

INTERIM REPORT

Q4 2018

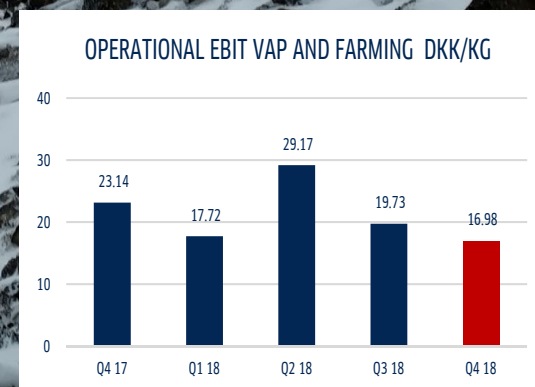
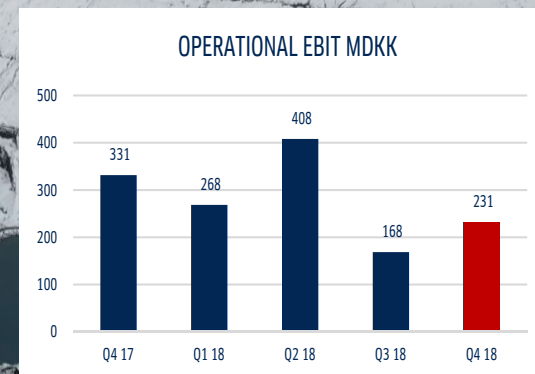
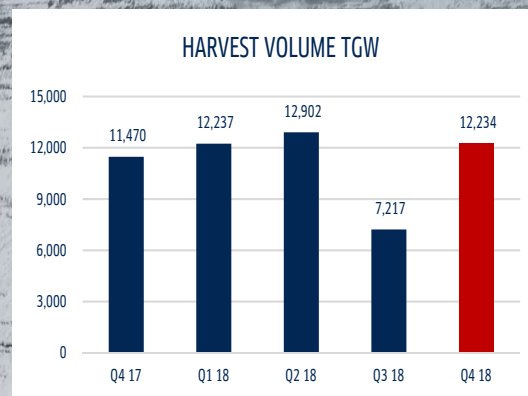


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Highlights

DKK 1,000	Q4 2018	Q4 2017	YTD 2018	YTD 2017	DKK 1,000	Q4 2018	Q4 2017	YTD 2018	YTD 2017
INCOME STATEMENT					FINANCIAL POSITION AND CASH FLOW				
Group - Operating revenue	750,348	906,070	3,177,422	3,770,049	Total Assets***	5,802,523	5,155,516	5,802,523	5,155,516
Group - Operational EBIT*	230,509	331,240	1,074,912	1,377,647	Equity***	4,077,029	3,626,429	4,077,029	3,626,429
Group - EBIT	-4,895	-29,344	1,184,233	649,104	Equity ratio***	70%	70%	70%	70%
Group - Profit for the period	-6,620	-21,909	960,292	511,402	Net interest-bearing debt***	495,479	258,070	495,479	258,070
Operational EBIT* (Farming and VAP) (DKK)	207,730	265,368	943,235	1,232,753	Cash flow from operations	-58,921	261,258	912,937	1,458,162
Operational EBIT/kg (Farming and VAP) (DKK)	16.98	23.14	21.15	22.57	Cash flow from financing	216,465	-130,337	-374,848	-748,065
Operational EBIT/kg (Farming and VAP) (NOK)	21.91	29.88	27.24	28.29					
Farming - Operating revenue	681,851	577,283	2,568,366	2,986,561	PROFITABILITY				
Farming - Operational EBIT*	204,400	228,821	965,659	1,308,194	Basic earnings per share (DKK)	-0.14	-0.45	19.74	10.52
Farming - Operational EBIT margin	30.0%	39.6%	37.6%	43.8%	Diluted earnings per share (DKK)	-0.14	-0.45	19.74	10.52
Farming - Operational EBIT/kg (DKK)	16.71	19.95	21.66	23.95	ROCE**	4.3%	7.5%	21.5%	30.8%
Farming - Operational EBIT/kg (NOK)	21.56	25.76	27.89	30.02					
VAP - Operating revenue	108,990	288,423	364,827	998,778	VOLUMES				
VAP - Operational EBIT*	3,330	36,547	-22,424	-75,441	Harvested volumes (tgw)	12,234	11,470	44,591	54,615
VAP - Operational EBIT margin	3.1%	12.7%	-6.1%	-7.6%	VAP produced volumes (tgw)	2,845	4,949	8,355	19,067
VAP - Operational EBIT/kg (DKK)	1.17	7.38	-2.68	-3.96	Sold feed tonnes	24,711	18,955	77,775	78,134
VAP - Operational EBIT/kg (NOK)	1.51	9.54	-3.46	-4.96	Internal feed sales tonnes	21,649	17,597	70,240	72,960
FOF - Operating revenue	287,689	366,857	1,268,564	1,303,161	Smolt released thousand (pcs)	3,267	3,409	12,492	9,928
FOF - EBITDA	60,407	93,626	254,281	266,093					
FOF - EBITDA margin	21.0%	25.5%	20.0%	20.4%					
DKK/NOK (average)	77.50	77.44	77.66	79.80					

