



Austevoll Seafood ASA

3rd quarter 2008



As projected, the third quarter showed a significant increase in operating margins with a stable market for fishmeal and fish oil, a positive market for consumer products, a seasonally low production quarter for fishmeal and fish oil, frozen and canned products.

Q3 2008

- * Group income in the third quarter 2008 totalled MNOK 933.9 compared with MNOK 1,014.6 in Q3 2007.
- * Operating result before depreciation (EBITDA) in the third quarter 2008 totalled MNOK 192.0 compared with MNOK 59.2 in Q3 2007.
- * Prices for fish oil, canned and frozen products have remained at a stable high in the quarter, and have been higher than the same quarter last year. For fishmeal, the prices in Q3 2008 were approximately the same as the prices in Q3 2007.
- * As normal, the third quarter was marked by seasonally low production activity within fishmeal and fish oil, frozen and canned products. The production of high-concentrate Omega 3 products has remained stable throughout the year and has been in line with budget for the third quarter also.
- * On 25 September 2008, Austevoll Seafood ASA (AUSS) purchased 4,500 shares in Lerøy Seafood Group ASA (LSG) for NOK 59 per share. On 14 October 2008, AUSS issued notification that the company had purchased a further 5,398,842 shares in LSG. Notification of a binding offer was issued on 20 October 2008. The acceptance deadline for the offer is 17 November 2008. AUSS aims and intends to ensure the further development of LSG in terms of operation, and to fully utilise the company's unique position within the European seafood industry to generate value via consolidation.

Principal figures

All figures in NOK 1,000	Q3 08	Q3 07	YTD 08	YTD 07	2007
Operating income	933 854	1 014 638	2 536 247	2 748 979	3 468 957
EBITDA	191 973	59 241	493 009	460 783	483 411
EBITDA %	21 %	6 %	19 %	17 %	14 %
Result per share	0,22	-0,01	0,29	2,48	2,72
Total assets	8 872 424	8 459 814	8 872 424	8 459 814	8 813 030
Equity	4 442 840	4 178 551	4 442 840	4 178 551	4 228 611
Equity ratio	50 %	49 %	50 %	49 %	48 %
Net interest-bearing debt (NIBD)	-2 776 879	-1 768 867	-2 776 879	-1 768 867	-2 514 792



Group results

Q3 2008

AUSS reported operating income of MNOK 933.9 for the quarter (Q3 2007 MNOK 1,014.6). EBITDA in the third quarter totalled MNOK 192.0 (Q3 2007 MNOK 59.2). As projected, the third quarter showed a significant increase in EBITDA compared with Q3 2007. The sales price for fishmeal in Q3 2008 is approximately the same as in Q3 2007. However, an improved balance between the price for raw materials and the market price has contributed towards increased earnings compared with the same period in 2007. Furthermore, the sales price for fish oil, frozen products and canned products has been higher in the third quarter 2008 compared with the third quarter 2007.

EBIT in the third quarter totalled MNOK 136.7 (Q3 2007 MNOK 8.5). Depreciation has seen an increase as a result of the acquisition of businesses in 2007.

Income from affiliated companies in Q3 totalled MNOK 15.5 (Q3 2007 MNOK 9.4). Of this figure, the share of result from Lerøy Seafood Group ASA was MNOK 24.7. Net interest costs amount to MNOK -59.4 (Q3 2007 MNOK -43.0). The increase in net interest costs is a result of a combination of increased liabilities and higher interest rates. Net other financial costs are mainly attributed to unrealised loss on foreign exchange and total MNOK -9.3 in Q3 2008 (MNOK 12.3 in Q3 2007).

The result after tax for the quarter totalled MNOK 47.1 (Q3 2007 MNOK -1.0).

As of 30 September 2008

AUSS reported operating income of MNOK 2,536.2 at the end of September 2008 (MNOK 2,749.0 as of 30 September 2007). EBITDA at the end of September 2008 was MNOK 493.0 (MNOK 460.8 at 30 September 2007). On comparison with the same period in 2007, the company has experienced a positive price development for canned and frozen products and fish oil in 2008.

