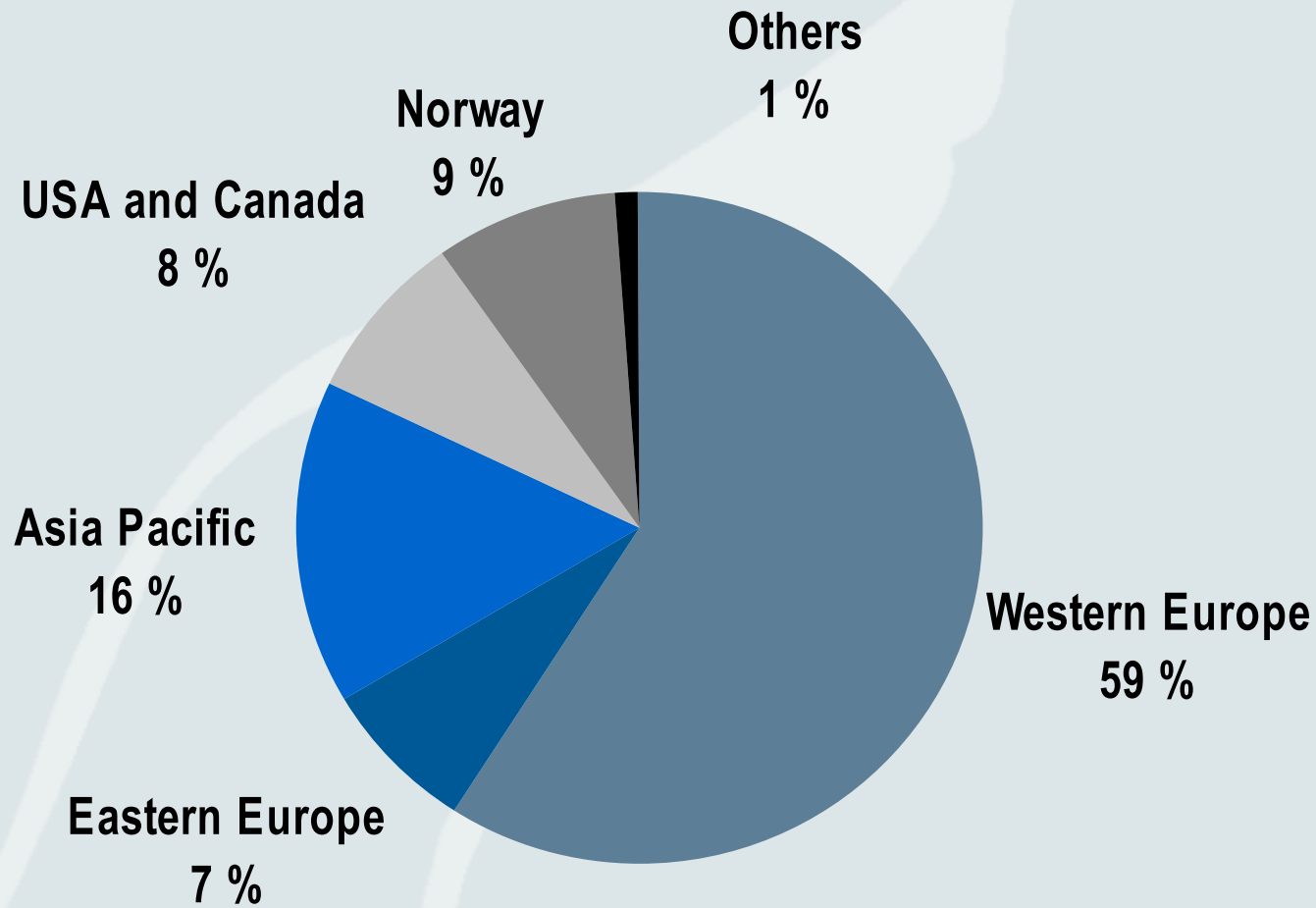


- **Total equity (48,77 %)** **806,9 mill**
- **Net interest bearing debt** **247,9 mill**
  
- **Total intangible assets** **270,1 mill**
  - Licences fish farming Norway 195,0 mill
  - Goodwill 75,1 mill
  
