

Alternative Performance Measures (APM)/ Non-IFRS Financial Measures

Our Alternative Performance Measures (APMs) present useful information which supplements the financial statements. These measures are not defined under IFRS and may not be directly comparable with APMs for other companies. The APMs represent important measures for how management monitors the company and its business activity. The APMs are not intended to be a substitute for, or superior to, any IFRS measures of performance.

Some of the financial information presented in our quarterly reports contains APMs. These include Operational EBIT, Operational EBITDA, Operational Revenues, NIBD, ROCE, Underlying EPS, Operational EBIT % (Margin) and Adjusted Equity Ratio. Below we define these APMs and reconcile them with IFRS measures.

Definitions of Alternative Performance Measures/ Non-IFRS Financial Measures

Operational EBIT and Operational EBITDA

Operational EBIT is a non-IFRS financial measure, calculated by excluding each of the following items from EBIT as set forth in our consolidated statement of income prepared in accordance with IFRS: change in unrealized internal margin, change in unrealized salmon derivatives (at Group level only), fair value uplift on harvested fish, fair value adjustment on biological assets, provision for onerous contracts, restructuring costs, income/loss from associated companies, impairment losses, and other non-operational items (accrual for contingent liabilities and provisions). We exclude these items from our EBIT as we believe they affect the comparability of our operational performance from period to period, given their non-operational or non-recurring nature. Operational EBITDA is a non-IFRS financial measure, calculated by adding depreciation to Operational EBIT. Operational EBIT and Operational EBITDA are used by management, analysts, rating agencies and investors in assessing our performance. Accordingly, we believe that the presentation of Operational EBIT and Operational EBITDA provides useful information to investors. Our use of Operational EBIT and Operational EBITDA should not be viewed as an alternative to EBIT or to profit or loss for the year, which are measures calculated in accordance with IFRS. Operational EBIT and Operational EBITDA have limitations as analytical tools in comparison to EBIT or other profit and loss measures prepared in accordance with IFRS. Some of these limitations are: (i) these measures do not reflect the impact of earnings or charges that we consider not to be indicative of our on-going operations, (ii) these measures do not reflect interest and income tax expense; and (iii) other companies, including other companies in our industry, may calculate Operational EBIT and Operational EBITDA differently than we do, limiting their usefulness as comparative measures. Our Operational EBIT and Operational EBITDA at Group level and by country of origin are reconciled to EBIT below. Our Operational EBIT at segment level is reconciled in footnotes to our interim financial statements included in documents incorporated herein by reference.

Operational Revenue

Operational Revenue is a non-IFRS financial measure, calculated by including realized gain/loss from currency derivatives related to contract sales of Norwegian origin and excluding change in unrealized salmon derivatives from revenue and other income as set forth in our consolidated statement of comprehensive income prepared in accordance with IFRS. We exclude change in unrealized salmon derivatives from our revenue and other income as we believe it affects the comparability of our operational performance from period to period, given its non-operational nature. Our use of Operational Revenue should not be viewed as an alternative to revenue and other income, which is a measure calculated in accordance with IFRS. Operational Revenue has limitations as an analytical tool in comparison to revenue. Some of these limitations include the fact that changes in unrealized salmon derivatives may need to be cash settled at a future date. Our Operational Revenue is reconciled to revenue and other income in footnotes to our interim financial statements included in documents incorporated herein by reference.

NIBD

NIBD as of the end of a period (for purposes of calculating average NIBD) is equal to our total non-current interest-bearing financial debt, minus our total cash, plus our current interest-bearing financial debt, plus net effect of currency derivatives on interest-bearing financial debt.

