

INTERIM REPORT 2013

FOURTH QUARTER (Q4)

Summary

- Revenue in the fourth quarter came to 397 million kroner, 23 million kroner higher than the fourth quarter of 2012
- Higher revenue was a result of increased sales prices compared to the same period last year
- EBIT came to -28 million kroner in the fourth quarter compared to -6 million kroner in the same period in 2012
- Product margins were improved in the fourth quarter compared to the same period last year
- Currency hedging and provisions for bad debt have a negative impact in the fourth quarter
- Net interest-bearing debt decreased by 30 million kroner, from 282 million kroner on September 30 to 252 million kroner on December 31
- The equity ratio decreased from 18.5 per cent to 17.6 per cent over the quarter
- Net income on discontinued operations came to -23 million kroner in the fourth quarter, compared to a net income of -59 million kroner in the fourth quarter of 2012

Main figures

NOK million	Quarterly					Year to date		Year
	Q4 12	Q1 13	Q2 13	Q3 13	Q4 13	2012	2013	2012
Operating revenues	374	434	432	395	397	1 604	1 657	1 604
Operating expenses	(371)	(427)	(429)	(397)	(415)	(1 554)	(1 667)	(1 554)
EBITDA	2	7	3	(2)	(18)	50	(10)	50
<i>EBITDA Margin</i>	<i>0,6 %</i>	<i>1,6 %</i>	<i>0,7 %</i>	<i>-0,6 %</i>	<i>-4,5 %</i>	<i>3,1 %</i>	<i>-0,6 %</i>	<i>3,1 %</i>
Depreciations	(8)	(8)	(7)	(7)	(11)	(33)	(33)	(33)
EBIT	(6)	(1)	(5)	(9)	(28)	17	(43)	17
<i>EBIT Margin</i>	<i>-1,5 %</i>	<i>-0,2 %</i>	<i>-1,1 %</i>	<i>-2,4 %</i>	<i>-7,2 %</i>	<i>1,0 %</i>	<i>-2,6 %</i>	<i>1,0 %</i>
Non-recurring items	-	-	-	-	-	-	-	-
Net finance	(6)	(6)	(5)	(1)	(1)	(21)	(13)	(21)
Profit before tax	(12)	(7)	(9)	(11)	(30)	(4)	(56)	(4)
Net profit/loss continued operations	(2)	(6)	(8)	(6)	(27)	2	(47)	2
<i>Net profit/loss discontinued operations</i>	<i>(59)</i>	<i>0</i>	<i>(1)</i>	<i>7</i>	<i>(23)</i>	<i>(73)</i>	<i>(17)</i>	<i>(73)</i>
Net profit for the period	(61)	(6)	(9)	1	(51)	(72)	(64)	(72)
<i>Earning per share(EPS) (øre) cont.op</i>	<i>(3)</i>	<i>(7)</i>	<i>(9)</i>	<i>(7)</i>	<i>(32)</i>	<i>2</i>	<i>(56)</i>	<i>2</i>
Total assets	859	919	891	832	716	859	716	859
Equity	197	189	167	154	126	197	126	197
<i>Equity ratio (%)</i>	<i>22,9 %</i>	<i>20,6 %</i>	<i>18,7 %</i>	<i>18,5 %</i>	<i>17,6 %</i>	<i>22,9 %</i>	<i>17,6 %</i>	<i>22,9 %</i>
Net interest bearing debt	(268)	(278)	(309)	(282)	(252)	(268)	(252)	(268)

Financial results

Norway Seafoods completed the sale of the French processing facilities during the fourth quarter, in a combination of asset and share sales at a sales price in the range of EUR 4.2-4.8 million. Remaining assets in France are classified as “business held for sale” and the profit and loss account presents figures for the continued business. Net profit/loss for discontinued operations is shown on a separate line. Historical profit and loss accounts are reclassified to provide comparative figures.

Sales for Norway Seafoods came to 397 million kroner in the fourth quarter, compared to 374 million kroner for the same period in 2012. Sales volumes decreased, but product prices increased compared to the same quarter in 2012, and this resulted in higher revenue. Margins on fish products increased slightly compared to the same period last year. EBIT for the third quarter was -28 million kroner compared to -6 million kroner in the same period last year. Losses on currency hedges as well as provisions for bad debt influence the result negatively.

Net financial items came to -1 million kroner in the third quarter, compared to -6 million kroner for the same period in 2012. The net financial items include net interest expenses as well as currency gains and losses.

Net income on discontinued operations came to -23 million kroner, compared to a net income of -59 million kroner in the fourth quarter of 2012.

Sales and Market

Sold volume of primary processed products from the Norwegian operations was 4 427 tons in the fourth quarter compared to 4 944 tons for the same period last year. Sales of whole unprocessed fish decreased from 3 757 tons to 3 287 tons in the quarter.