- **Total LSG-shares: 34.440.767**



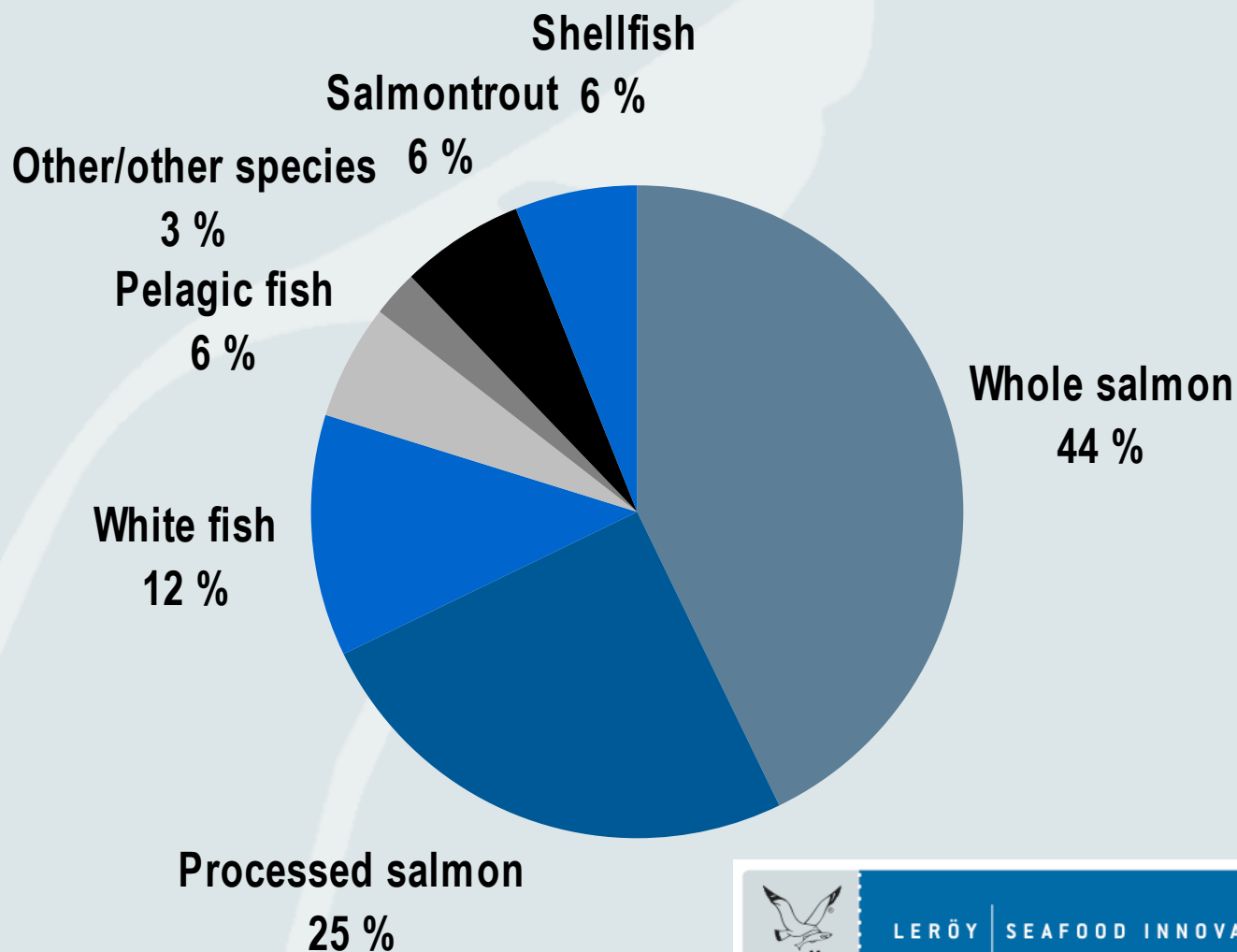


# Lerøy Seafood Group - Sales per market Q1-04





# Lerøy Seafood Group - Sales per product Q1-04





# Norskott Havbruk (Scottish Sea Farms Ltd.)

- **Production capacity: 25.000 – 30.000 gwt**
- **Volume harvested in 2003: 24.000 gwt**
- **Est. harvest volume 2004: 21.000 – 23.000 gwt**
- **Additional processing and sales: 5 - 10.000 gwt**
- **2 processing plants**





# Norskott Havbruk (Scottish Sea Farms Ltd.)

- **BRC**
- **SQS**
- **ISO 9002**
- **ISO 14 001**
- **Label Rouge**
- **Investor in people**
- **VIBES of Scotland**



