



Grieg
Seafood®

ROOTED IN NATURE
GRIEG SEAFOOD
Q3 2019

ROOTED IN NATURE

FARMING THE OCEAN

FOR A BETTER FUTURE

We are sea farmers. We live by and for the ocean. In cold and clear waters, we produce salmon to people all over the world. Our fish is healthy for humans and sustainable for the planet. This is our tiny way of making the world a better place.

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CEO Comment

The third quarter was yet again characterized by solid performance for our Norwegian operations, with strong biological performance and continued high survival rates. Our post-smolt strategy in Rogaland is developing well and in Finnmark another two sites were ASC certified during the quarter - a testament to our strict focus on sustainability.

We also began to see biological improvements in BC, for which 2019 has been characterized by challenging environmental conditions. These improvements are the result of diligent, persistent work by our dedicated employees as well as extensive operational and technical solutions implemented to combat issues such as algae and low oxygen levels.

For several years, we have been working towards our 2020 targets of harvesting 100 000 tonnes at a cost at or below industry average, with the underlying ambition of building a platform for sustainable growth beyond 2020. Although we have faced some biological challenges in Shetland and BC, our 2020 harvest target is well within reach and costs at our Norwegian operations are developing in line with our ambitions.

We are now looking beyond 2020 and setting the direction for the next five years as we launch our GSF 2025 strategy. We will aim to build on our existing platform to ensure continued growth and cost improvements and harvest more than 150 000 tonnes by 2025. To scale our global operations, we will grow organically as well as through M&A activity. Furthermore, we will work to reposition Grieg Seafood from a pure commodity supplier to an innovation partner, increasing our presence downstream through partnerships, category development and brand cultivation. Thus, we aim to drive increased value creation as a global, integrated supplier of sustainably farmed salmon.

Andreas Kvame
CEO Grieg Seafood ASA

Main achievements in the quarter

GROUP HIGHLIGHTS

- Harvest volume of 21 000 tonnes (16 900 tonnes)
- EBIT before fair value adjustment of NOK 154 million (NOK 160 million)
- EBIT/kg NOK 7.32, down 22% from Q3 2018
- Earnings impacted by lower spot market prices
- Strong biological performance in Norway and biological improvements in British Columbia
- Improved biological situation in Shetland resulted in lower cost
- Expected harvest volume of 82 000 tonnes in 2019, 10% growth from 2018
- 2020 harvest guiding of 100 000 tonnes remains
- Launch of GSF 2025 strategy, targeting cost leadership and harvest volume above 150 000 tonnes
- Dividend of NOK 2.00 per share

ROGALAND

- Harvest volume of 2 534 tonnes
- EBIT/kg NOK -0.30
- Good production with strong biological performance
- Q3 results affected by strategic harvesting of lower performing sites towards the end of the quarter with low market prices
- Survival rate of 93% last twelve months
- Expected harvest of 7 300 tonnes in Q4 2019 with lower cost/kg due to increased harvest volume

FINNMARK

- Harvest volume of 10 470 tonnes
- EBIT/kg NOK 13.94
- Strong overall biological performance
- Two sites ASC certified, bringing the total to 10 sites
- New location granted on 2 October
- Survival rate of 95% last twelve months
- Expected harvest of 10 400 tonnes in Q4 2019 with fairly stable cost/kg

SHETLAND

- Harvest volume of 3 856 tonnes
- EBIT/kg NOK -3.53
- Lower cost due to increased survival, despite continued biological challenges from gill-related diseases
- Improved smolt quality, superior share of 93% and high harvest weight
- Strategic evaluation of Skye
- Expected harvest volume of 3 000 tonnes in Q4 2019. Cost is expected to decrease going forward

BRITISH COLUMBIA

- Harvest volume of 4 168 tonnes
- EBIT/kg NOK 4.68
- Biological improvements driven by positive effect of operational and technical measures, despite challenges with high sea lice pressure, plankton and low oxygen level
- Expansion of Gold River smolt facility on track
- Continued focus on algae mitigation and digital monitoring
- Expected harvest of 3 600 tonnes in Q4 2019. Cost expected to decrease in Q4 2019 and to continue to gradually decrease going forward

Key figures

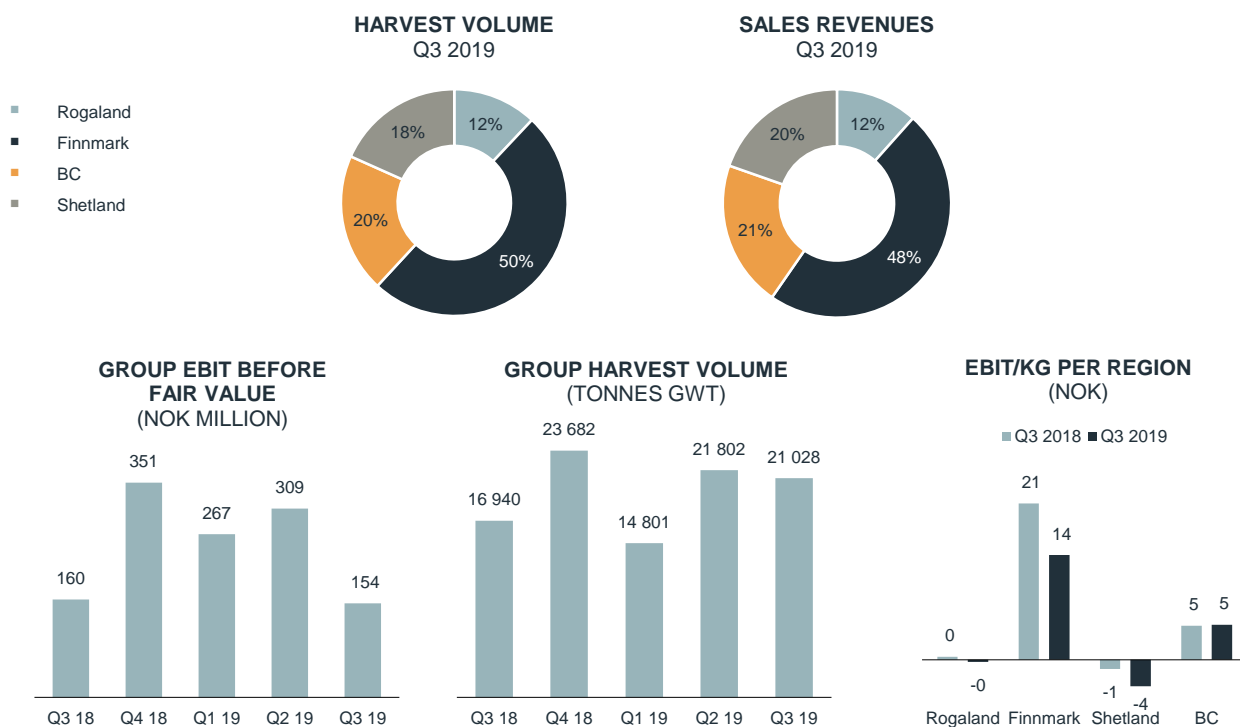
NOK 1 000	Q3 2019 INCL. IFRS 16	Q3 2018	YTD 2019 INCL. IFRS 16	YTD 2018
Sales revenues	2 010 702	1 584 480	5 883 324	5 369 359
EBITDA	259 464	218 952	1 026 700	921 861
EBIT	153 921	159 748	730 260	748 131
EBIT after fair value adjustment of biological assets	-311 070	313 984	230 118	891 093
Profit before tax	-321 691	307 788	197 688	837 645
Harvest volume (tonnes GWT)	21 028	16 941	57 630	50 942
EBIT/kg (NOK)	7.32	9.43	12.67	14.69
Total assets	8 066 316	7 572 857	8 066 316	7 572 857
Net interest-bearing liabilities (1)	2 034 993	1 383 485	2 034 993	1 383 485
Equity	3 858 073	3 695 967	3 858 073	3 695 967
Equity % (2)	48%	49%	48%	49%
ROCE (3)	11%	13%	16%	20%
Dividend per share (NOK)	-	-	2.00	2.00
Earnings per share (NOK)	-2.40	2.00	1.14	5.49
Number of employees incl. Ocean Quality	834	822	834	822

Key figures for Q3 and YTD 2019 include effects of adopting IFRS 16. Please refer to Note 6 for further information.

1) NIBD excluded factoring. Q3 2019 NIBD includes effect of adopting IFRS 16, amounting to NOK 388 million. Total net interest-bearing liabilities incl. factoring is NOK 2 082 million. See Note 7 for more information.

2) Equity ratio according to covenants definition is 52%. See Note 7 for information.

3) ROCE: Return on capital employed. Refer to APM in Note 11 for further information.



Our scoreboard

	ASPECT	TARGET	Q3 2019	Q2 2019	Q1 2019	FY 2018	STATUS	PAGE	
PROFIT & INNOVATION	Return on capital employed	12% p.a.	11%	21%	19%	22%	●	5	
	Harvest volume (tonnes GWT)	100 000 tonnes in 2020	21 028	21 802	14 801	74 623	●	5	
HEALTHY OCEAN	Survival rate (GSI standard)	93%						18	
	Rogaland		93%	94%	92%	92%	●		
	Finnmark		96%	96%	96%	96%	●		
	Shetland		87%	87%	85%	83%	●		
	British Columbia		86%	86%	87%	88%	●		
	Antibiotics gr/tonne*	No use of antibiotics							18
	Rogaland		0.0	0.0	0.0	0.0	●		
	Finnmark		0.0	0.0	0.0	0.0	●		
	Shetland		0.0	43.8	119.7	13.9	●		
	British Columbia		0.0	41.5	63.6	150.3	●		
	Sea lice treatment gr/tonne*	Minimize use of pharmaceutical treatments							21
	Rogaland		0.0	0.0	0.0	1.1	●		
	Finnmark		0.2	0.1	0.0	0.8	●		
	Shetland		1.0	2.1	3.6	3.2	●		
	British Columbia		0.5	0.5	0.0	0.3	●		
	Escape incidents	Zero escape incidents							21
Rogaland		0	0	0	0	●			
Finnmark		0	0	0	0	●			
Shetland		0	1	0	2	●			
British Columbia		0	0	0	0	●			
SUSTAINABLE FOOD	High quality product	93% superior share						22	
	Rogaland		77%	63%	73%	74%	●		
	Finnmark		84%	84%	85%	86%	●		
	Shetland		93%	96%	96%	94%	●		
	British Columbia		86%	89%	78%	84%	●		
PEOPLE	Absence rate	Below 4.5%						23	
	Rogaland		3.0%	4.7%	4.3%	4.7%	●		
	Finnmark		3.7%	4.5%	6.2%	5.4%	●		
	Shetland		3.1%	2.2%	4.4%	2.3%	●		
	British Columbia		1.3%	2.7%	2.7%	1.8%	●		
LOCAL COMMUNITIES	Supporting local communities	Collaborate and contribute to local communities	Yes	Yes	Yes	Yes	●	25	

*Amount of active pharmaceutical ingredients (APIs) used (gr) per tonne of fish produced (LWE).

- Within target
- On track to meet target
- Unsatisfactory result

Our approach to sustainable business



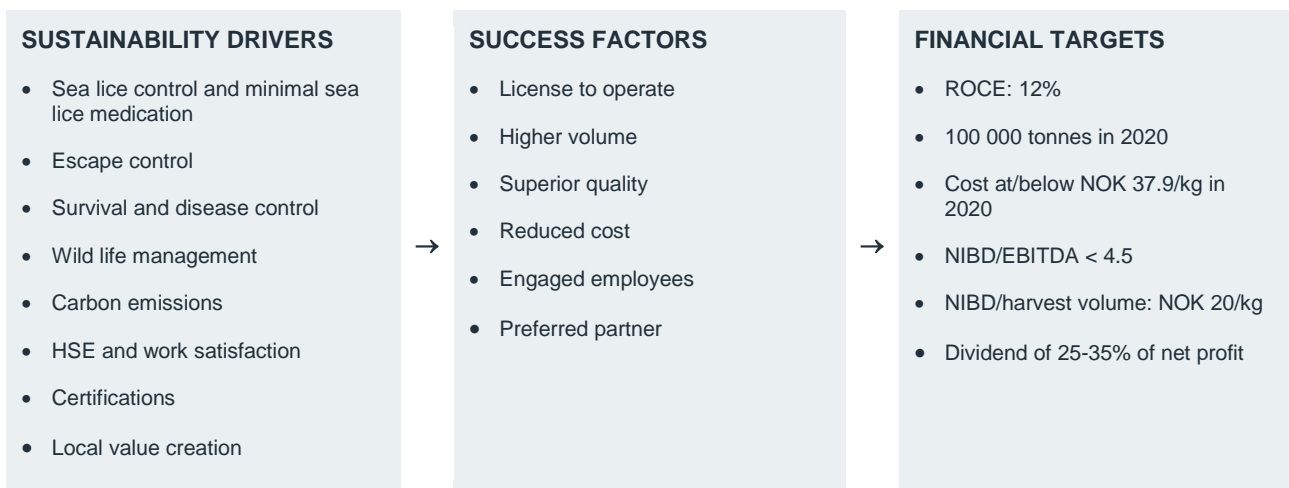
THE UNITED NATIONS DEVELOPMENT GOALS

To promote sustainable development, Grieg Seafood strives to find the right balance between environmental, social and economic considerations in our operations. The 17 United Nations Sustainable Development Goals guide countries' and companies' efforts. Our production is in line with several of these goals, but Grieg Seafood will focus particularly on the goals where we can have the greatest impact.

