

January – June 2014

# Interim Financial Presentation

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Conference Call August 29, 2014

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CFO Brent Baumbusch



Albain Midco Norway AS is providing the following consolidated financial results for the first quarter of 2014 to holders of its NOK 1,040,000,000 Senior Subordinated Floating Rate Notes due 2021, and Albain Bidco Norway AS is providing the following consolidated financial results for the first quarter of 2014 to holders of its EUR 225,000,000 6.75% Senior Secured Notes due 2020 and NOK 1,810,000,000 Senior Secured Floating Rate Notes due 2020.

This presentation is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy the notes or any other security.

This presentation includes forward-looking statements that are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this notice, including statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, including our plans for future costs savings and synergies may be deemed to be forward-looking statements.

Words such as “believe,” “expect,” “anticipate,” “may,” “assume,” “plan,” “intend,” “will,” “should,” “estimate,” “risk” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

You should not place undue reliance on these forward-looking statements. In addition any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this notice.

# Agenda

- Basis of preparation
- Executive summary
- Key trends by region
- Sales revenue & volume
- Financial overview
- Income statement
- Adjusted EBITDA
- Cash flow
- Balance sheet
- Capitalisation
- Q&A

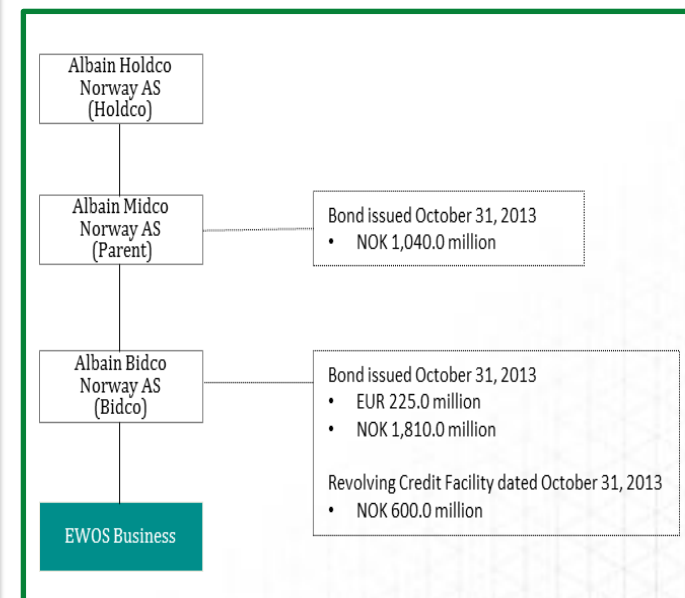


# Basis of preparation

This interim financial report includes unaudited financial information on a consolidated basis at the Albain Midco Norway (“Parent”) level on a consolidated basis for the period January 1 to June 30, 2014 and pro forma statement of income at the Parent level on a consolidated basis for the period January 1 to June 30, 2013, giving effect to the Acquisition and the financing thereof as if they had occurred on January 1, 2013.

The pro forma information is provided in order to facilitate a meaningful discussion and analysis of the financial condition and results of operations for the half year ended June 30, 2014. For further information on the pro forma statements, please refer to our 2013 Report to Bondholders published on our website.

If not explicitly mentioned otherwise, the financial information contained herein relates to the unaudited financial information on a consolidated basis at the Parent level for the half year ended June 30, 2014 and the unaudited pro forma financial information on a consolidated basis at the Parent level for the half year ended June 30, 2013.



## Market Trends

### Feed markets

- The global salmonid feed markets was up 15 % growth in volume in the first half of 2014 compared to the first half of 2013.
- In Norway the market grew by 25 % driven by higher sea temperatures compared to the unusually low sea temperatures during winter 2013.
- The market was up 9 % in Chile due to better biological conditions.

### Raw material markets

- Marine raw material prices that weakened through the first quarter went up during the second quarter due to slow fishing in Peru caused by warm water and expectations of an El Niño this autumn.
- Reduction of prices for vegetable raw materials continued from first quarter into second quarter.

### Competitive situation

- Continued significant competition is expected for feed contracts in all the markets of which EWOS operates.
- In Norway, the entrance of Marine Harvest combined with a moderate to low growth near-term outlook has led to a particularly competitive situation.
- In this environment, EWOS is focused on retaining its customers and delivering the most innovative feed solutions, such as the new Rapid introduction.
- We expect to maintain our current market share of the total Norwegian market.