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# Norskott Havbruk

<b>NOKm</b>	<b>Q1 - 2004</b>	<b>Q1 - 2003</b>	<b>31.12.2003</b>	<b>31.12.2002</b>
Revenues	146,8	142,8	708,3	562,8
EBITDA	14,4	12,7	57,8	37,2
EBIT	6,3	5,5	28,2	7,9
Pre tax	-0,8	-0,8	2,1	-20,9
Volumes (gwt)	4,9	5,2	24,0	19
<b>Balance sheet</b>			<b>31.03.2004**)</b>	<b>31.12.2003*)</b>
Licences, Goodwill			374,5	375,9
Fixed assets			89,1	90,8
Inventories			332,5	323,5
Other current assets			76,8	112,6
Cash			0,8	7,9
<b>Total assets</b>			<b>873,7</b>	<b>910,7</b>
Equity			311,0	315,5
Interest bearing debt			461	472,7
Non interest bearing debt			101,7	122,5
<b>Total equity and debt</b>			<b>873,7</b>	<b>910,7</b>

\*) NOK/GBP = 11,89

\*\*) NOK/GBP = 12,60



# Hydrotech Gruppen AS (39%)

- **Ownership**
  - 39% owned by Lerøy Seafood Group ASA
  - 57.3% owned by L & K Karlsen Holding AS
  - 3.7% owned by others
- **Fish farms in Norway**
  - 17 wholly owned licenses
- **Estimated sales 2004:**
  - Salmon and trout estimated : 12 gwt (14 gwt)
- **Smolt production: appr. 5 mill**
- **Well-boat shipping co.**
- **Processing plant**



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# Hydrotech Gruppen



<b>NOK</b>	<b>Q1 - 2004</b>	<b>Q1 - 2003</b>	<b>31.12.2003</b>	<b>31.12.2002*</b>
Revenues	60,1	84,8	381,6	349,0
EBITDA	3,8	-3,8	-11,1	25,7
EBIT	-0,9	-8,5	-33,0	6,5
Pre tax	-3,7	-14,9	-50,6	3,7
Volumes (gwt)	2,6		14	
<b>Balance sheet</b>			<b>31.03.2004</b>	<b>31.03.2003</b>
Licences / Goodwill			139,9	140,6
Fixed assets			161,1	173,5
Inventories			137,3	195,0
Other current assets			17,1	42,3
<b>Total assets</b>			<b>455,4</b>	<b>551,4</b>
Equity			118,7	117,0
Debt			336,7	434,5
<b>Total equity and debt</b>			<b>455,4</b>	<b>551,5</b>
Net interest bearing debt			266,0	343,8

\* Including gain on sale of assets appr. 25 mill



# Egersund Fisk AS (27%)

## • Shareholder structure

- Lerøy 27%
- SalMar 27%
- Egersund Fiskeriinvestering 9%
- Others 37%  
(less than 4% each)

## • Pelagic activity

- Fish oil, fish meal
- Pelagic fish for consumption
- Ownership in vessels for wild catch
- Production of ice

## • Part ownership acquired in 2001

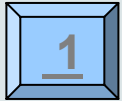


Egersund Fisk 100%	Q1-04	Q1-03
• Turnover	86,9	84,0
• EBIT	1,0	- 1,2
• Pre tax profits	0,5	- 2,6