EBIT at the end of September 2008 was MNOK 329.1 (MNOK 309.0 at 30 September 2007). Income from affiliated companies as of 30. September 2008 totalled MNOK -21.1 (MNOK 14.5 as of 30 September 2007). The result share from Lerøy Seafood Group ASA was MNOK -8.0.

Net interest costs at the end of September totalled MNOK -151.4 (MNOK -98.4 as of 30 September 2007). The increase in net interest costs is a result of a combination of increased liabilities and higher interest rates. Net other financial costs are mainly attributed to unrealised loss on foreign exchange of MNOK -36.6 (MNOK -2.6 as of 30 September 2008).



The result after tax at the end of September totalled MNOK 60.3 (MNOK 453.3 as of 30 September 2007, including a sales gain of MNOK 313.6).

Balance sheet as of 30 September 2008

At the end of September 2008, the group had a total balance sheet of MNOK 8.872.4 compared with MNOK 8,813.0 at the end of 2007. The group equity at the end of September was MNOK 4,442.8 compared with MNOK 4,228.6 at the end of 2007. The equity ratio was 50% as of 30 September 2008 compared with 48% for the same period last year.

Net interest-bearing liabilities were MNOK 2,776.9 as of 30 September 2008 compared with MNOK 2,514.8 as of year-end 2007. The group's cash reserves as of 30 September 2008 totalled MNOK 542 compared with MNOK 1,041 as of year end 2007. The group's cash reserves do not include unutilised withdrawal rights.

Cash flow

Cash flow from operating activities for the third quarter 2008 was MNOK 286.3 (MNOK 558.2 in Q3 2007). Cash flow from investment activities for the third quarter amounted to MNOK -65.0 (MNOK -324.5 in Q3 2007) and represents investments made during the quarter. Cash flow from financing activities in the third quarter totalled MNOK -245.5 (MNOK -263.3 in Q3 2007) and mainly comprises the downward adjustment of short-term liabilities and downpayments on long-term liabilities. Net change in cash in the third quarter 2008 was MNOK -24.2 (MNOK -29.6 in Q3 2007).

Business segments

Fishmeal and fish oil

Operating income in Q3 2008 totalled MNOK 644.1 (MNOK 693.5 in Q3 2007) and EBITDA amounted to MNOK 153.9 (MNOK 47.2 in Q3 2007).

Sales of fishmeal and fish oil in Q3 2008 totalled approx. 99,000 tons compared with 107,000 tons in the same quarter 2007. The prices for fishmeal and fish oil have remained stable in the third quarter 2008. The significant increase in EBITDA for this business segment is mainly due to an improved balance between the price for purchased raw materials and the market price for fishmeal in the third quarter, in addition to higher prices for fish oil in Q3 2008 compared with the same quarter 2007.



As normal for the third quarter, production has been seasonally low in Norway, Chile and Peru. The next season for anchoveta fishing in Peru starts in the middle of November and is distributed over one period in November and one period in December, with a total quota for the entire Peru fleet of 2 million tons. In Norway, the fourth quarter is seasonally a period for herring fishing, and cuts from this production will be an important input factor for the Norwegian production of fishmeal and fish oil.

Consumer products

Operating income in Q3 2008 totalled MNOK 215.2 (MNOK 175.3 in Q3 2007) and EBITDA amounted to MNOK 41.4 (MNOK 26.4 in Q3 2007).

The total quantity sold to consumers is distributed over approx. 8,000 tons frozen products (Chile and Peru), representing an increase of 2,000 tons compared with the same quarter last year. Approx. 839,000 boxes of canned products were sold compared with approx. 805,000 boxes for the same period last year (Chile and Peru). Sales of high-concentrate Omega 3 oils for the period totalled approx. 451 tons (263 tons in Q3 2007) and approx. 59 tons (49 tons in Q3 2007) of low-concentrate Omega 3 oils. Annual production capacity for high-concentrate Omega 3 oils has increased to 1,800 tons to date, and is estimated to be 2,000 tons at year-end 2008.

Realised prices for canned and frozen products have remained at a stable high for the quarter and are considerably higher compared with the same quarter last year. Despite the price increase for input factors, this business segment has shown a satisfactory development in the number of products sold.