* Aligned for fair value adjustment of biomass, onerous contracts provisions, income from associates and revenue tax - refer to Note 10

** Return on average capital employed, based on operational EBIT - refer to Note 10

*** Comparing figures with figures from end 2017

Summary of the 4th Quarter 2018 and 12 Months of 2018

(Figures in parenthesis refer to the same period last year)

The Bakkafrost Group delivered a total operating EBIT of DKK 230.5 million in Q4 2018. Harvested volumes were 12.2 thousand tonnes gutted weight. The combined farming and VAP segments made an operational EBIT of DKK 207.7 million. The farming segment made an operational EBIT of DKK 204.4 million. The development of the salmon spot price in the quarter was nearly flat, compared to the previous quarter. Bakkafrost's achieved prices in this quarter decreased and thus had a negative effect on the operational EBIT. The VAP segment made an operational EBIT of DKK 3.3 million. The EBITDA for the FOF segment was DKK 60.4 million.

The Group made a profit for Q4 2018 of DKK -6.6 million (DKK -21.9 million). For 2018, the profit was DKK 960.3 million (DKK 511.4 million).

The total volumes harvested in Q4 2018 were 12,234 tonnes gutted weight (11,470 t_{gw}). Total harvested volumes for 2018 were 44,591 tonnes gutted weight (54,615 t_{gw}). 1,500 tonnes of harvest were moved to 2019, and consequently expected harvest volumes for 2019 are increased from 53,000 to 54,500 tonnes gutted weight.

3.3 million (3.4 million) smolts were transferred during Q4 2018. During 2018, 12.5 million (9.9 million) smolts were transferred.

The revenue in the farming segment for Q4 2018 was negatively affected by a combination of various circumstances. As the market strategy for sales in 2018 was primarily focused on fresh whole salmon to the high-end spot market, volumes to the VAP segment were exceptionally low throughout 2018. Consequently, Bakkafrost was temporarily vulnerable and

limited in flexibility to mitigate the following disruptions: Bakkafrost's harvesting plant in Glyvrrar was banned access to the Russian market in Q4 2018 and had a disruption in delivery to other high-end markets from the new harvest plant in Suðuroy, due to delay in issuance of certificates to these markets.

The market disruptions are more or less solved as volumes to VAP contracts now have increased, the certificates to the harvest factory in Suðuroy are in place and access to the Russian market is expected shortly.

The combined farming and VAP segments made an operational EBIT of DKK 207.7 million (DKK 265.4 million) in Q4 2018. The operational EBIT per kg in Q4 2018 was DKK 16.98 (DKK 23.14), which corresponds to NOK 21.91 (NOK 29.88) for the combined farming and VAP segments. For 2018, the combined farming and VAP segments made an operational EBIT of DKK 943.2 million (DKK 1,232.8 million).