In the long-term perspective, clean seas, healthy fish and economic profit are no contradictions. It is Grieg Seafood's task to make these considerations go hand in hand. The overall target goes beyond short-term profitability. Through our five pillars, we are committed to sustainable and long-term value creation for all of our stakeholders.

FARMING THE OCEAN FOR A BETTER FUTURE				
PROFIT & INNOVATION	HEALTHY OCEANS	SUSTAINABLE FOOD	PEOPLE	LOCAL COMMUNITIES
<ul style="list-style-type: none"> Seafood demand Economic productivity Profitable growth Precision Farming Research and innovation 	<ul style="list-style-type: none"> Fish health and welfare Sea lice control Escape control Limiting local emissions Interaction with wild life 	<ul style="list-style-type: none"> Safe and healthy food Sustainable feed Reducing carbon emissions Waste management 	<ul style="list-style-type: none"> Creating attractive jobs Keeping our employees safe Transparency, integrity and anti-corruption Data security and privacy 	<ul style="list-style-type: none"> Local value creation and ripple-effects Local procurement Sponsorships Transparency and dialogue

Sustainability is core to the industry and strongly impacts our financial performance.



ROOTED IN

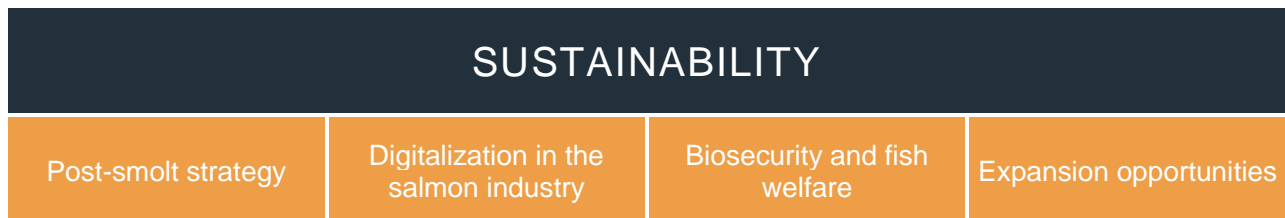
PROFIT & INNOVATION

To achieve attractive financial results, our farming methods need to be both cost effective and sustainable.

Achieving sustainable growth – our focus areas

Grieg Seafood's objective is to ensure sustainable growth by combining skilled and motivated people and new technology, and to increasingly farm salmon on nature's terms.

Grieg Seafood has a goal to reach an annual harvest volume of 100 000 tonnes in 2020 with cost at or below industry average, building a platform for sustainable growth beyond 2020. The main focus areas are:



Post-smolt improves biosecurity and survival rates and allows for a more efficient farming cycle. Increased growth on-shore also frees up sea water capacity.

Digitalization in salmon farming includes applying advanced sensors, big data, artificial intelligence and automation, with the aim of generating better farming decisions. Grieg Seafood's pilot Precision Farming operations center in Rogaland provides continuous data analysis, centralized feeding operations and an overview of technical infrastructure.

Good fish health and welfare are major focus areas to ensure sustainable, cost efficient volume growth. Development of preventive measures to avoid sea lice, harmful algae and diseases will reduce handling and stress for the fish and reduce the environmental footprint.

Expansion opportunities, such as new sites and locations, will improve flexibility, biosecurity and fish welfare. Grieg Seafood also participates in growth initiatives such as development licenses and cooperation with other farmers. For more information on our priorities, please refer to the Grieg Seafood Annual Report 2018.

GSF 2025 - Scaling globally through growth and value chain innovation

Grieg Seafood aims to build on its existing platform for continued sustainable growth and cost improvements going forward. With an ambition for global growth, Grieg Seafood aims to strengthen its market position, while driving increased value creation as a global supplier of sustainably farmed salmon.

Grieg Seafood's strategy for 2020-2025 is founded in an ambition for sustainable salmon farming and comprises three key strategic objectives for continued growth and business development:



During the 2020-2025 period, Grieg Seafood targets a volume growth of at least 50 000 tonnes. In some regions we still have the potential for continued site utilization improvements. We will continue our post-smolt investments, target new licenses and aim for opportunities within new technology. In addition, we will pursue and participate in potential merger and acquisition (M&A) activity, both in new and existing regions.

Grieg Seafood has an ambitious target for industry cost leadership in each region. To improve operational performance we will maintain a rigorous focus on fish health and welfare. As a digital salmon farming pioneer, we also expect to support performance through continuous research and development and the utilization of new cutting-edge technologies. While growth will give some economies of scale from higher harvest volumes, we also need to reduce absolute cost. We estimate a potential cost reduction of NOK 150 - 250 million by 2022.

Through downstream partnerships, category development and brand cultivation, we aim to increase the value of our products by repositioning the company from being a commodity supplier to an innovation partner. Our goal is to make our salmon preferred by the sustainable consumer.

Group financial review

Improving sustainability is key to increasing our profits. By focusing on reducing our environmental impact and improving fish welfare, we aim to increase harvest rates and reduce production costs. We aim to provide our shareholders with a competitive return on capital invested and have set a ROCE target of 12%. Our investments reflect our growth strategy: digitalization, post-smolt, biosecurity and fish welfare, and continuous evaluation of expansion opportunities.

PROFIT (Figures for Q3 2018 in brackets)

The Grieg Seafood Group harvested 21 028 tonnes GWT in Q3 2019, up 24% compared to 16 941 tonnes in Q3 2018.

The average realized price was down in Q3 2019 compared to Q3 2018, mainly due to lower average spot market prices. Grieg Seafood's sales revenues in Q3 2019 amounted to NOK 2 011 million, an increase of 27% compared to the same period last year. The revenue increase is mainly driven by higher harvest volume.

Farming costs during the period (total cost related to fish harvested this quarter) remained stable compared to the same quarter last year.

The Group's EBIT before fair value adjustment of biological assets was NOK 154 million (160) during the quarter, corresponding to an EBIT per kg of NOK 7.32 (9.43). EBIT from the four regions includes value creation from the respective sales activities of the Group's jointly-owned sales company, Ocean Quality.

From 1 January 2019, the Group implemented IFRS 16 Leases. The adoption had a positive effect on EBIT in Q3 2019 of NOK 1.3 million, which corresponds to NOK 0.1 per kg. For further information on IFRS 16 effects, see Note 6.

NOK MILLION	Q3 2019**	Q3 2018	YTD 2019**	YTD 2018
Rogaland	-0.8	0.6	376.3	101.9
Finnmark	146.0	174.5	399.7	377.7
BC	19.5	12.0	38.7	271.0
Shetland	-13.6	-5.5	-58.3	28.9
ASA/ eliminations	-8.4	-27.3	-51.9	-46.9
GSSF EBIT	142.8	154.4	704.6	732.7
NCI*	11.1	5.4	25.7	15.4
GSSF Group	153.9	159.7	730.3	748.1

* Non-controlling interest, value creation related to the sale of fish from Bremnes Fryseri AS (40% ownership of Ocean Quality AS)

** Q3 and YTD 2019 includes IFRS 16 effects

Fair value adjustments of biological assets amounted to NOK -465 million (154) at the end of the quarter, which is mainly explained by lower forward spot salmon prices, especially in Q4 2019, yielding an EBIT after fair value adjustment of biological assets of NOK -311 million (314).

Net financial items were NOK -11 million (-6) for the quarter, resulting in a pre-tax profit of NOK -322 million (308). Net financial items include NOK -3 million related to the adoption of IFRS 16.

Tax for the period is estimated to NOK 65 million (-83), resulting in profit after tax of NOK -257 million (225).

CASH FLOW (Figures for Q3 2018 in brackets)

Cash flow from operating activities during the quarter amounted to NOK 541 million (526). Change in working capital during the quarter was positive at NOK 284 million (306), mainly due to lower trade receivables from entering into a new factoring agreement (refer to Note 7 for more information).

Net cash flow from investing activities was NOK -95 million (-142) during the quarter. Total investments amounted to NOK -95 million (-155). NOK 23 million of total investments were financed by leasing in Q3 2018. The investments comprise a combination of maintenance and growth, including upgrade of sea equipment, and increased sea and smolt capacity.

Net cash flow from financing activities in the third quarter was NOK -487 million (-379). This includes a change in factoring liabilities of NOK -437 million in Ocean Quality AS as a result of the new factoring agreement. The Group's interest-bearing debt (including factoring) was reduced by NOK -465 million during the quarter.

Net change in cash and cash equivalents was negative at NOK -41 million (6) for the quarter and at the end of the period, the Group had cash holdings of NOK 138 million (204).

FINANCIAL POSITION AND LIQUIDITY (Figures for Q3 2018 in brackets)

At 30 September 2019, book value of total assets was NOK 8 066 million (7 573). NOK 384 million of the increase is due to the adoption of IFRS 16. Total equity amounted to NOK 3 858 million (3 696), corresponding to an equity ratio of 48% (49%).

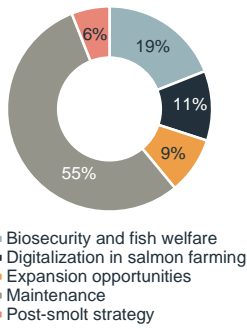
The level of free liquidity at the end of the quarter is regarded as good, with available cash and credit facilities totaling NOK 1 121 million. At period-end of Q3 2019, net interest-bearing debt (NIBD) amounted to NOK 2 082 million, down from NOK 2 520 million at the end of Q2 2019 and up from NOK 1 792 million at the same time last year. The net interest-bearing debt at 30 September 2019 includes operational lease liabilities recognized in the balance sheet after adopting IFRS 16, of NOK 388 million.

Factoring amounted to NOK 47 million (409) at period-end. The Norwegian sales company, Ocean Quality AS, entered into a new factoring agreement in Q3 2019, with the factoring company purchasing all credit-insured trade receivables from Ocean Quality AS, effective from 1 September 2019. Please refer to Note 7 for more information.

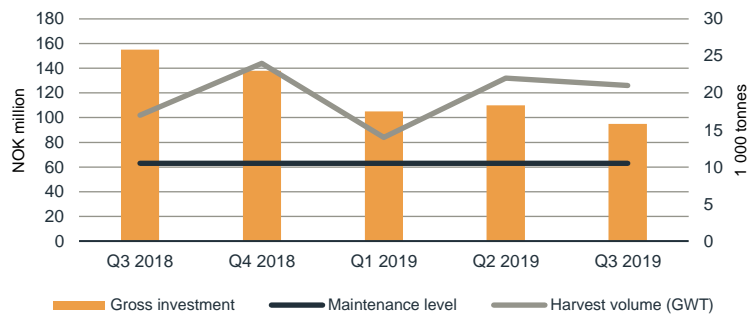
The Group aims to provide shareholders with a competitive return on invested capital through payment of dividends and share price increases. The Board of Directors maintains that, as an average over time, dividends should correspond to 25-35% of the Group's profit after tax, adjusted for the effect of fair value of biological assets. The Board is authorized by the Annual General Meeting to pay out additional dividends during 2019 based on the financial statements for 2018. Based on the financial position and the market outlook, the Board has decided to pay a dividend of NOK 2.00 per share.

Grieg Seafood is planning to invest a total of NOK 635 million in 2019 where of NOK 385 million is related to growth and improvement. The investments are part of the Group's growth strategy, which entails increased smolt capacity and new farming sites. Increased biomass will also result in increased working capital needs.

INVESTMENTS Q3 2019



INVESTMENT LEVEL



Sales and market development

Grieg Seafood’s farming operations sell their fish to Ocean Quality, which resells the salmon to third parties for further processing and to other customers for consumption as is. Ocean Quality aims to be a preferred and reliable global supplier.

