

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 debt, minus our total cash, plus our current interest-bearing debt, plus net effect of currency derivatives on interest-bearing 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 March 31, 2017 and 2016, and the year ended December 31, 2016:

RECONCILIATION GROUP (EUR MILLION)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Group Operational EBITDA	256.8	147.7	842.7
Depreciation	-37.0	-35.8	-142.5
Group Operational EBIT	219.8	111.9	700.2
Change in unrealized internal margin	-1.8	3.0	-22.1
Gain/loss from derivatives	-6.2	-3.8	8.3
Net fair value adjustment on biological assets	-215.7	88.0	386.2
Onerous contracts provision	93.2	-14.1	-108.7
Restructuring cost	-0.2	-2.5	-5.4
Income/loss from associated companies	-0.1	10.3	62.6
Impairment losses	-0.6	-0.1	-31.1
Other non-operational items	0.0	0.0	1.3
Group EBIT	88.3	192.7	991.2

RECONCILIATION NORWEGIAN ORIGIN (EUR MILLION)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Operational EBIT - Salmon of Norwegian Origin	123.6	100.9	514.8
Gain/loss on derivatives	39.7	-2.9	-42.4
Net fair value adjustment on biological assets	-169.6	18.6	175.8
Onerous contracts provision	70.1	-12.5	-81.0
Income/loss from associated companies	0.0	10.3	62.7
Impairment losses	-0.2	0.0	-0.2
Other non-operational items	0.0	0.0	1.3
EBIT - Salmon of Norwegian Origin	63.5	114.3	630.9

RECONCILIATION SCOTTISH ORIGIN (EUR MILLION)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Operational EBIT - Salmon of Scottish Origin	55.4	8.5	41.1
Net fair value adjustment on biological assets	-60.5	7.4	106.1
Onerous contracts provision	23.1	-1.6	-27.7
Restructuring cost	0.0	-2.5	-2.4
Income/loss from associated companies	0.0	0.0	0.1
EBIT - Salmon of Scottish Origin	18.0	11.9	117.2

RECONCILIATION CANADIAN ORIGIN (EUR MILLION)	Three months ended March 31,		Year ended December 31,	
	2017	2016	2017	2016
Operational EBIT - Salmon of Canadian Origin	30.2	22.8	109.8	
Net fair value adjustment on biological assets	-17.1	26.0	56.4	
Impairment losses	-0.4	0.0	0.0	
EBIT - Salmon of Canadian Origin	12.8	48.8	166.2	

RECONCILIATION CHILEAN ORIGIN (EUR MILLION)	Three months ended March 31,		Year ended December 31,	
	2017	2016	2017	2016
Operational EBIT - Salmon of Chilean Origin	11.9	-23.9	4.2	
Net fair value adjustment on biological assets	19.6	32.6	47.0	
Restructuring cost	0.0	0.0	-2.2	
Impairment losses	0.0	0.0	-17.7	
EBIT - Salmon of Chilean Origin	31.4	8.7	31.4	

RECONCILIATION IRISH ORIGIN (EUR MILLION)	Three months ended March 31,		Year ended December 31,	
	2017	2016	2017	2016
Operational EBIT - Salmon of Irish Origin	0.9	-2.6	6.3	
Net fair value adjustment on biological assets	12.5	1.2	5.3	
EBIT - Salmon of Irish Origin	13.4	-1.4	11.6	

RECONCILIATION FAROESE ORIGIN (EUR MILLION)	Three months ended March 31,		Year ended December 31,	
	2017	2016	2017	2016
Operational EBIT - Salmon of Faroese Origin	5.2	3.9	33.8	
Net fair value adjustment on biological assets	-1.9	4.1	-1.5	
EBIT - Salmon of Faroese Origin	3.2	8.0	32.3	