# Agenda



Considerations



Key financial figures Q1 2004



Lerøy at a glance



Lerøy Seafood Group – Company profile



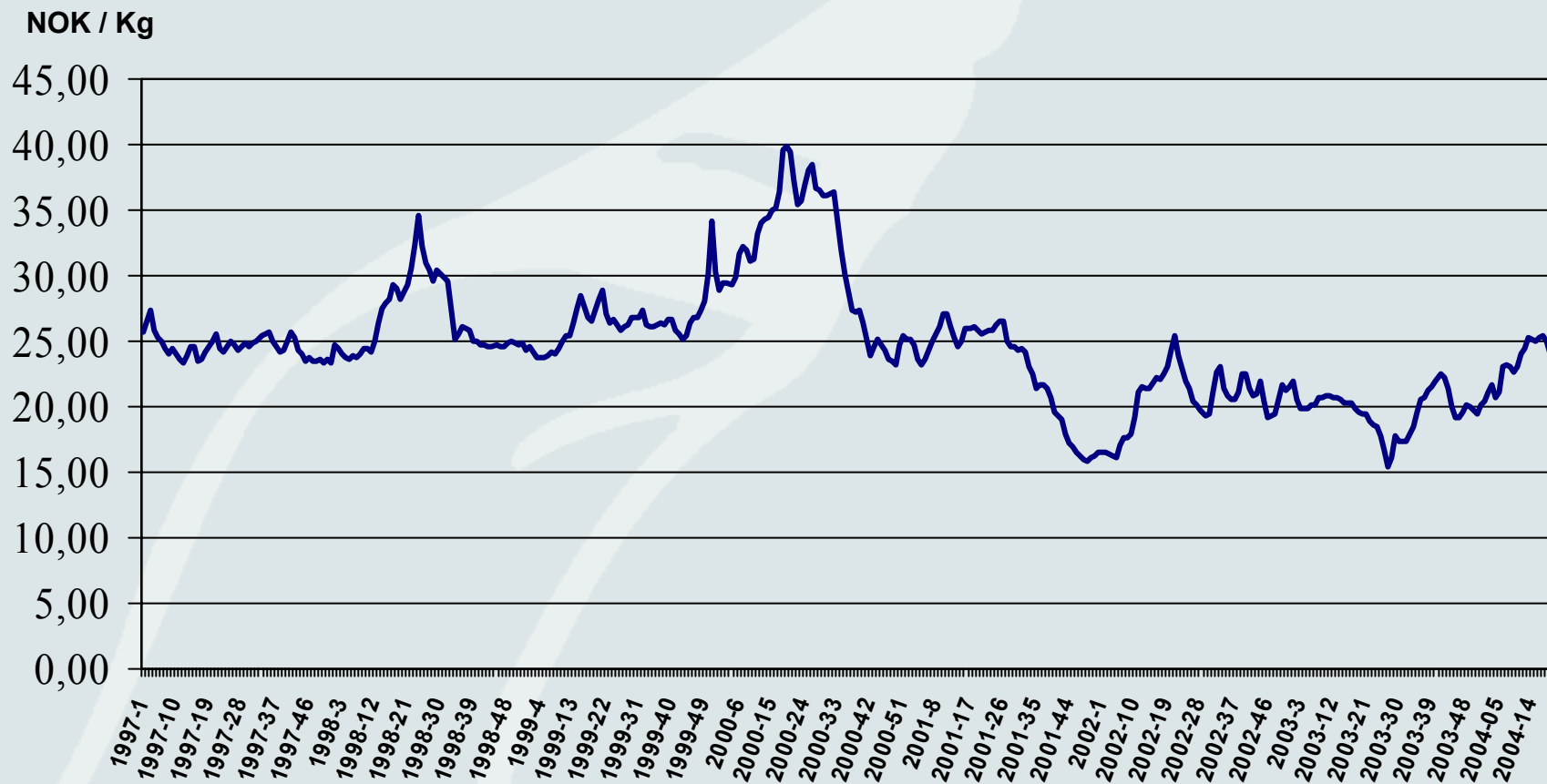
**Market glance**



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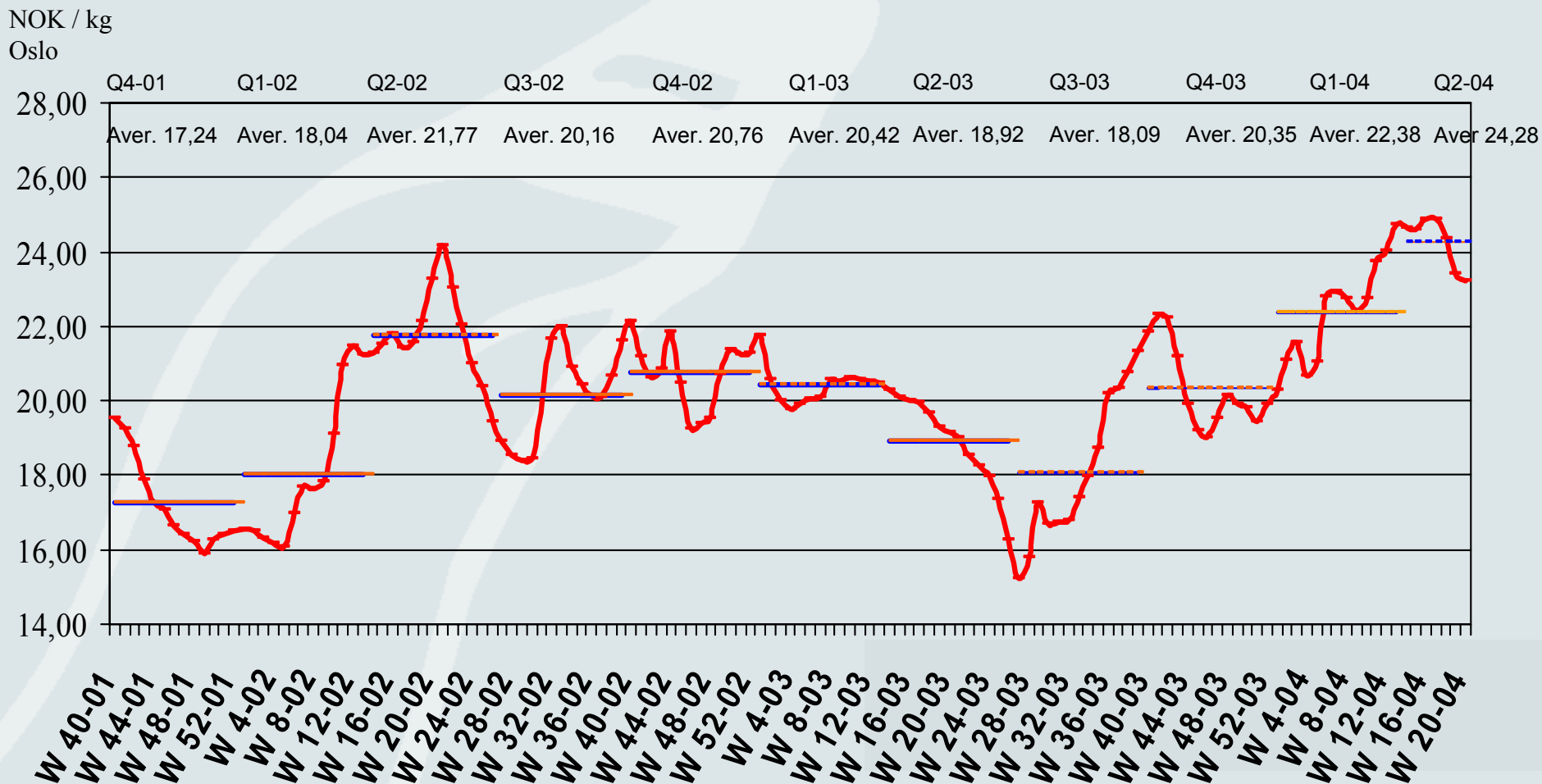


# Fresh Atlantic Salmon Norway (4-5 kgs) – price development 1997 - YTD (FHL/NSL)





# Salmon export from Norway as of week 20-04. Fresh atlantic salmon, cross-section, FCA Oslo.





# Atlantic salmon – supply side

SUPPLY.	Change		Change	
	2003	02-03	2004 E	03-04E
Norway	508 400	14,2 %	495 400	-3 %
Chile	280 800	4,7 %	338 700	21 %
UK	162 300	15,6 %	133 400	-18 %
Canada	92 000	-17,9 %	86 000	-7 %
Faroe Islands	47 000	11,6 %	31 400	-33 %
Ireland	18 400	-17,5 %	16 400	-11 %
USA	18 200	37,9 %	13 300	-27 %
Others	20 000	8,1 %	22 300	12 %
<b>In total</b>	<b>1 147 100</b>	<b>8,0 %</b>	<b>1 136 900</b>	<b>-0,9 %</b>

Figures per 10.05.04

Source: Kontali/SSPO/HL



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# Atlantic salmon – demand side

DEMAND	Change		2004 E	Change
	2003	02-03		
EU - 15	549 000	11 %	577 000	5 %
USA	312 200	6 %	322 000	3 %
Japan	50 300	-23 %	55 500	10 %
Others	226 800	6 %	272 000	20 %
In total	1 138 300	6 %	1 226 500	8 %

Figures per 10.05.04

Source: Kontali / HL



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# Drivers Q1 - 2004

- Norway – EU (+15.841 mt) + 16,3 %
- Norway – Eastern Europe (+3.735 mt) + 63,8 %
- Norway - Japan (+1.504 mt) + 23,5 %
- Norway - Feed sales (week 17) (+7.456 mt) + 5,3 %
- Norway – Biomass of Atlantic Salmon - 7,0 %