The farming segment made an operational EBIT of DKK 204.4 million (DKK 228.8 million) in Q4 2018. The harvested volumes were higher, but the achieved price was lower in Q4 2018, compared to Q4 2017. For 2018, the operational EBIT was DKK 965.7 million (DKK 1,308.2 million).

The Faroese Parliament changed the revenue tax for farming operations in the Faroe Islands from 4.5% to 5.0% in December 2018. The change will be effective from 1 January 2019.

The VAP segment made an operational EBIT of DKK 3.3 million (DKK 36.5 million) for Q4 2018. For 2018, the operational EBIT was DKK -22.4 million (DKK -75.4 million).

The FOF segment (fishmeal, oil and feed) made an EBITDA of DKK 60.4 million (DKK 93.6 million) for Q4 2018, and the EBITDA margin was 21.0% (25.5%). The EBITDA was DKK 254.3 million for 2018 (DKK 266.1 million), corresponding to an EBITDA margin of 20.0% (20.4%).

During Q4 2018, Havsbrún sourced 46,478 tonnes (50,852 tonnes) of raw material, and for 2018, Havsbrún sourced 302,465 tonnes (342.456 tonnes) of raw material.

Bakkafrost aims at giving the shareholders a competitive return on their investment, both through payments of dividends and by value growth of the equity through positive operations.

The long-term goal of the Board of Directors is that 30-50% of earnings per share shall be paid out as dividend. The financial position of Bakkafrost is strong with a solid balance sheet, a competitive operation and available credit facilities. The Board of Directors proposes to the Annual General Meeting that DKK 8.25 (NOK 10.70*) per share shall be paid out as dividend. The Annual General Meeting will be convened on Friday the 5th of April 2019.

The net interest-bearing debt amounted to DKK 495.5 million at the end of Q4 2018 (DKK 258.1 million at year-end 2017). Undrawn credit facilities amounted to DKK 997.7 million at the end of Q4 2018.

The equity ratio was 70% at 31 December 2018, compared to 70% at the end of 2017.

**The dividend per share in NOK is subject to changes depending on the exchange rate between DKK and NOK, which will be announced after the Annual General Meeting.*

Financial Review

Income Statement

(Figures in parenthesis refer to the same period last year)

The operating revenue amounted to DKK 750.3 million (DKK 906.1 million) in Q4 2018, and for 2018, the operating revenue amounted to DKK 3,177.4 million (DKK 3,770.0 million).

The farming segment's harvest volume was higher, and the achieved prices were lower in Q4 2018, compared to the same quarter last year. The VAP segment had lower revenues because of lower volumes, but higher prices in Q4 2018, compared to Q4 2017. The FOF segment had lower external revenue in Q4 2018, mainly due to lower external sales of fishmeal, compared to Q4 2017.

Operational EBIT was DKK 230.5 million (DKK 331.2 million) in Q4 2018. All segments had lower operational EBIT in Q4 2018, compared to Q4 2017. For 2018, the operational EBIT was DKK 1,074.9 million (DKK 1,377.7 million).

The fair value adjustment of the Group's biological assets amounted to DKK -239.5 million (DKK -358.7 million) in Q4 2018. The negative adjustment is due to lower forward market prices for salmon at the end of the quarter, compared to the beginning of the quarter. For 2018, the fair value adjustment amounted to DKK 195.8 million (DKK -693.5 million).

Change in provisions for onerous contracts amounted to DKK 17.0 million (DKK 0 million) in Q4 2018. For 2018, the change in provisions for onerous contracts amounted to DKK 0.0 million (DKK 67.4 million).

In Q4 2018, there was a profit from associated companies amounting to DKK 11.1 million (DKK 18.4 million). For 2018, the result from associated companies amounted to DKK 9.4 million (DKK 17.3 million).