According to the Norwegian Seafood Council, Norwegian export volumes of fresh whole cod increased by 19 per cent in the fourth quarter of 2013 compared to the same period last year.

Prices on fresh cod fillets increased by 17 per cent in the fourth quarter of 2013 compared to the same period in 2012, and prices for frozen cod fillets (not block) increased by 10 per cent. Export volumes of fresh cod fillets from Norway decreased by 34 per cent, and volumes of frozen cod fillets decreased by 40 per cent.

Sales of fresh value added products were 899 tons in the fourth quarter compared to 764 tons in the corresponding period in 2012, while sales of frozen value added products increased slightly from 879 to 884 tons.

Processing

The volume of primary processed products from the Norwegian operations was 3 188 tons in the fourth quarter compared to 4 998 tons for the same period in 2012. Raw material prices for cod in the fourth quarter decreased by 7 per cent compared to the same period last year. The proportion of fresh products increased from 33,8 per cent in the fourth quarter of 2012 to 35,9 per cent in the fourth quarter of 2013 for the Norwegian operations.

The production of fresh value added products was 899 tons in the quarter compared to 582 tons in the fourth quarter of 2012. Norway Seafoods' frozen value added factories decreased the production volume during the quarter and produced 900 tons compared to 1 144 tons for the same period in 2012.

Balance sheet and liquidity

Total assets decreased with 116 million kroner in the fourth quarter to 716 million kroner compared to 832 million kroner on September 30.

Investments in the fourth quarter came to 4 million kroner.

Bank deposits, including drawing rights, totaled 81 million kroner on December 31, compared to 41 million on September 30.

Working capital was 156 million kroner on September 30, a decrease of 55 million kroner from September 30. The working capital was 57 million kroner lower than in the same period last year.

Net interest-bearing debt came to 252 million kroner on December 31, a decrease of 30 million from 282 million on September 30.

Norway Seafoods equity on December 31 was 126 million kroner, representing an equity ratio of 17.6 per cent compared with 18.5 per cent on September 30.

Cash flow

Cash flow from operating activities was positive with 35 million kroner in the fourth quarter.

Cash flow from investing activities was negative with 4 million kroner.

Cash flow from financing activities was negative with 26 million kroner.

Net cash flow was positive with 5 million kroner.

Events in the quarter and after the balance sheet date

Sale of the processing activities in France

Norway Seafoods completed the sale of its French processing facilities to Groupe Coopératif Maisadour, a leading French cooperative company, during the fourth quarter. The transaction included the processing facilities in Boulgone sur Mer and Castets, equipment, inventory and agreements as well as customer contracts. The agreement also comprised the transfer of 230 employees to Groupe Coopératif Maisadour. The transaction was concluded within the previously expected cash settlement range of EUR 3.3 – 3.6 million.

Separately, Norway Seafoods closed an agreement regarding 100 percent of the shares in Viviers de los Pirineos S.A, a Spanish farming company. The sale to Caviar Pirinea S.L was completed October 30th, 2013. The transaction is settled by cash payments of EUR 0.8 – 1.1 million. Norway Seafoods also closed an agreement regarding the sale of a 24% stake in Viviers de Sarrance S.A., a French brood stock company. The sale has limited financial impact and is expected to be completed during the first quarter of 2014.

The net financial effect of the transactions is limited. The divestments will not have any significant impact on Norway Seafoods' export of products from Norway and Denmark to France.

New facility in the Hammerfest region

Norway Seafoods signed a leasing contract for a facility in Forsøl which was bought by Havfisk ASA in January 2014. Norway Seafoods will start using this facility as a buying station from February 2014.

New MD in Denmark

Norway Seafoods has appointed Rami H. Khoury as MD for the Danish company effective from January 13th. Mr. Khoury has 7 years of experience from various positions in Norway Seafoods.

Outlook

A weakened NOK and an improved economic situation in Europe is positive for Norway Seafoods operations. High cod quotas and large seasonal variations leads to volatile margins. Availability of raw materials is expected to be good during the first months of 2014 and more demanding later in the year.

Norway Seafoods expects a reduction in the turnover of value added products, but with higher margins due to changes in the product mix and reduced exposure toward salmon prices.

Quality is very important for Norway Seafoods, and the company is launching activities to improve quality on raw material and products. The company will continue efforts within product innovation, market development and measures to improve production efficiency.