OCEAN QUALITY GROUP

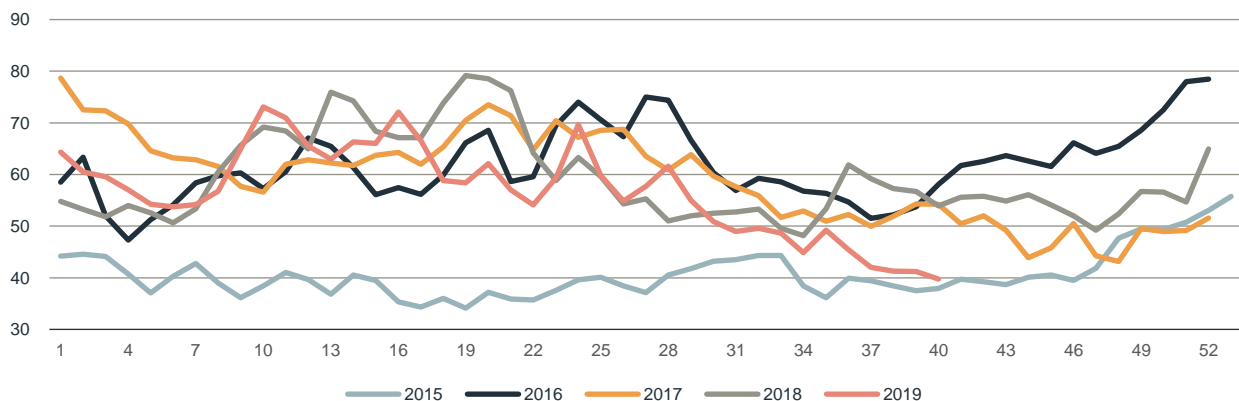
Ocean Quality is the sales organization of Grieg Seafood and Bremnes Fryseri, with an ownership of 60% and 40%, respectively. All fish produced by Grieg Seafood is sold by Ocean Quality with the purpose of generating a positive margin to the market price for salmon. Total volume sold during Q3 2019 was 32 254 tonnes, compared to 25 472 tonnes in Q3 2018.

MARKET DEVELOPMENT

Spot salmon prices (Nasdaq) remained high during the first weeks of the third quarter but came significantly down throughout the period with a price gap of NOK -16.50 per kg between the first and the last week of the quarter. Average spot salmon price for Q3 2019 was down by NOK -12.97 per kg compared to Q2 2019 and down by NOK -5.11 per kg compared to Q3 2018.

The overall supply of Atlantic Salmon for the quarter increased by approximately 13% from Q3 2018, which confirms the strong underlying demand for farmed salmon.

WEEKLY NASDAQ SALMON INDEX 2015-2019 (NOK/KG)



MARKET EXPECTATIONS AND GUIDING

The biological challenges in Norway and Chile in recent years have resulted in strict regulations, requiring healthy biological conditions to allow further growth. The global supply of Atlantic Salmon for 2019 is expected to increase by approximately 7% compared to 2018. With outlook for continued strong underlying demand, combined with limited growth potential in the short- to mid-term, prices are expected to increase going forward.

The Group's total share of fixed price contracts in Q3 2019 was 30% in Norway and 20% in the UK. The share of fixed price contracts for the full year 2019 is estimated at 22% and 24% for Norway and the UK, respectively. This is in the lower range of the Group's target of 20-50% contract share.

Brexit is a potential risk for Grieg Seafood, and we are looking into options regarding our export of salmon from Scotland to the EU. Please see Note 2 for more information.

During Q3 2019, 6 million smolt with an average weight of 180 grams were transferred to sea. Year-to-date, 17 million smolt have been stocked to sea. For the full year 2019, a total of 26 million smolt, with an average weight around 190 grams, is planned stocked. Grieg Seafood expects to harvest approximately 82 000 tonnes in 2019, an increase of 10% from 2018. Expected harvest volume for Q4 2019 is 24 400 tonnes. The Company targets a harvest of 100 000 tonnes in 2020 at cost at or below industry average.

HARVEST (TONNES GWT)	ROGALAND	FINNMARK	SHETLAND	BRITISH COLUMBIA	GROUP TOTAL
Q1 2019	5 700	5 700	1 800	1 600	14 800
Q2 2019	8 500	5 400	3 300	4 600	21 800
Q3 2019	2 500	10 500	3 900	4 200	21 000
Q4 2019	7 300	10 400	3 000	3 600	24 400
Total 2019	24 000	32 000	12 000	14 000	82 000
Total 2020	25 000	38 000	17 000	20 000	100 000

INSPECTION BY THE EUROPEAN COMMISSION

In February 2019, the European Commission performed an unannounced inspection of several Norwegian seafood companies in Scotland and the Netherlands, including Grieg Seafood Shetland. The inspection was initiated to explore potential anti-competitive behavior in the salmon industry.

In April 2019, a class-action lawsuit was filed in the USA mainly based on the investigation by the European Commission.

Grieg Seafood is not aware of any anti-competitive behavior within the Group, be it Norway, the EU or the USA, and is fully cooperating with the investigation.

Currently, there is no new information regarding the European Commission's inspection.

Approximately NOK 7 million was spent on lawyer fees related to the EU commission investigation during the quarter. The cost is included as ownership cost, see Note 3.

GRIEG SEAFOOD ROGALAND

2 534
TONNES GWT HARVESTED

-0.30
EBIT/KG (NOK)

19 • 2
SEAWATER LICENCES • FRESH
WATER LICENCES

159
EMPLOYEES

RESULTS

Harvest volume in Rogaland was 2 534 tonnes in Q3 2019, in line with the production plan, and an increase of 81% compared to Q3 2018, when harvested volumes were impacted by PD. Revenues for the quarter amounted to NOK 124.0 million, an increase of 64% compared to the same quarter last year. Revenues were impacted by harvest due to reaching limits for maximum allowed biomass, with harvest of lower performing sites (small size fish with low superior share) combined with harvest towards the end of the quarter with low spot market prices (9% lower compared to Q3 2018).

GSF Rogaland has an average survival rate of 93% over the last 12 months, and the region experienced strong biological performance during the quarter. Cost per kg is stable compared to Q3 2018 but increased from Q2 2019 due to harvesting of two sites with below average performance (strategic harvesting due to reaching MAB limits) and lower harvest volumes. In Q4, cost per kg is expected to decrease as harvest volumes increase and higher performing sites are harvested.

EBIT per kg before fair value adjustment of biological assets was NOK -0.30 in the period, compared to NOK 0.42 in Q3 2018 and NOK 27.22 in Q2 2019.

PRIORITIES

Grieg Seafood Rogaland aims to reduce production time in the sea from 18 to 12 months, primarily by increasing average smolt size to 500 grams by 2020. We have had promising results using large size smolt that spend less than 12 months in the sea.

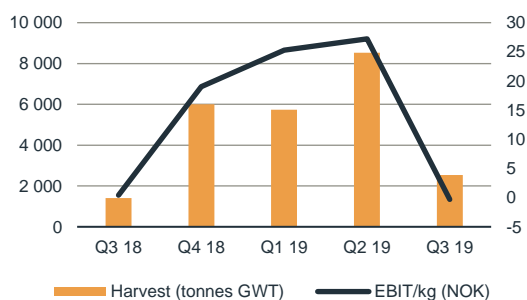
Sea lice and Pancreas Disease (PD) have been challenges in Rogaland over the recent years, negatively impacting feed- and growth rates, and increasing cost. None of our sites in Rogaland were affected by PD during the quarter.

As part of our Precision Farming strategy, an integrated operations center pilot is monitoring all sites in Rogaland. Precision Farming will ensure more efficient feeding, leading to reduced cost and improved growth going forward.

By focusing on the operational priorities, Grieg Seafood Rogaland has managed improved performance and maintains a guiding of harvesting 25 000 tonnes in 2020.

NOK MILLION	Q3 2019*	Q3 2018	YTD 2019*	YTD 2018
Revenues	124.0	75.7	1 046.4	603.9
EBITDA	23.4	12.8	441.8	136.8
EBIT	-0.8	0.6	376.3	101.9
Harvest volume (tonnes GWT)	2 534	1 403	16 791	10 107
EBIT/kg (NOK)	-0.30	0.42	22.41	10.08

*Q3 and YTD 2019 include IFRS 16 effects. Refer to Note 6 for more information.



GRIEG SEAFOOD FINNMARK

10 470

TONNES GWT HARVESTED

13.94

EBIT/KG (NOK)

27(8) • 1 • 10

SEAWATER LICENCES (GREEN) •
FRESH WATER LICENCES • ASC-
CERTIFIED CITES

247

EMPLOYEES

RESULTS

Grieg Seafood Finnmark harvested 10 470 tonnes in Q3 2019, an increase of 25% compared to Q3 2018. The increase is in line with the production plan.

Revenues for the quarter amounted to NOK 567.4 million, compared to NOK 469.0 million in Q3 2018, an increase of 21% driven primarily by harvest volume, but negatively impacted by low spot market prices during the quarter.

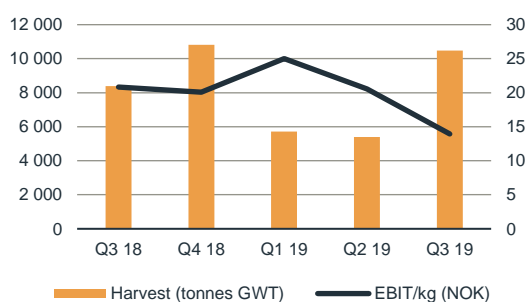
The biological performance remained strong in the quarter, with a stable survival rate of 95% for the last 12 months.

Cost per kg is stable compared to the last quarter but increased compared to Q3 2018. In Q4, cost per kg is expected to remain stable.

EBIT per kg before fair value adjustment of biological assets was NOK 13.94 for the quarter, down from NOK 20.82 in Q3 2018 and NOK 20.53 Q2 2019.

NOK MILLION	Q3 2019*	Q3 2018	YTD 2019*	YTD 2018
Revenues	567.4	469.0	1 233.4	1 077.0
EBITDA	183.6	197.2	499.0	445.6
EBIT	146.0	174.5	399.7	377.7
Harvest volume (tonnes GWT)	10 470	8 384	21 581	18 950
EBIT/kg (NOK)	13.94	20.82	18.52	19.93

*Q3 and YTD 2019 include IFRS 16 effects. Refer to Note 6 for more information.



PRIORITIES

Grieg Seafood Finnmark is focused on improving fish welfare and survival rates. Camera surveillance and sensor technology are utilized to continuously monitor the environment. The biological conditions have been favorable during the quarter, but due to somewhat increasing sea lice levels, pharmaceutical treatments were performed. Grieg Seafood Finnmark works towards sustainable production, and during the quarter, two new sites achieved ASC certification, bringing the total number of ASC certified sites to ten.

Grieg Seafood Finnmark was allocated one new location in the Hammerfest area in the beginning of October 2019. Acquiring additional farming locations is a key component in improving the utilization of resources, assets and licenses in the region.

Production at the smolt facility in Adamselv and in Nordnorsk Smolt AS (50% ownership) is progressing according to plan, which is important to increase access to larger, high-quality smolt going forward. Grieg Seafood Finnmark is guiding harvest volumes of 38 000 tonnes in 2020.

GRIEG SEAFOOD SHETLAND

3 856

TONNES GWT HARVESTED

-3.53

EBIT/KG (NOK)

17 • 1

SEAWATER LICENCES • FRESH
WATER LICENCES

193

EMPLOYEES

RESULTS

Harvest volume in Q3 2019 was 3 856 tonnes, a decrease of 15% compared to Q3 2018. Revenues amounted to NOK 232.6 million, a decrease of 15% compared to Q3 2018. The quality of the fish harvested remained high, with a superior share of 93% in the quarter, and with a high average weight, however achieved price per kg was lower in Q3 2019 compared to Q3 2018 due to lower spot prices.

Biological conditions in Shetland have been challenging over the last year due to gill-related diseases, algae and plankton in combination with high sea lice pressure, which has necessitated sea lice treatments. Despite this, the 12-month survival rate has increased from 83% year-end 2018 to 87% as of Q3 2019. This is the result of healthier and more robust smolt. The cost per kg decreased compared to both Q3 2018 and Q2 2019 due to improved fish health and survival. With continued improvements going forward, production is expected to increase, which will likely drive cost improvements.

EBIT per kg before fair value adjustment of biological assets was NOK -3.53, compared to NOK -1.21 in Q3 2018 and NOK -6.00 in Q2 2019.

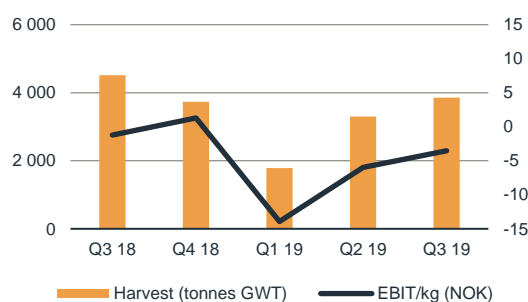
PRIORITIES

Grieg Seafood Shetland cooperates with other sea farmers in the region to secure sustainable marine biology. Production is concentrated to the best sites with the strongest biological control and routines and systems for monitoring and mitigating algae-related issues have been implemented. Other measures to ensure strong biosecurity, improved fish welfare and control of the sea lice situation include the use of aeration systems, cleaner fish, sea lice skirts and fresh water treatments. The sea lice level remained high during the quarter, and although non-pharmaceutical sea lice treatment capacity, pharmaceutical sea lice treatments were carried out.