The revenue tax amounted to DKK -24.0 million in Q4 2018 (DKK -20.3 million). The revenue tax increased because of higher harvested volumes and higher market prices, compared to the same quarter last year. For 2018, the revenue tax was DKK -95.9 million (DKK -119.7 million).

Net interests in Q4 2018 were DKK -1.7 million (DKK 2.1 million). For 2018, net interests were DKK -11.9 million (DKK -25.2 million).

Net taxes amounted to DKK 0.2 million (DKK 5.3 million) in Q4 2018. For 2018, net taxes amounted to DKK -211.8 million (DKK -112.5 million).

The result for Q4 2018 was DKK -6.6 million (DKK -21.9 million) and for 2018, the result was DKK 960.3 million (DKK 511.4 million).

Statement of Financial Position

(Figures in parenthesis refer to end last year)

The Group's total assets amounted to DKK 5,802.5 million (DKK 5,155.5 million) at the end of Q4 2018.

Intangible assets amounted to 389.7 (DKK 376.7 million) at the end of Q4 2018.

Property, plant and equipment amounted to DKK 2,884.3 million (DKK 2,570.4 million) at the end of Q4 2018. In Q4 2018, Bakkafrøst made investments in PP&E amounting to DKK 147.0 million.

Non-current financial assets amounted to DKK 112.8 million (DKK 76.7 million) at the end of Q4 2018.

The carrying amount (fair value) of biological assets amounted to DKK 1,358.5 million (DKK 1,096.7 million) at the end of Q4 2018. Biological assets have increased due to higher fair value adjustment, compared to year end 2017. Included in the carrying amount of the biological assets is a fair value adjustment amounting to DKK 382.8 million (DKK 187.0 million) at the end Q4 of 2018.

Inventories amounted to DKK 438.8 million (DKK 305.8 million) at the end of Q4 2018.

Total receivables, including long-term receivables, amounted to DKK 301.5 million (DKK 419.6 million) at the end of Q4 2018.

The Group's equity amounted to DKK 4,077.0 million (DKK 3,626.4 million) at the end of Q4 2018. The change in equity consists primarily of the positive result for 2018 and the dividend payment of DKK 510.7 million in Q2 2018.

Total non-current liabilities amounted to DKK 1,346.5 million (DKK 602.1 million) at the end of Q4 2018.

Deferred taxes and other taxes amounted to DKK 534.4 million (DKK 455.4 million) at the end of Q4 2018.

Long-term debt was DKK 812.1 million (DKK 146.7 million) at the end of Q4 2018.

At the end of Q4 2018, the Group's total current liabilities were DKK 379.0 million (DKK 926.9 million). The current liabilities consist of accounts payable and tax payable.

Derivatives amounted to DKK 0.3 million (DKK 127.3 million) at the end of Q4 2018.

Short-term interest-bearing debt amounted to DKK 0.0 million (DKK 378.3 million) at the end of Q4 2018.

The equity ratio was 70% at the end of Q4 2018, compared with 70% at the end of 2017.

Cash Flow

(Figures in parenthesis refer to the same period last year)

The cash flow from operations was DKK -58.9 million (DKK 261.3 million) in Q4 2018. The changes in current debts had a positive effect on the cash flow from operations, and changes in inventory had a negative effect as well as taxes paid in the period, which amounted to DKK -201.7 million (DKK -140.3 million). For 2018, the cash flow from operations was DKK 912.9 million (DKK 1,458.2 million).

The cash flow from investment activities amounted to DKK -146.8 million (DKK -168.8 million) in Q4 2018. The amount relates to investments in property, plant and equipment. For 2018, the cash flow from investments amounted to DKK -530.7 million (DKK -635.5 million).

The cash flow from financing activities totalled DKK 216.5 million (DKK -130.3 million) in Q4 2018. For 2018, cash flow from financing amounted to DKK -374.8 million (DKK -748.1 million).