Profit and loss accounts – Group

NOK million	Quarterly					Year to date		Year
	Q4 12	Q1 13	Q2 13	Q3 13	Q4 13	2012	2013	2012
Operating revenues	374	434	432	395	397	1 604	1 657	1 604
Operating expenses	(371)	(427)	(429)	(397)	(415)	(1 554)	(1 667)	(1 554)
EBITDA	2	7	3	(2)	(18)	50	(10)	50
<i>EBITDA Margin</i>	<i>0,6 %</i>	<i>1,6 %</i>	<i>0,7 %</i>	<i>-0,6 %</i>	<i>-4,5 %</i>	<i>3,1 %</i>	<i>-0,6 %</i>	<i>3,1 %</i>
Depreciations	(8)	(8)	(7)	(7)	(11)	(33)	(33)	(33)
EBIT	(6)	(1)	(5)	(9)	(28)	17	(43)	17
<i>EBIT Margin</i>	<i>-1,5 %</i>	<i>-0,2 %</i>	<i>-1,1 %</i>	<i>-2,4 %</i>	<i>-7,2 %</i>	<i>1,0 %</i>	<i>-2,6 %</i>	<i>1,0 %</i>
Non-recurring items	-	-	-	-	-	-	-	-
Net finance	(6)	(6)	(5)	(1)	(1)	(21)	(13)	(21)
Profit before tax	(12)	(7)	(9)	(11)	(30)	(4)	(56)	(4)
Tax on ordinary profit	9	0	1	5	3	6	9	6
Net profit/loss continued operations	(2)	(6)	(8)	(6)	(27)	2	(47)	2
<i>Net profit/loss discontinued operations</i>	<i>(59)</i>	<i>0</i>	<i>(1)</i>	<i>7</i>	<i>(23)</i>	<i>(73)</i>	<i>(17)</i>	<i>(73)</i>
Net profit for the period	(61)	(6)	(9)	1	(51)	(72)	(64)	(72)

Norway Seafoods group – Balance sheet

Assets

Amount in NOK million					
	31.12.2012	31.03.2013	30.06.2013	30.09.2013	31.12.2013
Intangible Assets	51	45	45	58	55
Fixed tangible assets	148	144	142	136	138
Total intangible/tangible assets	198	189	187	195	193
Financial interest-bearing fixed assets	24	22	19	40	38
Financial interest-free fixed assets	24	23	21	0	0
Shares and other equity investments	11	13	13	5	10
Total financial fixed assets	58	58	53	45	48
Total fixed assets	257	247	240	240	240
Biological assets					
Inventory	151	145	144	120	103
Interest-free short-term receivables	210	310	311	281	269
Interest-bearing short-term receivables	-1	0	0	0	0
Liquid assets	11	20	10	1	6
Assets discontinued operations	232	198	187	191	98
Total current assets	603	672	651	593	476
Total assets	859	919	891	832	716

Equity and liabilities

Amount in NOK million					
	31.12.2012	31.03.2013	30.06.2013	30.09.2013	31.12.2013
Total shareholders' equity	196	188	166	153	125
Minority interests	1	1	1	1	1
Total shareholders' equity and minority interests	197	189	167	154	126
Provisions and other interest-free long-term liabilities	4	-2	-4	4	2
Interest-bearing long-term debt	201	199	198	196	195
Total long-term liabilities	206	197	194	200	196
Interest-free short-term debt	148	240	228	190	216
Interest-bearing short-term debt	100	120	140	126	102
Liabilities discontinued operations	208	174	162	162	76
Total short-term liabilities	456	533	531	478	394
Total shareholders' equity and liabilities	859	919	891	832	716

Cash Flow statement from continued operations

NOK million						Year to date		Year
	Q4 12	Q1 13	Q2 13	Q3 13	Q4 13	2012	2013	2012
Profit before tax	(12)	(7)	(9)	(11)	(30)	(4)	(56)	(4)
Sales losses/gains	-	2	-	-	3	-	5	-
Depreciations and amortisations	8	8	7	7	6	32	29	32
Changes in other net operating assets	33	(7)	(24)	12	55	(10)	37	(10)
Cash flow from operating activities	29	(3)	(26)	9	35	17	15	17
Cash flow from investing activities	(4)	(7)	(1)	(2)	(4)	(23)	(14)	(23)
Cash flow from financing activities	(24)	18	17	(15)	(26)	9	(5)	9
Total cash flow from reporting period	1	9	(10)	(8)	5	4	(5)	4
Effects on changes in exchangerates on cash	0	0	(0)	(0)	0	(0)	0	(0)
Cash and cash equivalent at the beginning of the period	10	11	20	9	1	8	11	8
Cash and cash equivalent at the end of the period	11	20	9	1	6	11	6	11
Not utilised credit facilities	48	31	22	40	75	32	75	32
Cash and cash equivalent at the end of the period, incl. credit facilities	59	51	32	41	81	43	81	43

Oslo, February 12th 2014

The Board of Directors and CEO, Norway Seafoods Group AS