## EWOS first half 2014 performance

- EWOS Group operating revenues for the first half of 2014 at NOK 4,791 million an increase of 10 % compared to first half of 2013.
- EBITDA increased by 24 % YoY to NOK 269 million for the first half of 2014.
- Adjusted EBITDA of NOK 284 million for the first half of 2014, an increase of 20 %.
- The increase in EBITDA was primarily driven by higher sales volume, particularly due to increases in Norway, combined with constrained growth in operating costs.

# Key trends by region



## Norway

- Salmonid feed market increased by 25 % in the first half of 2014 compared to the same period in 2013 due to higher sea temperature. Full year growth is expected to be 8 % (according to Kontali)
- Market share throughout the first half of 2014 is lower than the same period in previous year as a result of lower volumes from a key customer
- Steady increase in sales of the new, innovative grower feed RAPID

## Chile

- Salmonid feed market volumes increased by 9 % compared to same period in 2013 as a result of improved biological conditions. Severe weather conditions in June has reduced the growth.
- Market share slightly down compared to same period in previous year partly due to lower volumes in two financially distressed customers

## Scotland

- Strong market growth of 16 % in the first half of 2014, specially in the second quarter, compared to same period in previous year due to higher sea temperature
- Increase in market share in second quarter of 2014 due to higher share of volumes from key customer and strong feeding from EWOS customers
- Continued strong export sales

## Canada

- Improving biological conditions led to salmon feed market growth in BC compared to the same period in 2013
- Increase in market share due to higher share of volumes from key customers
- Increasing exports due to focus on new market segments for pelleted fish feed

## Vietnam

- Total market volumes has decreased by 24 % in the first half of 2014 compared to same period in 2013 due to the severe challenges in the Panga industry
- However, EWOS Vietnam has a significant volume increase due to market share gains and diversifying from sales of mainly one species to multiple species and exports

# Sales revenue and volume



	Sales Volume (thousand tonnes)				Sales Revenue (million NOK)			
	1st half 2014	1st half 2013	YoY growth	% 2014 of total	1st half 2014	1st half 2013 pro forma	YoY growth	% 2014 of total
Norway	224	193	16%	44%	2,142	1,857	15%	45%
Chile	184	187	-1%	36%	1,694	1,690	0%	35%
Canada	28	22	28%	6%	264	217	21%	6%
Scotland	52	47	9%	10%	573	485	18%	12%
Vietnam	28	16	78%	5%	104	59	77%	2%
Eliminations/Other	-3	-1	127%	0%	14	62	-77%	0%
<b>Total</b>	<b>513</b>	<b>463</b>	<b>11%</b>	<b>100%</b>	<b>4,791</b>	<b>4,371</b>	<b>10%</b>	<b>100%</b>

- Overall growth of 11 % in volumes and 10 % in revenues driven by higher sea temperatures in Norway, strong performance in Scotland and market share increase in Vietnam
- Revenue growth negatively impacted by pass through of lower raw material prices and also positively impacted by a more favourable translation of the Sterling revenues in Scotland and the US Dollar revenues in Chile to the Norwegian Kroner

# Financial overview



(NOK in millions)	1st half 2014	1st half 2013 pro forma	Variance
Operating revenues	4,791	4,370	10 %
EBITDA <sup>1)</sup>	269	218	24 %
EBITDA margin	5.6 %	5.0 %	
Adjusted EBITDA <sup>2)</sup>	284	236	20 %
Adjusted EBITDA margin	5.9 %	5.4 %	
Net cash flow from operations	56	n.a.	
Capital expenditures <sup>3)</sup>	77	110	-30 %
Net interest bearing debt	3,909	n.a.	

- EBITDA and Adjusted EBITDA increased mainly due to volume increases in most markets, particularly in Norway, combined with constrained growth in operating costs. In addition, currency translation effects from the stronger US Dollar and British Pound versus the Norwegian Kroner contributed to the growth in EBITDA.
- Net cash flow from operations showed an inflow of NOK 55.7 million. During the first half of 2014 there was a negative change in net working capital due to high season creating higher inventory and accounts receivables which is not fully offset by higher accounts payable.
- Capital expenditures in first half of 2014 relates mainly to odour abatement investments in Norway and to efficiency investments in oil tanks and silo batteries in Norway and Chile

1) EBITDA represents operating results before fair value adjustments of biological assets, depreciation and amortisation, less advisory fees charged by Altor and Bain .