ROCE

ROCE is a non-IFRS financial measure, calculated by dividing Adjusted EBIT by average capital employed. Adjusted EBIT is calculated as EBIT, as set forth in our consolidated statement of comprehensive income prepared in accordance with IFRS, adjusted for fair value uplift on harvested fish, fair value adjustment on biological assets, provision for onerous contracts and other non-operational items (accrual for contingent liabilities and provisions). Average capital employed is calculated as average of the beginning of the period and end of the period capital employed except when there are material transactions during the year. Capital employed is the sum of net interest bearing debt, or NIBD, as of the end of the period plus equity as of the end of the period adjusted for fair value adjustment on biological assets, provision for onerous contracts and net assets held for sale. We use ROCE to measure the return on capital employed, regardless of whether the financing is through equity or debt. In our view, this measure provides useful information for both management and our investors about our performance during periods under evaluation. We believe that the presentation of ROCE provides useful information to investors because ROCE can be used to determine whether capital invested in us yields competitive returns. Our use of ROCE should not be viewed as an alternative to EBIT or to profit or loss for the year, which are measures calculated in accordance with IFRS or ratios based on these figures. The usefulness of ROCE is also inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute amount of our income, debt or equity. It also excludes certain items from the calculation and other companies may use a similar measure but calculate it differently. A table setting forth our calculation of ROCE is set forth below.

Underlying EPS

Underlying Earnings per Share, or Underlying EPS, is a non-IFRS financial measure. We calculate Underlying EPS by dividing Adjusted Operational EBIT, calculated as Operational EBIT net of accrued payable interest (net), minority share of profit and tax expense calculated based on estimated tax rates, divided by the weighted average number of shares outstanding during the period. Management employs Underlying EPS to assess our operational performance, disregarding non-operational items like amortized interest, net currency effects and net other financial items with the exception of cash costs, and not reflecting permanent and temporary differences in the computation of taxes. We view Underlying EPS as a useful tool reflecting our operational performance per ordinary share outstanding. The usefulness of Underlying EPS is inherently limited. Some of these limitations are that Underlying EPS does not reflect the impact of earnings or charges that we consider not to be indicative of our on-going operations and Underlying EPS. A table setting forth our calculation of Underlying EPS is set forth below.

Operational EBIT % (Margin)

Operational EBIT % is a non-IFRS financial measure. We calculate Operational EBIT % by dividing Operational EBIT by Operational Revenue, each a non-IFRS financial measure. Management employs Operational EBIT % to assess operational performance of some of our segments, disregarding certain non-recurring and non-operational items, excluded from Operational EBIT and Operational Revenue. The usefulness of Operational EBIT % is inherently limited as further described in Operational EBIT and Operational Revenue paragraphs above. A table setting forth our calculation of Operational EBIT % is set forth below.

Adjusted Equity Ratio

Adjusted Equity Ratio is a non-IFRS financial measure. We calculate Adjusted Equity Ratio by excluding net fair value adjustment on biomass and onerous contracts provision (both net after tax) from equity, and net fair value adjustment on biomass (net after tax) from sum of equity and liabilities. A table setting forth our calculation of Operational EBIT % is set forth below.

Reconciliations

Operational EBITDA and EBIT

The following tables reconciles our Operational EBITDA and Operational EBIT to EBIT (financial EBIT according to IFRS) in EUR million for the Group and Operational EBIT to EBIT in EUR million for our Farming units for the three months ended December 31, 2018 and 2017, and the year ended December 31, 2017 and 2018:

RECONCILIATION GROUP (EUR MILLION)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Group Operational EBITDA	252.3	219.0	906.2	942.5
Depreciation and amortization	-39.3	-38.3	-153.4	-150.4
Group Operational EBIT	213.0	180.8	752.8	792.1
Change in unrealized internal margin	-3.4	12.9	-5.9	5.7
Gain/loss from derivatives	-1.9	-12.1	4.4	-20.1
Net fair value adjustment on biological assets	1.6	-106.0	146.4	-340.3
Onerous contracts provision	10.2	11.5	-6.1	119.8
Restructuring cost	0.7	-2.5	0.3	-2.5
Income/loss from associated companies	13.4	12.8	45.5	33.7
Impairment losses	-2.4	-101.7	-11.0	-103.8
Other non-operational items	-0.7	0.0	-1.0	0.3
Group EBIT	230.5	-4.3	925.4	484.9

RECONCILIATION NORWEGIAN ORIGIN (EUR MILLION)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Salmon of Norwegian Origin	143.0	117.3	545.6	463.0
Gain/loss on derivatives	9.0	17.4	-0.5	57.9
Net fair value adjustment on biological assets	-19.2	-79.3	90.2	-223.3
Onerous contracts provision	8.6	11.1	-1.4	93.6
Restructuring cost	0.7	-1.9	0.7	-1.9
Income/loss from associated companies	13.5	13.0	45.7	34.2
Impairment losses	-0.3	-1.0	-0.5	-2.0
EBIT - Salmon of Norwegian Origin	155.3	76.6	679.8	421.5