Grieg Seafood Shetland has managed to improve smolt quality, which is essential for good growth and reduced cost, and survival rate on smolt transferred to sea has increased. By focusing on initiatives to improve biosecurity and fish welfare, Grieg Seafood Shetland has ambitions to harvest 17 000 tonnes in 2020.

NOK MILLION	Q3 2019*	Q3 2018	YTD 2019*	YTD 2018
Revenues	232.6	274.9	580.3	554.8
EBITDA	9.5	5.5	14.0	63.5
EBIT	-13.6	-5.5	-58.3	28.9
Harvest volume (tonnes GWT)	3 856	4 511	8 942	8 194
EBIT/kg (NOK)	-3.53	-1.21	-6.52	3.53

*Q3 and YTD 2019 include IFRS 16 effects. Refer to Note 6 for more information.



GRIEG SEAFOOD BC

4 168

TONNES GWT HARVESTED

4.68

EBIT/KG (NOK)

20 • 1

SEAWATER LICENCES • FRESH
WATER LICENCES

144

EMPLOYEES

RESULTS

Harvest volume in Q3 2019 was 4 168 tonnes, up 58% from Q3 2018 due to the cyclical nature of the site utilization in the region according to following procedures. Revenues for the quarter were NOK 245.0 million, an increase of 51% compared to Q3 2018, driven by the increase in harvest volume but somewhat impacted by lower spot prices (down approximately 4% in the US market year-on-year).

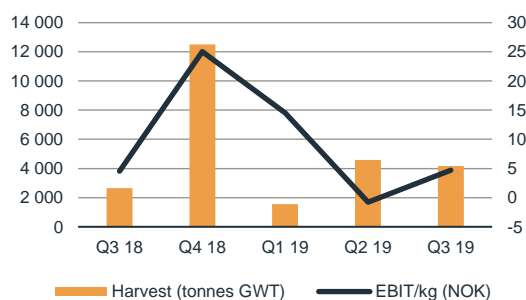
Biological conditions improved towards the end of the quarter, but the region still has some challenges with algae and plankton causing an acute reduction in oxygen levels, which impacted survival rates and feeding. The survival rate for the last 12 months was 86%.

Cost per kg decreased compared to both Q3 2018 and Q2 2019 due to biological improvements. In the fourth quarter, cost per kg is expected to continue to decline.

EBIT per kg before fair value adjustment of biological assets was NOK 4.68, compared to NOK 4.55 in Q3 2018 and NOK -0.77 in Q2 2019.

NOK MILLION	Q3 2019*	Q3 2018	YTD 2019*	YTD 2018
Revenues	245.0	162.1	624.6	887.9
EBITDA	37.7	23.9	90.9	303.2
EBIT	19.5	12.0	38.7	271.0
Harvest volume (tonnes GWT)	4 168	2 642	10 317	13 691
EBIT/kg (NOK)	4.68	4.55	3.75	19.80

*Q3 and YTD 2019 include IFRS 16 effects. Refer to Note 6 for more information.



PRIORITIES

Access to high-quality smolt is key to ensuring sustainable production growth. The expansion of the Gold River smolt facility is proceeding according to plan, and Grieg Seafood BC is expected to be self-sufficient in smolt by 2020.

Harmful Algae Blooms (HAB) represents a high biological risk in BC. Algae movements and oxygen levels are therefore continuously monitored and analyzed using high-grade sensor equipment and satellite imagery. In addition, aeration systems have been installed to enable feeding during challenging situations. Investments made in sea production equipment will play an important role in maintaining good production levels and increase survival during challenging environmental conditions. Due to rising sea water temperatures, the sea lice pressure increased during the quarter and pharmaceutical treatments were carried out.

Grieg Seafood BC will continue the efforts within algae mitigation and digital monitoring in order to increase harvest volume and reduce costs, and is guiding a harvest volume of 20 000 tonnes in 2020.

ROOTED IN

HEALTHY OCEAN

Farming salmon with methods that keep the fish and oceans healthy has a direct impact on harvest volume, cost, quality, license to operate and engaged employees.

General focus areas to keep oceans healthy include fish health and welfare, sea lice control, escape control, limiting local emissions and impact on wild life. All areas are reported on in the Grieg Seafood Annual Report 2018.

Fish health and welfare

Good fish health and welfare is both an ethical responsibility and the most important measure to ensure good growth, higher harvesting quality and lower cost.

SURVIVAL RATE	Q3 2019	Q3 2018	FY 2018
Rogaland	93%	90%	92%
Finnmark	96%	95%	96%
Shetland	87%	86%	83%
British Columbia	86%	85%	88%

USE OF ANTIBIOTICS	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Rogaland	0.00	0.00	0.00	0.00
Finnmark	0.00	0.00	0.00	0.00
Shetland	0.00	13.88	40.55	10.34
British Columbia	0.00	935.35	36.61	203.81

*Amount of active pharmaceutical ingredients (APIs) used (gr) per tonne of fish produced (LWE).

SURVIVAL RATE

Grieg Seafood targets a survival rate of 93% (calculated as number of mortalities in sea last 12 months, according to the standards of the Global Salmon Initiative). Both Rogaland and Finnmark reached this target, with survival rates of 93% and 96%, respectively, at the end of Q3. Finnmark has a stable survival rate due to good biological conditions. In earlier periods, survival rate in Rogaland has been impacted by issues arising from Pancreas Disease (PD). At the end of Q3 2019, none of the sites in Rogaland were diagnosed with PD.

The survival rate in Grieg Seafood Shetland has over the last 12 months been affected by heart-and gill diseases, Furunculosis and winter ulcers in addition to mechanical treatments against sea lice. Our measures to improve smolt health and-robustness in Shetland continue to improve smolt quality and survival in sea.

In BC, the survival rate is impacted by low oxygen levels and plankton blooms occurring last summer. Our algae mitigation system is steadily improving and we are seeing progress from last year.

USE OF ANTIBIOTICS

Grieg Seafood aim to completely avoid use of antibiotics, and we favor use of vaccines and a healthy diet to manage diseases but sometimes antibiotics is the last entrenchment to fight illness. However, use of antibiotics is subject to strict internal regulations. All use require top management approval and prescriptions are signed by certified fish health personnel. Grieg Seafood also comply with limits and medicine withdrawal periods set by local authorities.

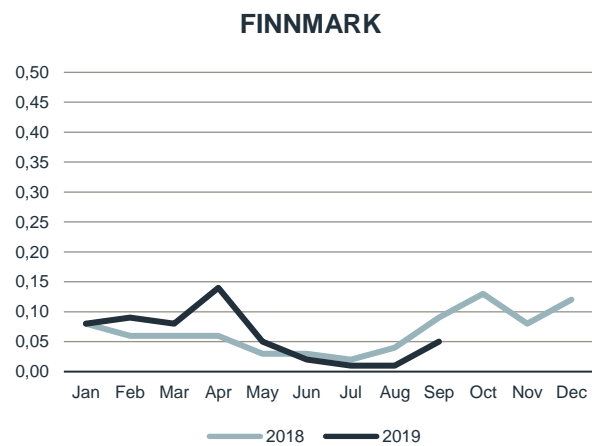
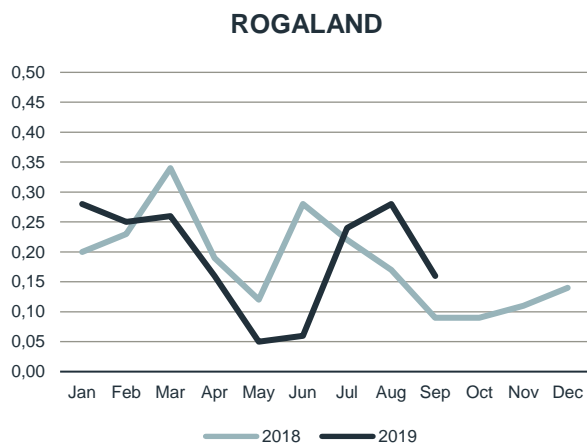
There has been no use of antibiotics in our Norwegian operations, neither in 2018 nor so far in 2019. This is due to good results from vaccines and efforts to ensure fish health. During the third quarter, there was no need to use antibiotics in BC nor Shetland. The use of antibiotics in BC Q3 2018 was related to treatment of Yellow mouth disease.

Through our post-smolt strategy we have better control of the environment of the fish for a longer time. It will further make the fish more robust before being transferred to the sea, and reduced time in sea will shorten exposure time to biological risks, which in turn will reduce disease outbreaks and the need for antibiotics.



Sea lice control

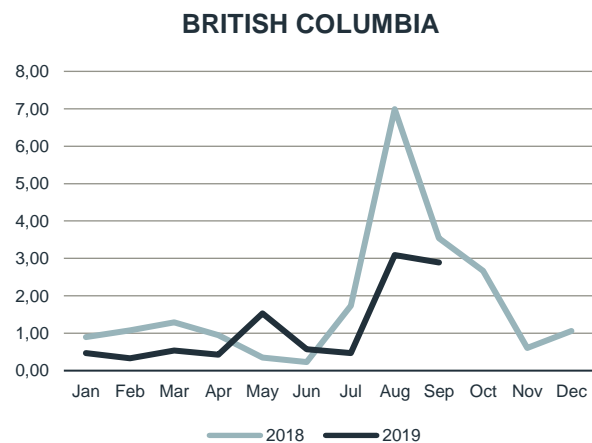
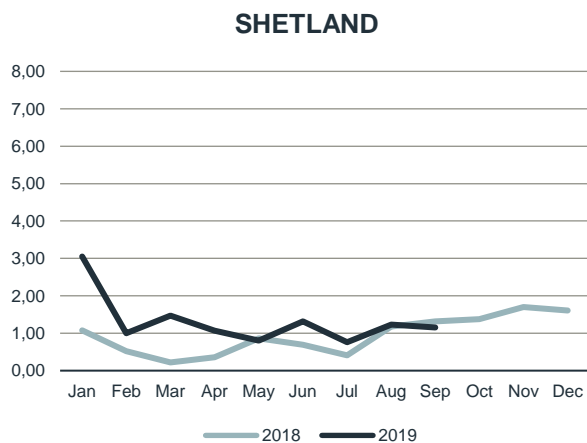
Controlling sea lice levels is one of the most important measures to protect the wild salmon population as well as the health and welfare of farmed salmon. Sea lice treatments are expensive and resource intensive. Grieg Seafood’s approach to sea lice control is the implementation of preventive measures, such as cleaner fish, sea lice skirts, post-smolt development and use of digital predictions through big data analytics. Sea lice levels shall stay below the legal limit of 0.5 adult female per fish in Norway, and we aim to achieve the same levels in Shetland and BC. At the green licenses in Finnmark, the sea lice limit is 0.25 adult female per fish, while during April and June, when wild salmon smolt migrate from the rivers and pass the salmon farms, the sea lice limit is 0.2 adult female per fish.



The sea lice counts are calculated as the average number of adult female lice per month.

The sites in Rogaland are located in areas defined as “yellow - moderate sea lice density” under the Norwegian “traffic light” system. Grieg Seafood Rogaland has success using preventive methods, and by planning and using wrasse effectively, we manage to reduce the number of treatments to a minimum. As the sea lice level increased with rising sea water temperatures during the third quarter, sea lice treatment was carried out.

Finnmark has low sea lice levels year-round. Generally lower seawater temperatures in the region are an advantage and the interconnectivity between the sites are low. We use targeted preventive methods such as sea lice skirts and cleaner fish to ensure that the sea lice level is steady. The sea lice pressure increased at the end of the quarter, and we had to use pharmaceutical sea lice treatment.



Sea lice levels in Shetland are in general high. Pharmaceutical treatments were necessary to reduce the high sea lice pressure during the quarter. We have over the last half year increased our non-pharmaceutical treatment capacity and have been able to reduce the amount of pharmaceutical ingredients compared to previous year.

BC is heavily influenced by sea lice pressure from wild salmon each autumn. We are testing preventive methods to keep the sea lice level stable, however sea lice pressure increased during the quarter, and in-feed treatment was carried out.

Grieg Seafood's policy is to apply additional measures when sea lice concentration rises above 0.3 adult female per fish at a site. We favor non-chemical delousing methods, and pharmaceutical treatments are used only as a last resort. When selecting treatment, we aim to find the correct balance between welfare of the fish, potential impact on the local environment and the need to avoid parasite resistance to existing treatments.

SEA LICE TREATMENTS*	Q3 2019		Q3 2018		YTD 2019		YTD 2018	
	IN BATH	IN FEED	IN BATH	IN FEED	IN BATH	IN FEED	IN BATH	IN FEED
Rogaland	0.00	0.03	0.00	0.00	0.00	0.02	0.00	0.08
Finnmark	0.01	0.23	0.03	0.17	0.02	0.12	0.06	0.09
Shetland	0.86	0.17	3.20	0.47	1.74	0.18	2.51	0.22
British Columbia	0.00	0.53	0.00	0.37	0.00	0.34	0.00	0.29

*Amount of active pharmaceutical ingredients (APIs) used (gr) per tonne of fish produced (LWE).