In Q4 2018, net change in cash flow amounted to DKK 10.7 million (DKK -37.8 million). For 2018, net change in cash flow amounted to DKK 7.3 million (DKK 74.6 million).

At the end of Q4 2018, Bakkafrøst had unused credit facilities of DKK 997.7 million (DKK 1,004.6 million).

Farming Segment

The farming segment produces high quality Atlantic salmon from juveniles to harvest size salmon. The salmon is sold to fresh fish markets globally and to the internal VAP production. The farming sites are in the Faroe Islands.

Volumes

The total volumes harvested in Q4 2018 were 12,234 tonnes gutted weight (11,470 t_{gw}) - an increase in volume of 7%. 3,996 t_{gw} came from the North region and 8,238 t_{gw} from the West region. Total harvested volumes for 2018 were 44,591 tonnes gutted weight (54,615 t_{gw}).

3.3 million (3.4 million) smolts were transferred in Q4 2018. During 2018, 12.5 million (9.9 million) smolts were transferred. This is in line with the smolt transfer plan.

DKK 1,000	Q4 2018	Q4 2017	Change	YTD 2018	YTD 2017	Change
Financial						
Total revenue	681,851	577,283	18%	2,568,366	2,986,561	-14%
EBIT	-58,873	-150,019	61%	1,065,923	495,116	115%
Operational EBIT	204,400	228,821	-11%	965,659	1,308,194	-26%
Farming - Operational EBIT/kg (DKK)	16.71	19.95	-16%	21.66	23.95	-10%
Volumes						
Harvested volumes (t _{gw})	12,234	11,470	7%	44,591	54,615	-18%
- Farming North	3,996	0		25,889	24,364	6%
- Farming West	8,238	11,470	-28%	18,702	30,251	-38%
Smolts released (thousand)	3,267	3,410	-4%	12,492	9,929	26%
- Farming North	3,267	3,327	-2%	3,887	6,370	-39%
- Farming West	0	83	-100%	8,605	3,559	142%

Financial Performance

In Q4 2018, the operating revenue for Bakkafrøst's farming segment was DKK 681.9 million (DKK 577.3 million). The operating revenue for the farming segment for 2018 was DKK 2,568.4 million (DKK 2,986.6 million).

The total revenue for the farming segment increased in Q4 2018, compared with Q4 2017, mainly because higher share is sold externally and not to the VAP segment during this period.

In Q4 2018, the farming segment's EBIT amounted to DKK -58.9 million (DKK -150.0 million). The farming segment's EBIT for 2018 was DKK 1,065.9 million (DKK 495.1 million).

Operational EBIT amounted to DKK 204.4 million (DKK 228.8 million) in Q4 2018, which corresponds to an operational EBIT margin of 30% (40%). For 2018, operational EBIT was DKK 965.7 million (DKK 1,308.2 million).

Operational EBIT/kg for the farming segment was DKK 16.71 (NOK 21.56) in Q4 2018, compared with DKK 19.95 (NOK 25.76) in Q4 2017. Operational EBIT/kg for 2018 was DKK 21.66 (NOK 27.89), compared with DKK 23.95 (NOK 30.02) for 2017.

VAP Segment

The VAP (value added products) segment produces skinless and boneless portions of salmon. The main market for the VAP products is Europe with increasing sales in other markets. The VAP products are sold on long-term fixed price contracts.

Volumes

23% (43%) of the total harvested volumes in Q4 2018 went to production of VAP products and 19% (35%) of the harvested volumes in 2018 went to production of VAP products.

The VAP production in Q4 2018 was 2,845 tonnes gutted weight (4,949 t_{gw}). The decrease in production in Q4 2018 was 46%, compared to Q4 2017. The harvest volumes were higher, and the contract coverage is reduced in Q4 2018, compared to Q4 2017. For 2018, the VAP production was 8,355 t_{gw} (19,067 t_{gw}).