RECONCILIATION SCOTTISH ORIGIN (EUR MILLION)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Salmon of Scottish Origin	27.3	15.4	77.0	153.7
Net fair value adjustment on biological assets	11.1	-20.2	40.2	-92.8
Onerous contracts provision	1.6	0.3	-4.7	26.2
Restructuring cost	0.0	0.0	-0.9	0.6
Other non-operational items	0.0	0.0	0.0	0.3
EBIT - Salmon of Scottish Origin	39.4	-4.5	111.0	87.9

RECONCILIATION CANADIAN ORIGIN (EUR MILLION)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Salmon of Canadian Origin	17.4	9.9	45.5	81.3
Net fair value adjustment on biological assets	6.0	2.1	-0.3	-28.1
Impairment losses	0.0	0.0	0.0	-0.3
EBIT - Salmon of Canadian Origin	23.4	11.9	45.2	52.8

RECONCILIATION CHILEAN ORIGIN (EUR MILLION)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Salmon of Chilean Origin	21.5	17.6	74.2	58.6
Net fair value adjustment on biological assets	11.2	-2.8	17.6	2.5
Restructuring cost	0.0	0.5	0.0	0.5
Impairment losses	-1.8	-100.7	-1.7	-100.7
EBIT - Salmon of Chilean Origin	30.0	-85.4	89.3	-39.2

RECONCILIATION IRISH ORIGIN (EUR MILLION)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Salmon of Irish Origin	4.0	6.7	19.7	29.9
Net fair value adjustment on biological assets	-1.1	1.1	-3.4	1.0
EBIT - Salmon of Irish Origin	2.9	7.9	16.3	30.9

RECONCILIATION FAROESE ORIGIN (EUR MILLION)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Salmon of Faroese Origin	5.9	11.8	13.7	18.9
Net fair value adjustment on biological assets	-6.7	-6.9	1.6	-0.7
EBIT - Salmon of Faroese Origin	-0.7	4.9	15.3	18.2

RECONCILIATION OTHER INCLUDING ALLOCATION 3RD PARTY (EUR MILLION)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Other incl alloc 3rd party	-6.1	2.1	-22.8	-13.2
Change in unrealized internal margin	-3.4	12.9	-5.9	5.7
Gain/loss on derivatives	0.2	-3.4	-2.6	-5.7
Change in unrealized salmon derivatives	-11.1	-26.1	7.5	-72.3
Fair value uplift on harvested fish	0.0	0.0	0.2	1.4
Fair value adjustment on biological assets	0.3	0.0	0.3	-0.3
Restructuring cost	0.0	-1.1	0.4	-1.7
Income/loss from associated companies	-0.1	-0.2	-0.2	-0.5
Impairment losses	0.4	0.1	-8.2	-0.7
Non-operational legal issues	0.1	0.0	-0.1	-0.1
EBIT - Other incl alloc 3rd party	-19.8	-15.7	-31.4	-87.4

The sum of the reconciliation tables by origin (Norwegian, Scottish, Canadian, Chilean, Irish and Faroese) and Other including allocation to third party equals the Group total.

Operational EBIT: EUR per KG

The following tables reconciles our Operational EBIT to EBIT in EUR per kilogram for the Group and for our Farming units for the three months ended December 31, 2018 and 2017, and the year ended December 31, 2017 and 2018:

RECONCILIATION GROUP (EUR PER KG)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Group Operational EBIT	2.01	1.61	2.01	2.14
Change in unrealized internal margin	-0.03	0.11	-0.02	0.02
Gain/Loss on derivatives	-0.02	-0.11	0.01	-0.05
Net fair value adjustment on biological assets	0.02	-0.94	0.39	-0.92
Onerous contracts provision	0.10	0.10	-0.02	0.32
Restructuring cost	0.01	-0.02	0.00	-0.01
Income/loss from associated companies	0.13	0.11	0.12	0.09
Impairment losses	-0.02	-0.90	-0.03	-0.28
Group EBIT	2.18	-0.04	2.47	1.31