Escape control

Grieg Seafood has zero tolerance for escapes. Escaped farmed salmon may mix genetically with wild salmon stocks and it is our responsibility to use farming methods that minimize impact on the wild salmon population. We had no escape incidents during Q3 2019. Amongst the efforts to reduce the risk of escape incidents, we are implementing the NYTEK standard on all facilities to avoid escapes during harsh weather. We also perform regular inspections to control compliance by vessels, moorings and facilities and inspections before and after harsh weather.

ROOTED IN

SUSTAINABLE FOOD

A sustainable food chain is important both to insure our license to operate, and to become a preferred partner among customers.

General focus areas to make the value chain more sustainable includes ensuring safe and healthy food, quality control, traceability, sustainable feed, cutting carbon emissions and waste management. All areas are reported on in the Grieg Seafood Annual Report 2018.

During the quarter there has been a lot of focus on fires and deforestation in Brazil. Grieg Seafood only uses certified and deforestation-free Brazilian soy in our feed. We have signed the Cerrado Manifesto Signatory of Support and joined the Steering Committee of the initiative, for more information please see <https://cerradostatement.fairr.org/>.

Safe and healthy food

Our farmed salmon has no traces of illegal drugs and no organic pollutants or heavy metals above the allowed threshold. We have full traceability and strict quality control at every stage of production. Our certifications BAP and GLOBALG.A.P. cover the entire supply chain, and our sales organization, Ocean Quality, is certified according to GLOBALG.A.P., Chain of Custody and ASC Chain of Custody.

SUPERIOR SHARE	Q3 2019	Q3 2018	YTD 2019	YTD 2018	NUMBER OF CLAIMS	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Rogaland	77%	81%	68%	70%	Rogaland	30	21	216	135
Finnmark	84%	88%	84%	84%	Finnmark	220	158	329	238
Shetland	93%	92%	95%	93%	Shetland	76	123	222	280
British Columbia	86%	85%	86%	87%	British Columbia	157	55	687	393

We categorize our salmon as superior, ordinary or production grade. Superior quality has a positive overall impression with good meat quality and no exterior damage or faults. Please refer to p. 123 in our Annual Report 2018 for more details. The superior share is calculated as a percentage of net biomass, excluding discards.

The share of superior quality fish in Rogaland has been impacted by PD both in 2018 and until end of Q2 2019 when all fish affected by PD was harvested. In Q3, the quality is affected by a high share of sexual maturation, and claims were mainly related to melanin. In Finnmark, the superior share for the quarter was affected by the occurrence of winter-ulcers due to cold seawater temperatures last winter. Winter-ulcers and melanin were the main causes of claims during the quarter. In Shetland, although we have had challenges with gill-related diseases, the share of superior quality fish is stable due to strict focus on fish welfare and successful treatments. The claims were mainly related to melanin. The quality of the fish in BC has been impacted by algae bloom incidents and low oxygen levels. The claims during the quarter and so far this year are related to texture or soft flesh caused by the microscopic parasite Kudoa, which has affected salmon harvested from one specific site. We have implemented effective mitigating measures against Kudoa.

ROOTED IN

PEOPLE

The passion and dedication of our people drives Grieg Seafood forward. Engaged employees are key to achieve our targets.

General focus areas are health and safety, creating attractive jobs, employee development, ethics, integrity and anti-corruption. All areas are reported on in the Grieg Seafood Annual Report 2018.

Keeping our employees safe

Accidents can be prevented by working on procedures and culture, or by improving equipment quality. Grieg Seafood does not compromise on health and safety and has a zero-tolerance philosophy for accidents. We target an absence rate below 4.5%.

LTIR* & ABSENCE RATE	Q3 2019		YTD 2019		FY 2018	
	LTIR	ABSENCE	LTIR	ABSENCE	LTIR	ABSENCE
Rogaland	0	3.01%	14	4.02%	24	4.65%
Finnmark	33	3.68%	19	4.76%	18	5.40%
Shetland	0	3.09%	8	3.22%	24	2.25%
British Columbia	30	1.26%	32	2.18%	38	1.81%

*Lost Time Incident Rate (LTIR) is calculated as number of injuries leading to absence, divided by the total number of work hours, multiplied by 1 000 000.

The main types of injuries are accidents related to being struck by an object, incidents when handling work equipment, slips, trips and falls. We had no major accidents during Q3 2019. The overall absence rate has decreased and we are well below our absence rate target in all regions in Q3 2019.

Transparency and integrity

Strong business integrity and ethical conduct is essential in becoming a world leader and preferred provider of sustainably produced salmon. Grieg Seafood has zero tolerance for bullying, unwanted sexual attention and harassment. No harassment cases were reported during the quarter.



Creating attractive jobs

For the second time in Norway, and for the first time globally, we have conducted the Great Place to Work survey. The survey assesses and evaluates the organization and practices that underpin the workplace culture, based on the experience of the employees. The total score of 79% for the Group was very satisfactory, proving that Grieg Seafood is a great place to work. 79% of our employees also confirmed that they are proud of the work they do in Grieg Seafood.

The Company continues to share profits with the employees through the employee share program. For the third year, we also participate in the SHE Index, scoring companies based on the gender balance in management teams.

ROOTED IN

LOCAL COMMUNITIES

We are grateful to our local communities for giving us permission to farm salmon in their fjords. We need their license to operate to achieve sustainable growth.



The tame whale Hvaldimir, who frequents the waters in Finnmark, has visited the farm Vinnalandet twice this quarter.

Grieg Seafood's license to operate is two-fold. First, it is based on the public's trust that the Company, operating on the Commons, always work to reduce the environmental footprint and improve fish welfare. This is reported on according to the pillars, Healthy Ocean and Sustainable Food. Secondly, it is based on our ability to give sufficiently back to local communities. This is primarily done by creating full-time, well-paying jobs in rural areas, by paying local taxes, by using local suppliers of goods and services as often as possible, by hiring local apprentices and by supporting local sports- and cultural activities.

Grieg Seafood aims to be open and honest with local communities about our production methods, our successes and our remaining challenges. We view it as our responsibility to engage in constructive dialogue with all of the

stakeholders and groups that are somehow impacted by our activities.

In British Columbia and Finnmark, Grieg Seafood is farming in areas that belong to Indigenous Peoples. We recognize that they have special rights, as acknowledged to them by the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and we strive to take particular care to avoid infringing on such rights.

During the third quarter, highlights have been several farm tours arranged for our local communities in British Columbia, and a visit by 12 American chefs, bloggers and food journalists to a farm in Finnmark. We also hosted the Norwegian Minister of Industry at our processing plant in Finnmark.

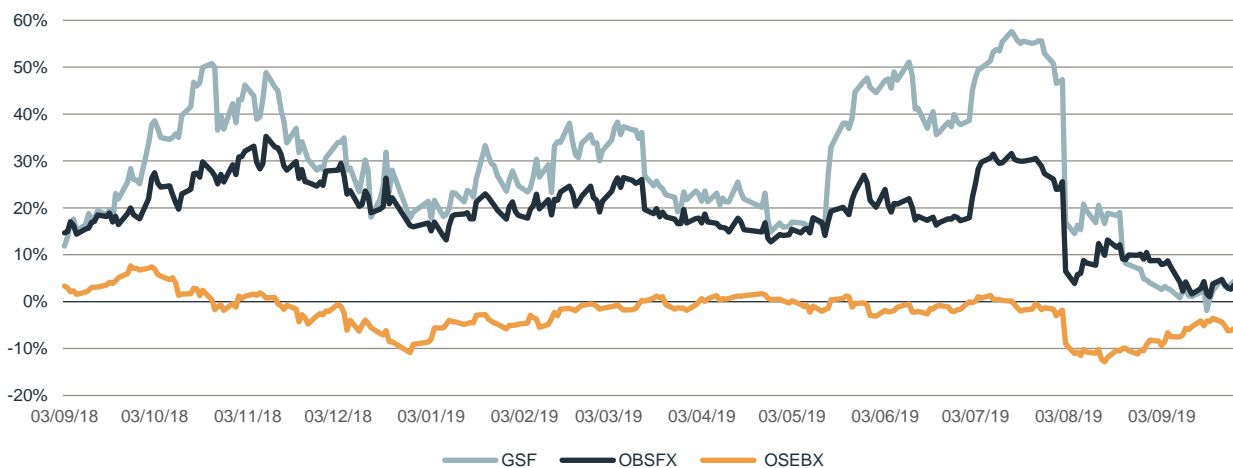
The Grieg Seafood share

Grieg Seafood's ambition is to create shareholder value and deliver competitive returns relative to comparable investment alternatives.

At the end of Q3 2019, Grieg Seafood had a total of 111 662 000 shares, including treasury shares, divided between 5 482 shareholders. The Grieg family in total holds 52.80% of the Grieg Seafood shares. The 20 largest shareholders account for 77.29% of the shares. Please refer to Note 10 for more information about the shareholders.

KEY FIGURES	Q3 2019	Q3 2018	FY 2018
Number of shares at period-end (incl treasury shares)	111 662 000	111 662 000	111 662 000
Number of shareholders	5 482	4 740	5 124
Number of shares traded	15 231 366	27 679 931	116 144 510
Total value of shares traded per day (NOK million)	27.4	40.4	42.1
Share price at period-end	111.2	107.5	102.3
Average share price (NOK)	121.3	94.5	92.2
Lowest closing price (NOK)	102.6	82.3	66.2
Highest closing price (NOK)	136.3	110.4	129.5

GSF SHARE PERFORMANCE VS OSEBX AND OBSFX



Related parties' transactions

There have been no transactions with related parties which affects the financial results for the quarter. Please see Note 9 for further information.

Events after the balance sheet date

No significant events have been recorded after the balance sheet date.

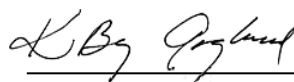
THE BOARD OF DIRECTORS AND CEO
BERGEN, 7 NOVEMBER 2019



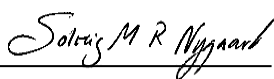
ASBJØRN REINKIND
Vice Chair



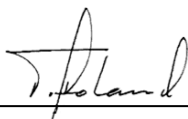
PER GRIEG JR.
Chair



KARIN BING ORLAND
Board Member



SOLVEIG M.R. NYGAARD
Board Member



TORE HOLAND
Board Member



SIRINE FODSTAD
Board Member



ANDREAS KVAME
CEO

Financial statements

INCOME STATEMENT

NOK 1 000	Q3 2019*	Q3 2018	YTD 2019*	YTD 2018
Sales revenues	2 010 702	1 584 480	5 883 324	5 369 359
Other income	2 783	4 082	19 485	54 857
Share of profit from associates	2 776	-858	891	-1 528
Change in inventories	200 686	322 726	413 617	305 969
Raw materials and consumables used	-1 272 545	-1 071 156	-3 420 174	-3 020 739
Salaries and personnel expenses	-148 277	-137 259	-429 245	-390 499
Other operating expenses	-536 661	-483 062	-1 441 200	-1 395 557
EBITDA before fair value adjustment of biological assets	259 465	218 952	1 026 700	921 861
Depreciation property, plant and equipment	-104 133	-57 854	-292 238	-169 707
Amortization licenses and other intangible assets	-1 411	-1 350	-4 201	-4 024
EBIT before fair value adjustment of biological assets	153 921	159 748	730 260	748 131
Fair value adjustment of biological assets	-464 991	154 236	-500 142	142 963
EBIT after fair value adjustment of biological assets	-311 070	313 984	230 118	891 093
Net financial items	-10 621	-6 196	-32 431	-53 449
Profit before tax	-321 691	307 788	197 688	837 645
Estimated taxation	64 966	-83 242	-51 568	-219 646
Net profit for the period	-256 725	224 546	146 119	617 999
Allocated to				
Controlling interests	-265 453	220 407	126 133	606 119
Non-controlling interests	8 727	4 139	19 986	11 880
Dividend declared and paid per share (NOK)	-	-	2.00	2.00
Earnings per share (NOK)	-2.40	2.00	1.14	5.49

* Q3 and YTD 2019 include IFRS 16 effects. Please refer to Note 6 for further information.

COMPREHENSIVE INCOME STATEMENT

NOK 1 000	Q3 2019*	Q3 2018	YTD 2019*	YTD 2018
Profit for the period	-256 725	224 546	146 119	617 999
Net other comprehensive income to be reclassified to profit/loss in subsequent periods				
Currency effect on investment in subsidiaries	43 843	15 820	56 560	-20 917
Currency effect on loans to subsidiaries	24 594	1 513	17 252	-24 040
Tax effect loans to subsidiaries	-5 411	-348	-3 795	5 529
Cash flow hedges	-2 100	3 623	-568	20 296
Tax effect cash flow hedges	462	-833	125	-4 668
Change in fair value of equity instruments	-	28	-	28
Other comprehensive income for the period, net of tax	61 389	19 803	69 574	-23 772
Total comprehensive income for the period	-195 337	244 349	215 693	594 227
Allocated to				
Controlling interests	-203 341	238 145	195 560	573 694
Non-controlling interests	8 004	6 204	20 132	20 533

* Q3 and YTD 2019 include IFRS 16 effects. Please refer to Note 6 for further information.