The third quarter is seasonally a low production quarter for frozen and canned products in Chile and Peru. The production of high-concentrate Omega 3 products remains stable throughout the year and has been in line with estimates for the third quarter also.

Trading

Operating income in Q3 2008 totalled MNOK 124.9 (MNOK 115.8 in Q3 2007) and EBITDA amounted to MNOK -1.5 (MNOK -7.9 in Q3 2007).

Trading activities comprise the companies Chilefood and Atlantic Pelagic AS, which carry out all sales activities for the production companies; Austevoll Fiskeindustri AS, Sir Fish AS and Modolv Sjøset AS. The results from the production activities; Austevoll Fiskeindustri AS and Sir Fish AS, are also included in addition to the trading of fish oil to other parties in the branch.



The third quarter is normally marked by a low production rate. In Norway, the season for mackerel and herring fishing started in September, and is expected to have high activities for the remainder of the year.

Risk factors and uncertainty factors

The group's risk exposure is described in the consolidated annual report for 2007. Operating conditions within the group have seen no significant change throughout the first three quarters of the year. Group activities are mainly global and will always be more or less impacted by developments in world economy. Although the recent turbulence in the financial markets will, in time, have an impact on market economies worldwide, AUSS believes that its core activities are founded on long-term sustainable values within an interesting seafood industry.

The group is exposed to risk related to the value of investments in subsidiaries in the event of price changes in the raw materials and finished goods markets, to the extent that these changes impact on the company's competitive edge and earnings potential over time. Operating conditions and price developments for the group's input factors are also central parameters.

Changes in fishing patterns and quota regulations result in fluctuating catch volumes from quarter to quarter, and subsequently in the utilisation of the company's production facilities. The seasonal fluctuations in catch volumes create similar fluctuations in the periodic key figures.

The group's shareholding in Lerøy Seafood Group ASA has seen a decline in value throughout the third quarter, as with other shares. The stock exchange is currently experiencing a significant amount of uncertainty and volatility, and it is therefore difficult to estimate the value of this type of asset. With the group's offer to purchase all shares in LSG, taking into account the current situation on the stock exchange, the Board of Directors has decided not to carry out any changes in the accounting value of the shareholding. The group's estimate of the accounting value of these shares will be subjected to a new assessment when presenting the accounts as of 31 December 2008.

The majority share of the Group's liabilities has a floating interest rate, and the Group identifies and continuously evaluates risk exposure related to changes in interest rates.

The Group is exposed to fluctuations in exchange rates, particularly for the EURO, USD, Chilean Peso and Peruvian Soles. Measures to reduce this risk include forward contracts and multi-currency overdraft facilities. Furthermore, parts of the long-term liabilities are adapted in relation to earnings in the same currency.



Company shareholders

As of 30 September 2008, the company had 2,998 shareholders. The share price was NOK 17.90 at the end of September 2008.

Market and outlook

Fishmeal and fish oil

Fishmeal and fish oil prices have remained at a stable high during the third quarter. The group has recorded low volumes of unsold fishmeal and fish oil when entering the fourth quarter. The relative decline in the price for fishmeal and fish oil presented in official statistics is partly attributed to a general decline in other raw materials. This price decline has now abated and provides the basis for a positive price development, and a stable high demand is projected for the future.

Consumption

The prices for all canned and frozen fish products have remained high in the third quarter, and the Board of Directors expects to see a continued high demand and stable price level in the future. With an increased consumer focus on health, the market for the group's high-concentrate Omega 3 products is expected to continue on a positive trend.

Recent investments in the fleet and industrial segment have provided the Group with a solid position on which to exploit the Group's quotas. The Group expects to see high demand for its products in the years to come and the Board of Directors projects high activity levels for the rest of 2008. The Board of Directors has therefore forecast a result for the fourth quarter which is significantly higher than the result for the fourth quarter of last year.