RECONCILIATION NORWEGIAN ORIGIN (EUR PER KG)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Salmon of Norwegian Origin	2.44	1.77	2.37	2.20
Gain/loss on derivatives	0.15	0.26	0.00	0.28
Net fair value adjustment on biological assets	-0.33	-1.19	0.39	-1.06
Onerous contracts provision	0.15	0.17	-0.01	0.45
Income/loss from associated companies	0.23	0.20	0.20	0.16
Impairment losses	-0.01	-0.02	0.00	-0.01
EBIT - Salmon of Norwegian Origin	2.65	1.15	2.95	2.01

RECONCILIATION SCOTTISH ORIGIN (EUR PER KG)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Salmon of Scottish Origin	2.32	1.19	2.00	2.55
Net fair value adjustment on biological assets	0.94	-1.56	1.05	-1.54
Onerous contracts provision	0.14	0.02	-0.12	0.43
Restructuring cost	0.00	0.00	-0.02	0.01
EBIT - Salmon of Scottish Origin	3.35	-0.35	2.89	1.46

RECONCILIATION CANADIAN ORIGIN (EUR PER KG)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Salmon of Canadian Origin	1.42	0.98	1.16	2.06
Net fair value adjustment on biological assets	0.49	0.20	-0.01	-0.71
EBIT - Salmon of Canadian Origin	1.92	1.19	1.15	1.34

RECONCILIATION CHILEAN GROUP (EUR PER KG)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Salmon of Chilean Origin	1.25	1.03	1.40	1.30
Net fair value adjustment on biological assets	0.65	-0.16	0.33	0.06
Other non-operational items	-0.10	-5.89	-0.03	-2.24
EBIT - Salmon of Chilean Origin	1.75	-5.00	1.68	-0.87

RECONCILIATION IRISH SALMON (EUR PER KG)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Salmon of Irish Origin	2.45	2.86	3.16	3.07
Net fair value adjustment on biological assets	-0.68	0.48	-0.55	0.10
EBIT - Salmon of Irish Origin	1.77	3.34	2.62	3.17

RECONCILIATION FAROESE ORIGIN (EUR PER KG)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Salmon of Faroese Origin	1.36	3.13	1.78	3.17
Net fair value adjustment on biological assets	-1.53	-1.82	0.20	-0.12
EBIT - Salmon of Faroese Origin	-0.17	1.30	1.98	3.05

NIBD, ROCE, Adjusted EBIT

The following tables set forth our calculation of ROCE, requiring reconciliation of Adjusted EBIT to EBIT and NIBD to Non-current interest-bearing debt, for the three months ended December 31, 2018 and 2017, and the year ended December 31, 2017 and 2018:

CALCULATION OF ROCE, RECONCILIATION OF ADJUSTED EBIT AND NIBD (EUR MILLION, EXCEPT ROCE)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Adjusted EBIT	219.4	90.3	786.1	705.4
Net fair value adjustment on biological assets	1.6	-106.0	146.4	-340.3
Onerous contracts provision	10.2	11.5	-6.1	119.8
Other Non-operating legal items	-0.7	0.0	-1.0	-0.1
EBIT	230.5	-4.3	925.4	484.9
Non-current interest-bearing debt	1 142.5	773.3	1 142.5	773.3
Cash	-105.3	-71.7	-105.3	-71.7
Current interest-bearing debt	0.1	130.3	0.1	130.3
Net interest bearing debt (NIBD)	1 037.2	831.9	1 037.2	831.9
NIBD	1 037.2	832.0	1 037.2	831.9
Net assets held for sale	0.0	-0.5	0.0	-0.5
Total Equity	2 879.0	2 315.4	2 879.0	2 315.4
Fair value on biological assets	-459.1	-289.9	-459.1	-289.9
Onerous contracts provision	7.3	1.3	7.3	1.3
Capital employed as of the end of the period	3 464.3	2 858.2	3 464.3	2 858.2
Average capital employed ¹⁾	3 294.5	2 826.1	3 161.3	2 639.1
Adjusted EBIT	219.4	90.3	786.1	705.4
ROCE ²⁾	26.6%	12.8%	24.9%	26.7%

(1) Calculated as the average capital employed as of the beginning and the end of the period, except when there are material transactions during the period.

