

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	Q1 19*	Q1 18	2018
Operating revenue	133	140	400
Operational EBIT	25	-40	-79
Operational EBIT%	18.9%	-28.8%	-19.7%
Harvested volume (1 000 tgw)	2.1	2.6	6.7
EBIT/kg gw (NOK)	11.77	-15.65	-11.82

* Figures for Q1 2019 apply to the period February–March 2019, following Arnarlax's consolidation into SalMar's financial statements. The figures for 2018 are unconsolidated.

By means of a share purchase in February 2019, SalMar increased its shareholding in Arnarlax from 41.95 per cent to 54.23 per cent. By means of a compulsory purchase offer in April 2019, it increased its shareholding further to 61.77 per cent. As a result, this interim report treats Arnarlax as an associate in January, with SalMar's share of the company's net profit/loss recognised as financial income. For February and March, it is reported as a separate segment, fully consolidated into SalMar's financial statements.

For SalMar, its investment in Arnarlax is a natural and important part of its growth strategy, along with offshore fish farming. The Group has great faith in the future of both Arnarlax and the rest of Iceland's aquaculture industry. At the same time, SalMar expects it will take time before Arnarlax is able to perform at the same level as the operations in Norway and Scotland.

Bjørn Hembre took over as Arnarlax's new CEO at the start of January 2019. Mr Hembre has previously held several senior management positions at SalMar and brings with him strong competence from his time with the Group.

Arnarlax harvested around 2,100 tonnes in February and March 2019. During the same period, it generated gross operating revenues of NOK 132.9 million and made an Operational EBIT of NOK 25.2 million. This corresponds to an EBIT per kg of NOK 11.77.

Operational improvements enabled the company to post a profit in the period, despite costs relating to high mortality at certain sites caused in large part by winter wounds.

In 2019 as a whole, SalMar expects the company to harvest around 10,000 tonnes. This is unchanged from the estimate published at the close of the previous quarter.