STATEMENT OF FINANCIAL POSITION

NOK 1 000	30.09.2019*	30.09.2018	31.12.2018
ASSETS			
Goodwill	109 202	108 605	109 013
Licenses	1 129 714	1 113 934	1 121 662
Other intangible assets	21 563	20 252	25 175
Deferred tax assets	1 718	3 623	1 718
Property, plant and equipment	2 424 396	2 204 260	2 292 912
Right-of-use assets	383 896	-	-
Investments in associates	39 263	27 922	37 122
Other current receivables	45 408	1 345	1 327
Total non-current assets	4 155 161	3 479 941	3 588 929
Inventories	131 771	88 901	126 092
Biological assets	2 495 428	2 121 878	2 223 833
Fair value of biological assets	438 501	863 428	971 309
Trade receivables	466 244	614 137	925 232
Other current receivables	197 685	197 475	166 432
Derivatives and other financial instruments	43 868	2 911	2 743
Cash and cash equivalents	137 658	204 185	137 920
Total current assets	3 911 155	4 092 916	4 553 561
Total assets	8 066 316	7 572 857	8 142 490
EQUITY AND LIABILITIES			
Share capital	446 648	446 648	446 648
Treasury shares	-4 914	-5 000	-4 914
Retained earnings and other equity	3 367 012	3 215 066	3 392 319
Total controlling interests	3 808 746	3 656 714	3 834 053
Non-controlling interests	49 327	39 253	49 458
Total equity	3 858 073	3 695 967	3 883 511
Deferred tax liabilities	931 856	939 786	877 639
Cash-settled share options	5 346	8 275	8 493
Subordinated loans	13 096	13 798	14 047
Borrowings and leasing	1 609 797	1 370 714	1 591 072
Non-current lease liabilities (IFRS 16)	272 264	-	-
Total non-current liabilities	2 832 359	2 332 573	2 491 251
Current portion of long-term borrowings and leasing	208 096	222 856	221 788
Current portion lease liabilities (IFRS 16)	116 077	-	-
Factoring liabilities	47 497	408 876	573 377
Trade payables	685 530	591 413	649 352
Tax payable	119 120	126 279	130 287
Derivatives and other financial instruments	4 311	4 129	5 905
Other current liabilities	195 253	190 765	187 019
Total current liabilities	1 375 883	1 544 318	1 767 729
Total liabilities	4 208 242	3 876 891	4 258 979
Total equity and liabilities	8 066 316	7 572 857	8 142 490

*30.09.2019 includes IFRS 16 effects. Please refer to Note 6 for further information.

CHANGES IN EQUITY

NOK 1 000	Q3 2019 CI*	Q3 2018 NCI**	YTD 2019 CI*	YTD 2018 NCI**
Equity at period start	4 012 087	41 323	3 834 053	49 458
Profit for the period	-265 453	8 727	126 133	19 986
Comprehensive income for the period	62 112	-723	69 427	146
Total recognized income for the period	-203 341	8 004	195 560	20 132
Dividend paid	-	-	-220 867	-
Dividend paid to minority shareholders	-	-	-	-20 263
Total equity attributable to shareholders	-	-	-220 867	-20 263
Total change in equity in the period	-203 341	8 004	-25 307	-131
Equity at period end	3 808 746	49 327	3 808 746	49 327

* Controlling interest: Shareholders of GSF ASA

** Non-controlling interest

CASH FLOW STATEMENT

NOK 1 000	Q3 2019	Q3 2018	YTD 2019	YTD 2018
EBIT after fair value adjustment of biological assets	-311 070	313 984	230 118	891 093
Depreciation and amortization	75 467	59 204	211 332	173 731
(Gain)/loss on sale of property, plant and equipment	1 332	-	1 834	-209
Share of profit from companies applying equity method of accounting	-2 776	858	-891	1 528
Fair value adjustment of biological assets	464 991	-154 236	500 142	-142 963
Change in inventory excl. fair value, trade payables and trade receivables	284 192	306 016	186 640	52 101
Other adjustments	29 111	1 006	35 753	-68 550
Taxes paid	-234	-392	-25 227	-29 191
Net cash flow from operating activities	541 012	526 441	1 139 700	877 542
Proceeds from sale of fixed assets	447	-	610	328
Capital expenditure (fixed assets)	-95 314	-154 781	-313 478	-587 871
Property, plant and equipment financed by leasing	-	22 775	60 330	150 877
Investment in associate companies	-	-10 000	-14 946	-20 000
Change in other non-current receivables	-	-28	-	-28
Net cash flow from investing activities	-94 867	-142 034	-267 484	-456 694
Net changes in interest-bearing liabilities incl. factoring	-464 937	-366 369	-582 981	-188 592
Paid dividends	-	-	-220 867	-220 824
Paid dividends minority shareholders	-	-	-20 263	-24 821
Net interest and other financial items	-22 156	-12 199	-50 614	-52 542
Net cash flow from financing activities	-487 093	-378 569	-874 726	-486 779
Net change in cash and cash equivalents	-40 948	5 838	-2 510	-65 932
Cash and cash equivalents - opening balance	178 709	198 536	137 920	271 715
Currency translation of cash and cash equivalents	-103	-189	2 248	-1 599
Cash and cash equivalents - closing balance	137 658	204 185	137 658	204 185

SELECTED NOTES

NOTE 1 ACCOUNTING PRINCIPLES

Grieg Seafood ASA (the Group) comprises Grieg Seafood ASA and its subsidiaries, including the Group's share of associated companies. The financial report for the third quarter of 2019 has been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations approved by the EU, including IAS 34. The report does not include all information required in a complete annual report and should therefore be read in conjunction with the Group's recent annual report (2018). The quarterly report is unaudited.

The Group has adopted IFRS 16 Leases from 1 January 2019, which replaces IAS 17 Leases and related interpretations. Under IAS 17, leases were classified as either finance or operating leases. Payments under operating leases were recognized as operating expenses on a straight-line basis in the P&L. The new standard requires lessees to recognize nearly all leased assets on the balance sheet, with certain exceptions. The leases are recognized as right-of-use assets (ROU assets) and a corresponding lease liability. The lease payment is allocated between the liability and finance cost. The ROU assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group has carried out a modified retrospective approach upon the adoption of IFRS 16, which implies that ROU assets are measured at cost at an amount equal to the lease liability at 1 January 2019. The lease liability is calculated as the present value of remaining lease payments at 1 January 2019 discounted by the incremental borrowing rate. There were no onerous lease contracts that would have required an adjustment to the ROU assets at 1 January 2019. The 2018 comparable figures are not restated in the Q3 2019 report and the reclassifications and adjustments following the implementation are recognized in the opening balance sheet on 1 January 2019.

In applying IFRS 16, the Group has applied the following practical expedients:

- Recognition exemption of operating lease agreements with remaining lease term of less than 12 months.
- Use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- Use of a single discount rate to a portfolio of leases with similar characteristics.
- Exclusion of initial direct costs for the measurement of the ROU asset at the date of initial application.

For contracts entered into before 1 January 2019, the Group elected to rely on its assessment made applying IAS 17 and IFRIC, on whether the contract is, or contains a lease.

Implementation of the new standard had a significant effect on the financial statement, where leased vessels and office buildings had the greatest impact. Please refer to Note 6 for further information about the implementation effects of IFRS 16.

Management is required to make estimates and assumptions concerning the future that affect the accounting policies and recognized amounts of assets, liabilities, income and expenses. Significant estimates relate to valuation of biological assets and intangible assets. Estimates and underlying assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be probable under the present circumstances. The final outcomes may deviate from these estimates. Changes in estimates are reflected in the accounts as they occur.

NOTE 2 RISKS AND UNCERTAINTIES

The Group is exposed to risks in several areas, such as biological production, changes in salmon prices, political risk related to trade barriers, and financial risk, including interest rate fluctuations, exchange rates and liquidity.

The Group's internal control mechanisms and risk exposure are subject to constant monitoring and improvement, and efforts to reduce different types of risk have high priority. The management has established a framework for managing and eliminating most of the risk that can prevent the Group from attaining its goals.

The Group operates in an industry with high volatility, which leads to financial risk. The financial risk is managed by a central unit at the Group's head office. The Group's financial position remains strong. The Group has renegotiated the syndicated bank loan agreement, which will secure the working capital that is needed for achieving the growth targets. Income and currency risk have been transferred to the sales company. The production companies sell in local currencies to the sales companies, which hedges its transactions against currency fluctuations related to CAD/USD, EUR/NOK and USD/NOK and, if required, other currencies.

The greatest operational risk is related to biological developments with regards to the smolt- and aquaculture operations. To reduce risk, the Group focuses on production of Atlantic salmon as its main product. Training of employees and establishing good internal routines to reduce operational risk, is a priority.

The aquaculture industry has experienced major issues with sea lice and algae in recent years. The Group collaborates actively with authorities and other aquaculture players to implement activities to reduce biological risk. One of the initiatives is joint fallowing and zoning. A digitalization process has been initiated across the Group to facilitate operational improvements. Through utilization of sensor technology, the ambition is to reduce the algae challenges in BC and on Shetland. The introduction of sensor technology to monitor algal blooms enables the Group to determine at an early stage the type of algae and the appropriate feeding response. This is of vital importance as different types of algae has various effect on the salmon.

With regards to sea lice, which are developing resistance to pharmaceuticals, there is an ongoing development from pharmaceutical to mechanical treatment. In fighting sea lice, the use of wrasse is also a proven remedy, which has provided good results in Rogaland.

The Group has a zero-tolerance policy with regards to escapes. We had no escape incident in the quarter.

Salmon price developments are highly volatile, with great fluctuations within relatively short time spans. However, there has been a stable increase in the demand for salmon over recent years, while the growth in supply has been more limited, and this development is expected to continue going forward. Supply and demand are also affected by other factors, such as government regulations, sea temperatures, outbreaks, diseases, and other indirect and direct factors, which affect production and hence also supply.

Brexit is a potential risk as Grieg Seafood is producing salmon both in Norway and Scotland. An agreement has been made between the UK, Norway and Iceland, which covers trade in goods between Norway and the UK in the event of a no-deal Brexit. Our export of salmon from Norway to the UK would be covered by this agreement. Regarding our export of salmon from Scotland to the EU, we are in continuous dialog with our transport agents, and are looking into various options and scenarios.

NOTE 3 SEGMENT INFORMATION

The operating segments are divided geographically by country or region, based on the reporting criteria applied by Group management (as supreme decision-makers) when assessing performance and profitability at a strategic level.

Earnings from the sales companies in Ocean Quality Group (OQ) is reported per producer. Ocean Quality comprises the companies in Norway, UK, North America (NA) and USA. Ocean Quality UK Ltd, Ocean Quality USA Inc. and Ocean Quality North America Inc are wholly owned by Ocean Quality AS, while Ocean Quality Premium Brands Inc. is wholly owned by Ocean Quality North America Inc. Grieg Seafood owns 60% of Ocean Quality. Ocean Quality sells all fish produced by Grieg Seafood.

Segment results are based on EBIT before fair value adjustment of biological assets. The effect of one-off costs, such as restructuring costs and write-down of goodwill, share options, as well as unrealized gains and losses on financial instruments, are excluded from the segment, and reported as ownership cost. The ownership cost in the quarter includes fees to lawyers related to the EU commission investigation and share options.

ELIMINATIONS (NOK 1 000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Ownership cost	-8 354	-27 313	-51 870	-46 850
Share of EBIT to minority interest	11 146	5 376	25 681	15 428
EBIT elim. /other items	2 792	-21 938	-26 190	-31 422

GEOGRAPHICAL SEGMENTS (NOK 1 000)	ROGALAND		FINNMARK		BC-CANADA		SHETLAND-UK		ELIM./ OTHERS (2)		GROUP	
	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018
Sales revenues	123 998	75 709	567 370	468 959	244 958	162 140	232 588	274 851	853 297	602 821	2 010 702	1 584 480
Other income	17 861	158	297	152	-375	-1 395	-783	518	-25 727	4 649	2 783	4 082
EBITDA (1)	23 358	12 813	183 605	197 207	37 707	23 920	9 517	5 528	5 277	-20 516	259 465	218 952
EBIT (1)	-766	589	145 985	174 532	19 508	12 015	-13 598	-5 450	2 792	-21 938	153 921	159 748
EBITDA %	16%	17%	32%	42%	15%	15%	4%	2%			13%	14%
EBIT %	-1%	1%	26%	37%	8%	7%	-6%	-2%			8%	10%
Harvest volume tonnes GWT	2 534	1 403	10 470	8 384	4 168	2 642	3 856	4 511			21 028	16 941
EBIT/kg	-0.30	0.42	13.94	20.82	4.68	4.55	-3.53	-1.21			7.32	9.43

1) EBITDA and EBIT before fair value adjustment of biological assets.