2) Adjusted EBITDA represents EBITDA as adjusted for certain non-recurring and/or non-cash costs.

3) Capital expenditures reported represent the cash effects of purchases of property, plant and equipment.



# Income Statement



(NOK in millions)	1st half 2014	1st half 2013 pro forma	Variance NOK	Variance %
<b>Operating revenues</b>	<b>4,791</b>	<b>4,370</b>	<b>421</b>	<b>10</b>
Cost of raw materials	-3,794	-3,450	-344	10
Personnel expenses	-209	-202	-8	4
Other operating expenses	-527	-509	-18	4
Depreciations and amortisations	-164	-199	35	-17
<b>Operating results pre fair value</b>	<b>97</b>	<b>10</b>	<b>86</b>	<b>820</b>
Fair value adjustments of biological assets	-4	-20	16	-79
<b>Operating result</b>	<b>92</b>	<b>-10</b>	<b>102</b>	<b>-1,072</b>

- Operating revenues up by NOK 421 million due to strong volumes
- Cost of raw materials increased by NOK 344 million due to higher volumes partially offset by lower raw material prices. In addition, raw material costs have been higher than anticipated in Norway due to challenges related to variability and quality in raw material supplies
- Other operating expenses of NOK 527 million in the first half of 2014 increased by NOK 18 million mainly due to the impact of currency translation effects from the stronger US Dollar and British Pound
- The decline in depreciation is mainly due to the finalization of PPA-related adjustments

# Summary of EBITDA adjustments



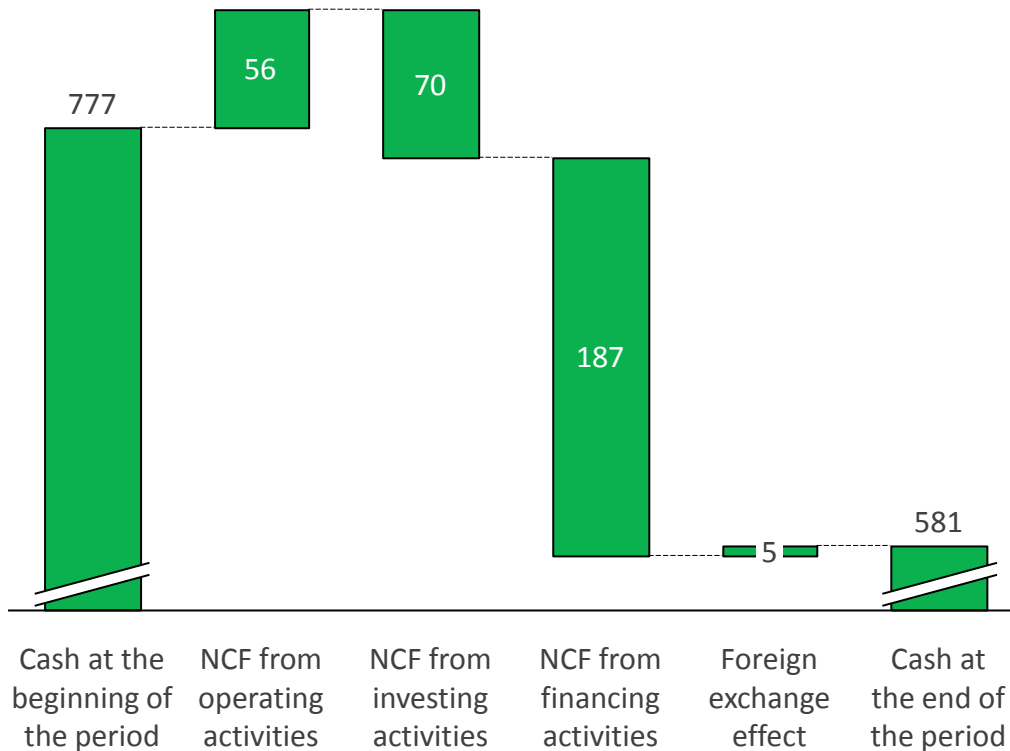
EBITDA adjustments (NOK in millions)	1st half 2014	1st half 2013 pro forma
<b>EBITDA</b>	<b>269</b>	<b>218</b>
PPA adjustments	0	30
Vessel improvement cost	-	3
Expected savings from fleet improvement	3	3
Non-cash effects from currency derivatives	-28	-53
Provision for tax claim	-	19
Transition related costs	34	18
Other non-recurring items	7	0
<b>Adjusted EBITDA</b>	<b>284</b>	<b>236</b>