Storebø, 14 November 2008

The Board of Directors in Austevoll Seafood ASA



FINANCIAL REPORT Q3 2008

Condensed Consolidated Income Statement (unaudited)

All figures in NOK 1.000	Q3 08	Q3 07	30.09.2008	30.09.2007	2007 (audited)
Operating income	933 854	1 014 638	2 536 247	2 748 979	3 468 957
Raw material and consumables used	571 417	799 203	1 435 838	1 713 333	2 174 352
Salaries and personnel expenses	82 305	66 102	274 610	220 681	342 924
Other operating expenses	88 159	90 091	332 790	354 182	468 271
Operating profit before depreciation (EBITDA)	191 973	59 241	493 009	460 783	483 411
Depreciation and amortisation	55 275	50 725	163 869	148 759	201 939
Depreciation of excess value inventory	-	-	-	3 000	3 000
Operating profit (EBIT)	136 698	8 516	329 139	309 024	278 471
Income from associated companies	15 541	9 421	-21 106	14 481	65 758
Net interest expenses	-59 439	-42 984	-151 381	-98 365	-141 413
Net other financial items (incl agio/disagio)	-9 253	12 295	-36 582	-2 592	12 800
Profit before tax	83 547	-12 751	120 071	222 549	215 616
Income tax expenses	-36 451	11 765	-59 794	-82 870	-32 343
Net profit	47 097	-986	60 277	139 679	183 273
Net profit from discontinued operations	-	-	-	313 650	324 273
Net profit including discontinued operations	47 097	-986	60 277	453 329	507 546
Profit to minority interests	5 901	1 179	7 370	7 011	8 563
Profit attribut.to equity holder of parent	41 196	-2 165	52 907	446 318	498 983
Earnings per share	0,22	-0,01	0,29	2,48	2,72
Diluted earnings per share	0,22	-0,01	0,29	2,48	2,72



Condensed Consolidated Balance sheet (unaudited)

All figures in NOK 1.000	30.09.2008	30.09.2007	2007 (audited)
Assets			
Intangible assets	1 714 401	1 317 953	1 624 499
Vessels	740 465	618 014	708 906
Property, plant and equipment	1 973 844	1 744 312	1 866 867
Investments in associated companies	2 362 321	2 014 832	2 352 440
Investments in other shares	35 793	18 484	32 124
Other long term receivables	73 747	55 369	67 026
Total non-current assets	6 900 571	5 768 964	6 651 863
Inventories	649 086	574 048	528 055
Accounts receivables	604 070	504 573	390 218
Other current receivables	175 937	195 680	201 983
Cash and cash equivalents	542 760	1 416 549	1 040 911
Total current assets	1 971 853	2 690 850	2 161 167
Total assets	8 872 424	8 459 814	8 813 030
Equity and liabilities			
Share capital	92 159	92 159	92 159
Share premium fund	3 083 918	3 081 049	3 083 918
Retained earnings and other reserves	1 129 589	908 391	965 313
Minority interests	137 175	96 952	87 221
Total equity	4 442 840	4 178 551	4 228 611
Deferred tax liabilities	524 331	473 093	514 762
Pension obligations	18 648	15 853	18 089
Borrowings	2 781 929	2 426 287	2 380 534
Other long-term liabilities	19 301	15 331	20 519
Total non-current liabilities	3 344 210	2 930 564	2 933 904
Short term borrowings	264 851	568 746	937 140
Overdraft facilities	327 304	230 421	284 537
Account payable	276 858	271 639	267 967
Other current liabilities	216 361	279 893	160 872
Total current liabilities	1 085 374	1 350 699	1 650 515
Total liabilities	4 429 584	4 281 263	4 584 419
Total equity and liabilities	8 872 424	8 459 814	8 813 030



Condensed Consolidated Cash flow statement (unaudited)

All figures in NOK 1.000	Q3 2008	Q3 2007	30.09.2008	30.09.2007	2007 (audited)
Net cash flow from operating activities	286 314	558 222	211 043	243 751	277 166
Net cash flow from investing activities	-65 044	-324 480	-219 299	-1 526 833	-2 195 459
Net cash flow from financing activities	-245 491	-263 293	-489 895	1 288 138	1 547 710
Net change in cash and cash equivalents	-24 221	-29 551	-498 151	5 056	-370 583
Cash and cash equivalents at beginning of period	566 981	1 446 100	1 040 910	1 411 493	1 411 493
Cash and cash equivalents at period end	542 760	1 416 549	542 759	1 416 549	1 040 910