2) Elim. /other includes bonus and share of profit from Ocean Quality to producers.

3) Q3 2019 figures include IFRS 16 effects. Refer to Note 6 for further information.

GEOGRAPHICAL SEGMENTS (NOK 1 000)	ROGALAND		FINNMARK		BC-CANADA		SHETLAND-UK		ELIM./ OTHERS (2)		GROUP	
	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018
	Sales revenues	1 046 362	603 928	1 233 433	1 076 982	624 630	887 939	580 288	554 753	2 398 611	2 245 755	5 883 324
Other income	33 422	24 075	325	-718	2 732	15 932	2 170	5 099	-19 164	10 470	19 485	54 857
EBITDA (1)	441 850	136 776	498 960	445 589	90 935	303 155	14 024	63 529	-19 069	-27 187	1 026 700	921 861
EBIT (1)	376 328	101 883	399 716	377 693	38 692	271 036	-58 286	28 941	-26 190	-31 422	730 260	748 131
EBITDA %	41%	22%	40%	41%	14%	34%	2%	11%			17%	17%
EBIT %	35%	16%	32%	35%	6%	30%	-10%	5%			12%	14%
Harvest volume tonnes GWT	16 791	10 107	21 581	18 950	10 317	13 691	8 942	8 194			57 630	50 942
EBIT/kg	22.41	10.08	18.52	19.93	3.75	19.80	-6.52	3.53			12.67	14.69

1) EBITDA and EBIT before fair value adjustment of biological assets.

2) Elim. /other includes bonus and share of profit from Ocean Quality to producers.

3) YTD 2019 figures include IFRS 16 effects. Refer to Note 6 for further information.

NET FINANCIAL ITEMS (NOK 1 000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Changes in fair value from hedging instruments	-1 627	1 952	149	1 378
Net financial interest*	-14 830	-10 287	-43 601	-42 494
Net currency gain (losses)	6 245	2 658	13 542	-10 764
Dividend	-	-	-	10
Net other financial income (expenses)	-409	-519	-2 521	-1 578
Net financial items	-10 621	-6 196	-32 431	-53 449

*Q3 and YTD 2019 include effect of IFRS, amounting to NOK -3 million and NOK -9 million, respectively. Refer to Note 6 for further information about IFRS 16 effects.

NOTE 4 BIOLOGICAL ASSETS

The accounting treatment of live fish by enterprises applying IFRS is regulated by IAS 41 Agriculture. IAS 41 comprises a hierarchy of methods for accounting measurement of biological assets at level 3. The basic principle is that such assets shall be measured at fair value less costs to sell. Fair value is defined in IFRS 13 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". According to IFRS 13, the highest and best use of the biological asset establishes the valuation premises.

Considering the industry's common goal to harmonize the fair value calculation model, Grieg Seafood made adaptations to the model during Q4 2018, which is also the basis for Q3 2019. The previous calculation was based on a growth model, which has been the standard model in the salmon industry, while the new calculation is a cash-flow based present value model. Changes to the model involve calculation techniques and do not represent a change in the accounting policy. For Q3 2018, the previous model has been used. See the Annual Report 2018 for more information.

Biological assets comprise live fish, smolt and fish in sea. The fish are divided into two main groups, depending on the stage of the life cycle. At the earliest stage of the life cycle, the fish are classified in group 1) roe, fry and smolt. These fish are kept onshore. When the fish are large enough to be released to sea, they are classified in group 2) biomass in sea.

- Fish onshore (smolt) are recognized at accumulated cost. The best estimate of fair value is considered to be the accumulated cost due to low biological transformation. The smolts are currently released to sea at a stage when the weight is still relatively low.
- For fish in sea, the fair value is calculated by applying a cash-flow based present value model.

Biological assets are measured at fair values less costs to sell. The measurement unit is the individual fish, however, for practical reasons, cash flows and estimates are carried out per location. Valuation is based on several different premises, many of which are non-observable. The premises are divided into the four following categories: Sales price, production cost, volume and discount rate.

In accordance with the principle for highest and best use, Grieg Seafood considers that the optimal harvest weight is 4.76 kg (live weight), which corresponds to 4 kg gutted weight. Fish with a live weight of 4.76 kg or more are classified as ready for harvest (mature fish), while fish that have not achieved this weight are classified as not harvestable (immature fish).

At the balance sheet date, uncertainty regarding the value of the mature fish mainly relates to realized prices and volume. For immature fish, the level of uncertainty is higher. Price, volume, discount rate and remaining production costs are the main uncertainty factors; however, uncertainty is also related to biological transformation and mortality prior to harvest date for the fish.

The change in the fair value of biological assets is recognized through profit or loss and presented as “fair value adjustment of biological assets”.

Sales prices are based on forward prices and/or the most relevant price information available for the period in which the fish is expected to be harvested. The price/net sales value is adjusted for quality differences (superior, ordinary and production), logistics expenses and sales commissions. Estimated harvesting expenses are deducted.

	TONNES				NOK 1 000			
	Q3 2019	YTD 2019	Q3 2018	YTD 2018	Q3 2019	YTD 2019	Q3 2018	YTD 2018
Biological assets beginning of period	55 559	56 398	47 889	54 677	3 223 859	3 195 143	2 650 915	2 698 352
Currency translation	-	-	-	-	47 622	46 168	7 697	-38 196
Increases due to production	33 414	76 150	27 045	60 852	1 033 148	2 606 373	865 324	2 164 841
Decreases due to sales/harvesting/mortality	-25 033	-68 608	-20 176	-60 770	-896 793	-2 380 945	-698 084	-2 021 030
Fair value adjustment beginning of period	n/a	n/a	n/a	n/a	-912 407	-971 310	-703 975	-682 088
Fair value adjustment period end	n/a	n/a	n/a	n/a	438 501	438 501	863 428	863 428
Biological assets period end	63 940	63 940	54 759	54 759	2 933 929	2 933 929	2 985 306	2 985 306

BIOLOGICAL ASSETS 30.09.2019	NUMBER OF FISH (1 000)	BIOMASS (TONNES)	COST OF PRODUCTION	FAIR VALUE ADJUSTMENT	CARRYING AMOUNT
Biomass onshore	22 113	840	167 429	-	167 429
Biological assets with round weight < 4.76 kg	33 917	62 577	2 308 934	443 039	2 751 974
Biological assets with round weight > 4.76 kg	109	524	19 066	-4 539	14 527
Total	56 139	63 940	2 495 429	438 501	2 933 929

BIOLOGICAL ASSETS 30.09.2018	NUMBER OF FISH (1 000)	BIOMASS (TONNES)	COST OF PRODUCTION	FAIR VALUE ADJUSTMENT	CARRYING AMOUNT
Biomass onshore	19 324	851	146 820	-	146 820
Biological assets with round weight < 4.76 kg	28 295	49 884	1 833 619	846 879	2 680 498
Biological assets with round weight > 4.76 kg	740	4 024	141 438	16 549	157 988
Total	48 358	54 759	2 121 876	863 428	2 985 306

NOTE 5 FAIR VALUE ADJUSTMENTS

FAIR VALUE ADJUSTMENT (NOK 1 000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Change in fair value adjustment of biological assets	-479 066	156 424	-537 959	191 611
Change in physical delivery contracts related to fair value adjustments of biological assets	-	2 518	458	-80
Change in fair value of financial derivatives from salmon (Fish Pool contracts)	14 075	-4 707	37 359	-48 568
Total recognized fair value adjustment of biological assets	-464 991	154 236	-500 142	142 963

Provisions allocated to future physical delivery contracts that require fair value adjustments are recognized as other current liabilities in the balance sheet. The contracts are calculated based on the same forward prices used for fair value calculation of biological assets. Value adjustment of financial derivatives from salmon are recognized in the balance sheet as derivatives and other financial instruments. Financial derivatives are calculated at market value.

NOTE 6 EFFECTS OF IFRS 16

As a consequence of adopting IFRS 16 at 1 January 2019, the Group recognized right-of-use assets (ROU assets) corresponding to the present value of lease liabilities at a total amount of NOK 319 million. The incremental borrowing rates applied to the lease liabilities at the date of initial recognition are in the interval of 3.1%- 4.1% for buildings and properties, and 2.8% - 4.1% for other assets. The leases are recognized in each of the Group companies in local currencies. The equity effect at 1 January 2019 was 0.

STATEMENT OF FINANCIAL POSITION (NOK 1 000)	CLOSING BALANCE 31.12.2018	IFRS 16 EFFECTS ON OPENING BALANCE	ADJUSTED OPENING BALANCE 01.01.2019	IFRS 16 EFFECTS YTD 2019
Non-current assets	3 588 929	319 054	3 907 983	64 842
Current assets	4 553 561	-	4 553 561	-
Total assets	8 142 490	319 054	8 461 544	64 842
Equity	3 883 511	-	3 883 511	-4 444
Non-current liabilities	2 491 251	236 580	2 727 831	35 684
Current liabilities	1 767 729	82 474	1 850 203	33 602
Total liabilities	4 258 979	319 054	4 578 033	69 286
Total equity and liabilities	8 142 490	319 054	8 461 544	64 842

INCOME STATEMENT (NOK 1 000)	Q3 2019 BEFORE IFRS 16 EFFECT *	IFRS 16 EFFECTS Q3 2019	Q3 2019	YTD 2019 BEFORE IFRS 16 EFFECT *	IFRS 16 EFFECTS YTD 2019	YTD 2019
Total revenues	2 013 486	-	2 013 486	5 902 810	-	5 902 810
Share of profit from associates	2 776	-	2 776	891	-	891
Raw materials and consumables used incl. change in inventories	-1 071 859	-	-1 071 859	-3 006 556	-	-3 006 556
Salaries and personnel expenses	-148 277	-	-148 277	-429 245	-	-429 245
Other operating expenses	-568 036	31 375	-536 661	-1 530 420	89 220	-1 441 200
EBITDA before fair value adjustment of biological assets	228 090	31 375	259 465	937 480	89 220	1 026 700
Depreciation and amortization	-75 467	-30 077	-105 544	-211 332	-85 107	-296 440
EBIT before fair value adjustment of biological assets	152 623	1 298	153 921	726 147	4 113	730 260
Fair value adjustment of biological assets	-464 991	-	-464 991	-500 142	-	-500 142
EBIT after fair value adjustment of biological assets	-312 368	1 298	-311 070	226 006	4 113	230 118
Net financial items	-7 802	-2 819	-10 621	-23 921	-8 509	-32 431
Profit before tax	-320 170	-1 521	-321 691	202 084	-4 397	197 688

* Figures are presented as if IAS 17 still applies

IFRS 16 provided a positive effect of NOK 31.4 million on EBITDA in Q3 2019, as operational lease expenses are replaced by depreciation of the right-of-use assets and interest on the lease liabilities. Depreciation increased by NOK 30.1 million, bringing the net positive effect on EBIT to NOK 1.3 million in Q3 2019. Financial expenses increased by NOK 2.8 million. The net negative effect on profit before tax amounted to NOK -1.5 million in Q3 2019. The adoption of IFRS 16 has had a positive effect on cash flow from operating activities as operational lease expenses within the scope of IFRS 16 have been reversed and reclassified to interest expense and repayment on lease liabilities. IFRS 16 did not affect the net change in cash and cash equivalents.

NOTE 7 NET INTEREST-BEARING LIABILITIES AND EQUITY ACCORDING WITH COVENANTS

Net interest-bearing debt is calculated in accordance with covenant requirements in the financing agreement. According to the agreement, factoring liabilities, IFRS 16 effects and non-controlling ownership interests' share of bank assets, are not included.

Ocean Quality in Norway and the UK each have a factoring agreement that comprises financing of outstanding receivables. The agreement for Ocean Quality UK entails that any significant risk and control of trade receivables remain with Ocean Quality UK. Prepayments/financing from factoring are included in net interest-bearing liabilities. Factoring is recognized as financing in the balance sheet. Ocean Quality AS has had similar terms in their agreement. However, in Q3 2019, Ocean Quality AS entered into a new factoring agreement, which passes the significant risk and control of trade receivables to the factoring company. From 1 September 2019, the factoring company purchases all credit-insured trade receivables from Ocean Quality AS.

The share of bank assets that belongs to non-controlling ownership interests (Bremnes Fryseri AS), is excluded in the calculation of the bank's covenant requirements.

During the quarter, an amendment was made to the syndicated bank loan agreement, increasing the frame of the revolving credit facility by NOK 300 million.

At 30 September 2019, the Group had a good level of free liquidity and unutilized credit facilities, with available cash and credit facilities of NOK 1 121 million.