- EBITDA represents operating results before fair value adjustments of biological assets, plus depreciation, amortisation and advisory fees due to Altor and Bain
- Adjustments are for non-recurring or non-cash items
- All transaction related expenses in the 2013 pro forma numbers are taken in the first quarter of 2013
- Last twelve months pro forma Adjusted EBITDA is NOK 762 million
- Adjustments are described in more detail in the EWOS interim financial report per June 30, 2014 published on the EWOS website

# Cash flow January – June 2014



NOK in millions



- Negative net cash flow for first half of 2014 of NOK 196 million due to normal seasonality in cash flow and the settling of accrued transaction-related expenses from 2013
- Cash inflow from operating activities improved during second quarter, from a flat first quarter, mainly due to the start of high season combined with restrained working capital
- Cash outflow from investing activities includes primarily capital expenditure, with NOK 7 million positive impact from asset sales
- Cash outflow from financing activities was primarily from interest payments on long term debt

# Balance Sheet of the Parent



(NOK in millions)	June 30, 2014	December 31, 2013
Deferred tax assets	7	3
Goodwill	2,146	2,130
Intangible assets	775	815
Property, plant and equipment	2,102	2,146
Investments in associated companies	10	10
Other non-current financial assets	15	19
<b>Total non-current assets</b>	<b>5,055</b>	<b>5,122</b>
Inventories	1,511	1,020
Accounts receivables	1,760	1,752
Other current financial assets	134	98
Cash and cash equivalents	581	777
<b>Total current assets</b>	<b>3,986</b>	<b>3,647</b>
<b>Total Assets</b>	<b>9,041</b>	<b>8,769</b>
Equity attributable to shareholders of Parent	1,790	1,456
Non-controlling interests	0	0
<b>Total equity</b>	<b>1,790</b>	<b>1,456</b>
Pension liabilities	27	27
Deferred tax liabilities	298	384
Interest bearing non-current liabilities	4,489	4,850
Other non interest bearing non-current liabilities	7	13
<b>Total non-current liabilities</b>	<b>4,822</b>	<b>5,274</b>
Accounts payables	2,017	1,490
Other current liabilities	412	549
<b>Total current liabilities</b>	<b>2,429</b>	<b>2,039</b>
<b>Total equity and liabilities</b>	<b>9,041</b>	<b>8,769</b>

- The figures included is the closing balance sheet of the Parent (Albain Midco Norway AS) and its subsidiaries on a consolidated basis
- Net interest bearing debt declined to NOK 3,909 million during first half of 2014 mainly due to conversion of debt (provided by Albain Holdco Norway AS) to equity in the first quarter, partly offset by a decline in cash balances
- The Revolving Credit Facility of NOK 600 million remained undrawn per June 30, 2014

# Capitalisation of the Parent



	As of June 30, 2014	
	NOK in millions	Euro in millions *)
Cash and cash equivalents	581	69
<b>Indebtedness:</b>	-	-
Revolving Credit Facility	-	-
EUR Senior Secured Notes	1,891	225
NOK Senior Secured Notes	1,810	215
Senior Subordinated Notes	1,040	124
Finance leases	2	0
<b>Total third-party indebtedness</b>	<b>4,743</b>	<b>564</b>
Total equity	1,790	213
<b>Total capitalization</b>	<b>6,533</b>	<b>777</b>
LTM Adjusted EBITDA **)	762	
Net total debt / LTM Adj EBITDA	5.5x	
Net senior secured debt / LTM Adj EBITDA	4.1x	

- This table illustrates the cash and cash equivalents and capitalisation of the Parent and its subsidiaries on a consolidated basis
- There are no significant changes in the third-party indebtedness through the first half of 2014
- The reduction in the cash balance through first half of 2014 has been described
- The increase in equity through the first half of 2014 mainly relates to conversion of debt provided by Albain Holdco Norway AS, as mentioned above, partly offset by net loss for the period
- The Revolving Credit Facility of NOK 600 million remained undrawn at June 30, 2014

\*) EUR-NOK currency rates for June 30, 2014 is 8.4035

\*\*) Last twelve months (LTM) Adjusted EBITDA is based on pro forma numbers in 2013 and Parent consolidated numbers in 2014

# Q & A