Condensed Consolidated Statement of changes in Equity (unaudited)

All figures in NOK 1.000	30.09.2008	30.09.2007	2007 (audited)
Equity period start	4 228 611	3 637 000	3 637 000
Profit for the period	60 277	453 329	507 546
Dividends	-55 295		
Currency translation differences	175 683	-199 230	-187 941
Other gains and losses charged directly to equity		-719	-153
Minority interests arising from business combinations	30 272		2 291
Revaluation of existing interests related to business combinations	3 292		-579
New equity from cash contribution and contribution in kind	-	295 547	277 824
Expenses related to share issues (net of tax)	-	-7 376	-7 377
Total changes of equity in the period	214 229	541 551	591 611
Equity at period end	4 442 840	4 178 551	4 228 611

Selected notes to the accounts

Note 1 Accounting principles applied

This interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS) and the related standard for interim reports (IAS 34). The interim report, including historical comparison figures, is based on current IFRS standards and interpretation. Changes in the standard and interpretations may result in changes to the result. The quarterly report is prepared in accordance with the same principles applied to the previous annual report, but does not contain all the information and notes required for an annual report.

This report must therefore be read in the context of the last annual report from the company (2007). Amendments to standards and interpretations may result in changes to the figures.



Note 2

Segment information

(all figures in NOK 1.000)

Fishmeal and oil	Q3 08	Q3 07	30.09.2008	30.09.2007	2007
Operating revenue	644 131	693 527	1 583 230	1 757 100	2 085 111
EBITDA	153 893	47 179	387 455	371 677	407 874
EBITDA %	24 %	7 %	24 %	21 %	20 %
EBIT	122 130	16 420	283 939	279 613	280 957
EBIT %	19 %	2 %	18 %	16 %	13 %
Volumes sold fishmeal (tons)	84 313	81 151	209 629	196 009	242 593
Volumes sold fishoil (tons)	14 264	25 770	44 725	54 464	57 436

Human Consumption	Q3 08	Q3 07	30.09.2008	30.09.2007	2007
Operating revenue	215 244	175 311	573 813	620 601	751 215
EBITDA	41 406	26 454	116 003	122 191	116 398
EBITDA %	19 %	15 %	20 %	20 %	15 %
EBIT	22 062	12 259	67 909	76 446	57 083
EBIT %	10 %	7 %	12 %	12 %	8 %
Volumes sold:					
Canning (cases)	838 824	804 697	2 456 527	3 133 314	4 022 570
Frozen fish (tons)	8 170	6 109	19 184	23 313	28 223
HC and LC Omega 3 products (tons)	510	312	1 327	1 052	1 413

Trading	Q3 08	Q3 07	30.09.2008	30.09.2007	2007
Operating revenue	124 942	115 755	468 842	449 310	710 287
EBITDA	-1 466	-7 921	-212	-18 362	-24 572
EBITDA %	-1 %	-7 %	0 %	-4 %	-3 %
EBIT	-4 984	-13 320	-10 717	-28 456	-39 773
EBIT %	-4 %	-12 %	-2 %	-6 %	-6 %

Not allocated/elimination	Q3 08	Q3 07	30.09.2008	30.09.2007	2007
Operating revenue	-50 465	30 044	-89 638	-78 032	-77 656
EBITDA	-1 859	-6 472	-10 237	-14 724	-16 290
EBIT	-2 510	-6 843	-11 992	-18 580	-19 797

Total Group	Q3 08	Q3 07	30.09.2008	30.09.2007	2007
Operating revenue	933 852	1 014 637	2 536 247	2 748 979	3 468 957
EBITDA	191 974	59 240	493 009	460 782	483 410
EBITDA %	21 %	6 %	19 %	17 %	14 %
EBIT	136 698	8 516	329 139	309 023	278 470
EBIT %	15 %	1 %	13 %	11 %	8 %

Note 3 Transactions with closely related parties

There have been no significant transactions with closely related parties as of 30 September 2008.