NET INTEREST-BEARING LIABILITIES (NOK 1 000)	30.09.2019	30.09.2018	31.12.2018
Total non-current interest-bearing liabilities	1 892 532	1 381 414	1 601 174
Total current interest-bearing liabilities	371 669	631 732	795 166
Gross interest-bearing liabilities	2 264 201	2 013 146	2 396 340
Cash and cash equivalents	137 658	204 185	137 920
Loans to other companies	44 053	16 600	22 100
Net interest-bearing liabilities	2 082 490	1 792 361	2 236 320
Quote of factoring liabilities	47 497	408 876	573 377
Quote of Bremnes' share of cash OQ AS (40%)	-6 962	-40 958	-26 595
Quote of IFRS 16 lease liabilities	388 341	-	-
Net interest-bearing liabilities according to covenants	1 653 615	1 424 443	1 689 537
NIBD/EBITDA *	1.3	1.3	1.3

* NIBD/EBITDA is calculated in accordance with the covenants. 12 months rolling EBITDA before fair value adjustment.

The equity share requirement according to covenants is 40%, without consolidation of Ocean Quality Group and effects of IFRS 16.

At 30 September 2019, the equity share exclusive of Ocean Quality and IFRS 16 effects was 52% (2018: 53%).

The effect on net interest-bearing liabilities of adopting IFRS 16 amounted to NOK 388 million in Q3 2019.

NOTE 8 INVESTMENT IN ASSOCIATED COMPANIES

Investments in associated companies with operations in the same section of the value chain as the Grieg Seafood Group, have been classified as part of the EBIT. Grieg Seafood Rogaland has invested a total of NOK 40 million in Tytlandsvik Aqua AS, corresponding to 33.3% of the shares in the company. The remaining shareholdings are held by Bremnes Fryseri AS (33.3%) and Vest Havbruk AS (33.3%). Through Tytlandsvik Aqua AS, the partners will secure increased and improved access to post-smolt for the Group. Production is going according to plan. Recognized share of profit in Q3 2019 was NOK 4 million and the book value was NOK 39 million at 30 September 2019.

At the end of Q2 2019, Grieg Seafood Finnmark acquired 50% ownership of Nordnorsk Smolt AS, with Norway Royal Salmon AS (NRS) acquiring the remaining 50%. Total acquisition cost for the shares is NOK 2.5 million. The expansion of the smolt facility of Nordnorsk Smolt AS has been financed by loan from the shareholders during the development- and expansion period. The loan is expected to be converted to equity during the second half of 2019, to strengthen the balance sheet.

Planned production is approximately 800 tonnes of smolt per year. The acquisition of Nordnorsk Smolt AS is in line with Grieg Seafood's post-smolt production strategy and will secure access to post-smolt and contribute to an improved optimization of the production. The production is going according to plan. Recognized share of profit in Q3 2019 was NOK -1 million and the book value was NOK 0.2 million at 30 September 2019.

NOTE 9 RELATED PARTIES

The Group has transactions with companies controlled by Grieg Maturitas II AS, who is the parent company of Grieg Aqua AS, majority owner of Grieg Seafood ASA. Grieg Seafood ASA rents office premises from Grieg Gaarden AS and acquires other administrative services from Grieg Group Resources AS. The office rental agreement runs for a period of 10 years. Grieg Kapital AS has share holdings in Ryfylke Rensefisk AS, from which Grieg Seafood acquires lumpfish. Grieg Seafood ASA buys sea equipment from Mørenot Group, feed from Biomar Group, veterinary services from Fomas AS and SLab A and fuel from Eidsvaag AS, who are related parties to board members. Ocean Quality AS purchases fish from its shareholder Bremnes Fryseri AS, for resale to domestic and international customers. The fish from Bremnes Fryseri AS is supplied by its subsidiary Bremnes Seashore AS. Ocean Quality AS rents office premises and office equipment from Bremnes Fryseri AS.

All transactions, including both sale and purchase of goods and services, are made on an arm's length basis.

SHARES CONTROLLED BY BOARD MEMBERS AND MANAGEMENT AT 30.09.2019	NO. OF SHARES	SHAREHOLDING
Board of directors		
Per Grieg jr.	58 961 996	52.80%
Asbjørn Reinkind (Reinkind AS)	120 000	0.11%
Karin Bing Orgland	-	-
Solveig Nygaard	-	-
Tore Holand	-	-
Sirine Fodstad	-	-
Group management		
Andreas Kvame (CEO)	39 165	0.04%
Atle-Harald Sandtorv (CFO)	24 208	0.02%
Knut Utheim (COO)	23 507	0.02%
Kathleen Mathisen (CHRO)	7 536	0.01%
Grant Cumming (Regional Director, Grieg Seafood Shetland)	7 283	0.01%
Roy-Tore Rikardsen (Regional Director, Grieg Seafood Finnmark)	19 565	0.02%
Alexander Knudsen (Regional Director, Grieg Seafood Rogaland)	22 165	0.02%
Rocky Boschman (Regional Director, Grieg Seafood British Columbia)	6 324	0.01%
Total shares controlled by board members and management	59 238 749	53.05%

Shares owned by the following companies are controlled by Per Grieg jr. and closely related (Verdipapirhandelloven § 2-5):

SHARES OWNED BY PER GRIEG JR. AND CLOSELY RELATED	NO. OF SHARES	SHAREHOLDING
Grieg Aqua AS	56 018 799	50.17%
Ystholmen Felles AS	2 928 197	2.62%
Per Grieg jr. private	15 000	0.01%
Total shares owned by Per Grieg jr. and closely related	58 961 996	52.80%

NOTE 10 SHARE CAPITAL AND SHAREHOLDERS

At 30 September 2019, the Company had 111 662 000 shares with a nominal value of NOK 4 per share. All shares issued by the Company are fully paid-up. There is one class of shares and all shares confer the same rights. In June 2011, the Company purchased 1 250 000 treasury shares at NOK 14.40 per share. On 21 November 2018, the Company sold 21 576 shares to employees for use in the share savings program. The sales price was NOK 121.56 per share, which provided a gain of NOK 107.16 per share. After the transaction, the Company has 1 228 424 treasury shares.

SHARE CAPITAL AND NUMBER OF SHARES	NOMINAL VALUE PER SHARE (NOK)	TOTAL SHARE CAPITAL (NOK 1 000)	NO. OF ORDINARY SHARES
Total	4.00	446 648	111 662 000
Holding of treasury shares	4.00	-5 000	-1 250 000
Sale of treasury shares to employees	4.00	86	21 576
Total excl. treasury shares		441 734	110 433 576

THE 20 LARGEST SHAREHOLDERS IN GRIEG SEAFOOD ASA AT 30.09.2019	NO. OF SHARES	SHAREHOLDING
Grieg Aqua AS	56 018 799	50.17%
OM Holding AS	6 169 379	5.53%
Folketrygdfondet	4 502 130	4.03%
Ystholmen Felles AS	2 928 197	2.62%
Verdipapirfondet Pareto Investment	2 044 000	1.83%
State Street Bank and Trust Comp	1 728 227	1.55%
Verdipapirfondet Alfred Berg Gamba	1 600 796	1.43%
Clearstream Banking S.A.	1 450 683	1.30%
Pictet & Cie (Europe) S.A.	1 366 774	1.22%
Grieg Seafood ASA	1 228 424	1.10%
Handelsbanken Nordiska Smabolag	1 057 190	0.95%
JPMorgan Chase Bank, N.A., London	902 290	0.81%
State Street Bank and Trust Comp	895 613	0.80%
UBS Switzerland AG	803 257	0.72%
JPMorgan Chase Bank, N.A., London	714 092	0.64%
State Street Bank and Trust Comp	654 493	0.59%
Arctic Funds PLC	606 724	0.54%
State Street Bank and Trust Comp	603 406	0.54%
KLP Aksjenorge Indeks	517 788	0.46%
Verdipapirfondet Nordea Avkastning	508 216	0.46%
Total 20 largest shareholders	86 300 478	77.29%
Total others	25 361 522	22.71%
Total number of shares	111 662 000	100.00%

NOTE 11 ALTERNATIVE PERFORMANCE MEASURES (APM)

APM	DEFINITION AND CALCULATION	REASON FOR APPLYING APM
EBIT = EBIT before fair value adjustment of biological assets	Operating profit incl. amortization and depreciation excl. fair value adjustment of biological assets. Unless otherwise specified, EBIT before fair value adjustment of biological assets is shortened to EBIT (earnings before interest and taxes). This also applies to all key figures where EBIT is a component, including: EBIT-margin (%), EBIT/ kg GWT and ROCE	EBIT before fair value adjustment provides a more informative result as it does not consider future gains or losses on fish not yet sold. The fair value adjustment has a non-operational nature and can affect the comparability of our performance from period to period. It is generally considered the industry measure for profitability.
EBITDA = EBITDA before fair value adjustment of biological assets	Operating profit before amortization and depreciation excl. fair value adjustment of biological assets. Unless otherwise specified, EBITDA before fair value adjustment of biological assets is shortened to EBITDA. This also applies to all key figures where EBITDA is a component. including: EBITDA-margin (%), and NIBD/EBITDA	EBITDA before fair value adjustment provides a more informative result as it does not consider future gains or losses on fish not yet sold. The fair value adjustment has a non-operational nature and can affect the comparability of our performance from period to period.
Equity ratio Excluding Ocean Quality	The equity ratio is calculated both with and without consolidation of Ocean Quality Group. The bank syndicate equity covenant definition is exclusive Ocean Quality, solely considering Grieg Seafood companies both with regards to equity and total liabilities, exclusive effects of IFRS 16.	The equity ratio is applied to measure the solidity according to the Group's covenant requirements.
NIBD	Net interest-bearing debt (NIBD) comprises long-term and current debt to financial institutions after deducting cash and cash equivalents. NIBD is calculated in two ways: 1) For external reporting purpose: including all long-term and current debt to credit institutions incl. IFRS 16 effect, but excl. factoring debt. 2) For covenant calculation as required by the bank syndicate: as in method 1, but cash and cash equivalents are reduced with an amount corresponding to Bremnes Fryseri AS' 40% share of Ocean Quality AS' bank deposits, and IFRS 16 lease liabilities are excluded. Method 2 is used for calculation of NIBD/EBITDA.	NIBD/EBITDA is a measure of solidity and one of the covenants in our bank agreement. When calculating NIBD/ EBITDA NIBD is calculated according to method 2 and EBITDA is before fair value adjustment of biological assets and consolidation of Ocean Quality Group.
ROCE	Return on capital employed (ROCE) is calculated using values before fair value adjustment of biological assets and is calculated as follows: EBIT before fair value adjustment of biological assets divided by average annual NIBD plus average annual equity before fair value adjustment of biological assets. The average annual values for NIBD and equity are calculated as Opening balance plus Ending balance divided by 2. NIBD is excluding Ocean Quality (refer to method 2 under NIBD above).	ROCE measures the return on invested capital. Fair value adjustment of biological assets is extracted as this reflects future gains or losses on fish not yet sold which can affect the comparability of performance from period to period.
EPS adjusted for fair value of biological assets	Adjusted earnings per share (adj. EPS) is calculated as net profit after taxes minus non-controlling interests plus/minus fair value adjustment of biological assets net of tax effects divided by the number of shares.	The fair value adjustment of biological assets is extracted to avoid future gains or losses on fish not yet sold due to its non-operational nature. Adj. EPS is used to calculate the dividend payout ratio (dividend paid per share relative to adj. EPS).

About Grieg Seafood

Grieg Seafood ASA is one of the world's leading salmon farmers, specializing in Atlantic salmon. The Group has an annual production target of 100 000 tonnes gutted weight in 2020.

Our farming facilities are in Finnmark and Rogaland in Norway, British Columbia in Canada and Shetland in the UK. 834 people are employed by the Grieg Seafood Group (incl Ocean Quality). Grieg Seafood ASA was listed on the Oslo Stock Exchange in June 2007. Our headquarters are situated in Bergen, Norway. The business development of Grieg Seafood ASA focuses on profitable growth, sustainable use of resources and being the preferred supplier to selected customers.

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GRIEG SEAFOOD ASA BOARD OF DIRECTORS

Per Grieg jr.
Chair

Asbjørn Reinkind
Vice chair

Karin Bing Orgland
Board member

Solveig Nygaard
Board member

Tore Holand
Board member

Sirine Fodstad
Board member

GROUP MANAGEMENT

Andreas Kvame
CEO

Atle Harald Sandtorv
CFO

Knut Utheim
COO

Kathleen O. Mathisen
CHRO

FINANCIAL CALENDAR

Q4 2019
13 February 2020

Annual report 2019
3 April 2020

Q1 2020
7 May 2020

Q2 2020
18 August 2020

Q3 2020
4 November 2020

Q4 2020
11 February 2021

The Company reserves the right to make amendments to the calendar