RECONCILIATION OTHER INCLUDING ALLOCATION 3RD PARTY (EUR MILLION)	Three months ended March 31,		Year ended December 31,	
	2017	2016	2017	2016
Operational EBIT - Other incl alloc 3rd party	-7.4	2.3	-7.4	-9.8
Change in unrealized internal margin	-1.8	3.0	0.0	-35.6
Gain/loss on derivatives	0.4	-0.2	0.0	0.0
Change in unrealized salmon derivatives	-46.3	-0.7	0.0	50.7
Fair value uplift on harvested fish	1.5	-0.2	0.0	-0.3
Fair value adjustment on biological assets	-0.1	-1.6	0.0	-2.5
Restructuring cost	-0.2	0.0	0.0	-0.9
Income/loss from associated companies	-0.1	0.0	0.0	-0.2
Impairment losses	0.0	-0.1	0.0	0.2
EBIT - Other incl alloc 3rd party	-54.1	2.5	-7.4	1.6

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 March 31, 2017 and 2016, and the year ended December 31, 2016:

RECONCILIATION GROUP (EUR PER KG)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Group Operational EBIT	2.62	1.16	1.84
Change in unrealized internal margin	-0.02	0.03	-0.06
Gain/Loss on derivatives	-0.08	-0.04	0.03
Net fair value adjustment on biological assets	-2.58	0.91	1.01
Onerous contracts provision	1.11	-0.15	-0.29
Restructuring cost	0.00	-0.03	-0.01
Income/loss from associated companies	0.00	0.11	0.16
Impairment losses	-0.01	0.00	-0.08
Other non-operational items	0.00	0.00	0.00
Group EBIT	1.05	2.00	2.60

RECONCILIATION NORWEGIAN ORIGIN (EUR PER KG)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Operational EBIT - Salmon of Norwegian Origin	2.52	1.87	2.18
Gain/loss on derivatives	0.81	-0.05	-0.18
Net fair value adjustment on biological assets	-3.46	0.34	0.74
Onerous contracts provision	1.43	-0.23	-0.34
Restructuring cost	0.00	0.00	0.00
Income/loss from associated companies	0.00	0.19	0.27
Impairment losses	0.00	0.00	0.00
Other non-operational items	0.00	0.00	0.01
EBIT - Salmon of Norwegian Origin	1.30	2.12	2.67

RECONCILIATION SCOTTISH ORIGIN (EUR PER KG)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Operational EBIT - Salmon of Scottish Origin	3.12	0.68	0.91
Net fair value adjustment on biological assets	-3.41	0.59	2.35
Onerous contracts provision	1.30	-0.13	-0.61
Restructuring cost	0.00	-0.20	-0.05
Income/loss from associated companies	0.00	0.00	0.00
EBIT - Salmon of Scottish Origin	1.01	0.94	2.60

RECONCILIATION CANADIAN ORIGIN (EUR PER KG)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Operational EBIT - Salmon of Canadian Origin	3.42	1.97	2.53
Net fair value adjustment on biological assets	-1.93	2.25	1.30
Impairment losses	-0.04	0.00	0.00
EBIT - Salmon of Canadian Origin	1.45	4.22	3.83

RECONCILIATION CHILEAN GROUP (EUR PER KG)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Operational EBIT - Salmon of Chilean Origin	1.87	-1.55	0.11
Net fair value adjustment on biological assets	3.09	2.12	1.27
Restructuring cost	0.00	0.00	-0.06
Impairment losses	0.00	0.00	-0.48
EBIT - Salmon of Chilean Origin	4.96	0.57	0.85

RECONCILIATION IRISH SALMON (EUR PER KG)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Operational EBIT - Salmon of Irish Origin	1.48	-1.84	0.75
Net fair value adjustment on biological assets	19.69	0.83	0.63
EBIT - Salmon of Irish Origin	21.17	-1.01	1.38

RECONCILIATION FAROESE ORIGIN (EUR PER KG)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Operational EBIT - Salmon of Faroese Origin	4.51	2.34	3.10
Net fair value adjustment on biological assets	-1.68	2.46	-0.14
EBIT - Salmon of Faroese Origin	2.83	4.80	2.97

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 March 31, 2017 and 2016, and the year ended December 31, 2016:

CALCULATION OF ROCE, RECONCILIATION OF ADJUSTED EBIT AND NIBD (EUR MILLION, EXCEPT ROCE)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Adjusted EBIT	210.8	118.8	713.7
Net fair value adjustment on biological assets	-215.7	88.0	386.2
Onerous contracts provision	93.2	-14.1	-108.7
EBIT	88.3	192.7	991.2
Non-current interest-bearing debt	798.8	1 054.9	993.4
Cash	-92.8	-94.9	-103.9
Current interest-bearing debt	136.0	0.1	0.1
Gain/losses financial instruments	0.0	0.0	0.5
Net interest bearing debt (NIBD)	842.0	960.1	890.0
NIBD	842.0	960.1	890.0
Net assets held for sale	-1.1	-1.8	-3.5
Total Equity	2 152.6	1 952.7	2 069.3
Fair value on biological assets	-443.0	-336.6	-660.5
Onerous contracts provision	31.8	28.8	124.6
Capital employed as of the end of the period	2 582.2	2 603.2	2 420.0
Average capital employed¹⁾	2 501.1	2 633.4	2 541.8
Adjusted EBIT	210.8	118.8	713.7
ROCE²⁾	33.7%	18.1%	28.1%

(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 March 31, 2017 and 2016 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 March 31, 2017 and 2016, and the year ended December 31, 2016:

UNDERLYING EARNINGS PER SHARE (EUR MILLION)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Operational EBIT	219.8	111.9	700.2
Accrued payable interest (net)	-5.7	-5.7	-22.7
Calculated tax expense	-50.1	-26.1	-168.2
Minority share of profit	-0.3	0.0	0.3
Op EBIT adj for above items	163.7	80.1	509.6
Shares outstanding (average)	451 412 279	450 085 652	450 085 652
Underlying EPS (EUR per share)	0.36	0.18	1.13

Operational EBIT % (Margin)

The following table sets forth our calculation of Group Operational EBIT % for the three months ended March 31, 2017 and 2016, and the year ended December 31, 2016. 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 March 31,		Year ended December 31,
	2017	2016	2016
Group Operational EBIT	219.8	111.9	700.2
Operational revenues	892.0	809.5	3 509.8
Group Operational EBIT %	24.6%	13.8%	19.9%

The following table sets forth our calculation of Operational EBIT % for the Consumer Products segment for the three months ended March 31, 2017 and 2016, and the year ended December 31, 2016:

CONSUMER PRODUCTS OPEBIT % (EUR MILLION)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Operational EBIT - Consumer Products	9.6	-0.6	19.7
Operational revenues	341.3	327.3	1 401.4
Operational EBIT% - Consumer Products	2.8%	-0.2%	1.4%

The following table sets forth our calculation of Operational EBIT % for the Markets division for the three months ended March 31, 2017 and 2016, and the year ended December 31, 2016:

MARKETS OPEBIT % (EUR MILLION)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Operational EBIT - Markets	13.3	18.6	77.9
Operational revenues	689.4	610.0	2 734.5
Operational EBIT % - Markets	1.9%	3.0%	2.8%

The following table sets forth our calculation of Operational EBIT % for the Farming segment for the three months ended March 31, 2017 and 2016, and the year ended December 31, 2016:

FARMING OPEBIT % (EUR MILLION)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Operational EBIT - Farming	204.7	90.4	585.9
Operational revenues	571.9	509.7	2 223.9
Operational EBIT % - Farming	35.8%	17.7%	26.3%

The following table sets forth our calculation of Operational EBIT % for the Feed segment for the three months ended March 31, 2017 and 2016, and the year ended December 31, 2016:

FEED OPEBIT % (EUR MILLION)	Three months ended March 31,		Year ended December 31,
	2017	2016	2016
Operational EBIT - Feed	0.1	1.6	28.1
Operational revenues	63.6	64.5	381.6
Operational EBIT% - Feed	0.2%	2.5%	7.4%

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 March 31, 2017 and 2016, and the year ended December 31, 2016:

	Three months ended March 31,		Year ended December 31,
	2017	2016	2017
Adjusted Equity Ratio	45.1%	43.8%	40.1%
Adjusted total capital	4 048.0	3 903.8	4 149.9
Fair value on Biomass	443.0	349.8	660.5
Total capital	4 491.1	4 253.5	4 810.4
Adjusted Equity	1 827.2	1 709.7	1 661.9
Fair value on Biomass	443.0	349.8	660.5
Onerous contract	(31.8)	(28.8)	(124.6)
Net tax effect	(85.8)	(77.9)	(128.5)
Book equity	2 152.6	1 952.8	2 069.3
Equity Ratio	47.9%	45.9%	43.0%