(2) ROCE for the three months ended December 31, 2018 and 2017 is calculated as annualized adjusted EBIT (Adjusted EBIT times four) divided by the average capital employed for the quarter.

Underlying EPS

The following tables set forth our calculation of Underlying EPS for the three months ended December 31, 2018 and 2017, and the year ended December 31, 2017 and 2018:

UNDERLYING EARNINGS PER SHARE (EUR MILLION)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT	213.0	180.8	752.8	792.1
Accrued payable interest (net)	-9.4	-8.2	-36.2	-26.6
Calculated tax expense	-49.2	-42.5	-169.9	-182.4
Minority share of profit	-0.2	-0.1	-0.6	-0.3
Op EBIT adj for above items	154.3	130.0	546.2	582.9
Shares outstanding (average)	505 370 820	490 167 777	493 912 153	475 528 080
Underlying EPS (EUR per share)	0.31	0.27	1.11	1.23

Operational EBIT % (Margin)

The following table sets forth our calculation of Group Operational EBIT % for the three months ended December 31, 2018 and 2017, and the year ended December 31, 2017 and 2018. Our Operational Revenue is reconciled to revenue and other income in footnotes to our financial statements included in documents incorporated herein by reference.

GROUP OPEBIT % (EUR MILLION)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Group Operational EBIT	213.0	180.8	752.8	792.1
Operational revenues	1 073.7	1 010.0	3 814.5	3 653.9
Group Operational EBIT %	19.8%	17.9%	19.7%	21.7%

The following table sets forth our calculation of Operational EBIT % for the Consumer Products segment for the three months ended December 31, 2018 and 2017, and the year ended December 31, 2017 and 2018:

CONSUMER PRODUCTS OPEBIT % (EUR MILLION)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Consumer Products	38.0	29.1	88.0	75.9
Operational revenues	622.1	547.5	2 149.9	1 917.1
Operational EBIT% - Consumer Products	6.1%	5.3%	4.1%	4.0%

The following table sets forth our calculation of Operational EBIT % for the Markets division for the three months ended December 31, 2018 and 2017, and the year ended December 31, 2017 and 2018:

MARKETS OPEBIT % (EUR MILLION)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Markets	16.8	26.4	51.0	59.0
Operational revenues	588.6	614.2	2 231.1	2 320.9
Operational EBIT % - Markets	2.9%	4.3%	2.3%	2.5%

The following table sets forth our calculation of Operational EBIT % for the Farming segment for the three months ended December 31, 2018 and 2017, and the year ended December 31, 2017 and 2018:

FARMING OPEBIT % (EUR MILLION)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Farming	158.3	124.8	625.2	660.5
Operational revenues	634.7	628.4	2 294.1	2 314.6
Operational EBIT % - Farming	24.9%	19.9%	27.3%	28.5%

The following table sets forth our calculation of Operational EBIT % for the Feed segment for the three months ended December 31, 2018 and 2017, and the year ended December 31, 2017 and 2018:

FEED OPEBIT % (EUR MILLION)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Operational EBIT - Feed	5.8	-2.8	9.6	8.5
Operational revenues	131.2	93.0	419.3	353.8
Operational EBIT% - Feed	4.4%	(3.0)%	2.3%	2.4%

Adjusted Equity Ratio

The following table set forth our calculation of Adjusted Equity Ratio, requiring reconciliation of Adjusted Equity to Equity and Adjusted total capital to total capital, for the three months ended December 31, 2018 and 2017, and the year ended December 31, 2017 and 2018:

	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Adjusted Equity Ratio	54.0%	51.7%	54.0%	51.7%
Adjusted total capital	4 686.0	4 040.3	4 686.0	4 040.3
Fair value on Biomass	459.1	289.9	459.1	289.9
Total capital	5 145.1	4 330.3	5 145.1	4 330.3
Adjusted Equity	2 532.0	2 090.1	2 532.0	2 090.1
Fair value on Biomass	459.1	289.9	459.1	289.9
Onerous contract	-7.3	-1.3	-7.3	-1.3
Net tax effect	-104.9	-63.1	-104.9	-63.1
Book equity	2 879.0	2 315.4	2 879.0	2 315.4
Equity Ratio	56.0%	53.5%	56.0%	53.5%