Financial Performance

The operating revenue for the VAP segment amounted to DKK 109.0 million (DKK 288.4 million) in Q4 2018. The decrease in revenue is due to lower volumes in Q4 2018, compared with Q4 2017. In 2018, the VAP revenue was DKK 364.8 million (DKK 998.8 million).

The VAP segment had an EBIT amounting to DKK 20.4 million (DKK 36.5 million) in Q4 2018. Changes in onerous contracts were DKK 17.0 million (DKK 0.0 million). In 2018, the VAP segment's EBIT amounted to DKK -22.4 million (DKK -8.1 million).

DKK 1,000	Q4 2018	Q4 2017	Change	YTD 2018	YTD 2017	Change
Financial						
Total revenue	108,990	288,423	-62%	364,827	998,778	-63%
EBIT	20,401	36,547	-44%	-22,424	-8,063	-178%
Operational EBIT	3,330	36,547	-91%	-22,424	-75,441	70%
VAP - Operational EBIT/kg (DKK)	1.17	7.38	-84%	-2.68	-3.96	32%
Volumes						
VAP produced volumes (t _{gw})	2,845	4,949	-43%	8,355	19,067	-56%
Harvested volumes used in VAP production	23%	43%	-46%	19%	35%	-46%
Harvested volumes sold fresh/frozen	77%	57%	35%	81%	65%	25%

Operational EBIT amounted to DKK 3.3 million (DKK 36.5 million) in Q4 2018, corresponding to an operational EBIT of DKK 1.17 (NOK 1.51) per kg gutted weight in Q4 2018, compared with DKK 7.38 (NOK 9.54) per kg gutted weight in Q4 2017.

Although the volumes were low, the stable spot price and improved efficiency had a positive effect on the VAP segment's margin as the VAP segment buys the raw material at spot prices.

For 2018, operational EBIT amounted to DKK -22.4 million (DKK -75.4 million), corresponding to an operational EBIT of DKK -2.68 (NOK -3.46) per kg, compared with an operational EBIT of DKK -3.96 (NOK -4.96) in 2017.

FOF Segment

The FOF (fishmeal, oil and feed) segment produces fishmeal, fish oil and fish feed. Most of the production is used for fish feed, used internally in the farming segment. The quality of the fish feed is important to the quality of the salmon from Bakkafrost. Fishmeal, fish oil and fish feed are also sold externally.

Volumes

Havsbrún received 46,478 tonnes (50,852 tonnes) of raw material to produce fishmeal and fish oil in Q4 2018. The raw material intake depends on the fishery in the North Atlantic and available species of fish. In 2018, Havsbrún received 302,465 tonnes (342,456 tonnes) of raw material.

The production of fishmeal in Q4 2018 was 10,801 tonnes (11,757 tonnes). In 2018, Havsbrún produced 65,141 tonnes (74,089 tonnes) of fishmeal.

The production of fish oil in Q4 2018 was 3,887 tonnes (4,096 tonnes). The production of fish oil varies, depending on the species of fish sourced for production and the timing of catch. For 2018, Havsbrún produced 10,257 tonnes (10,387 tonnes) of fish oil.

Sales of feed amounted to 24,711 tonnes (18,955 tonnes) in Q4 2018, of which the farming segment internally used 21,649 tonnes (17,597 tonnes) or 87.6% (92.8%). For 2018, Havsbrún sold 77,775 tonnes (78,134 tonnes) of feed.

Financial Performance

The operating revenue for the FOF segment amounted to DKK 287.7 million (DKK 366.9 million) in Q4 2018, of which DKK 213.6 million (DKK 163.2 million) represented sales to Bakkafrost's farming segment, corresponding to 74.3% (44.5%). For 2018, the revenue amounted to DKK 1,268.6 million (DKK 1,303.2 million) of which DKK 682.1 million (DKK 682.8 million) represented sales to Bakkafrost's farming segment, corresponding to 53.8% (52.4%).

DKK 1,000	Q4 2018	Q4 2017	Change	YTD 2018	YTD 2017	Change
Financial						
Total revenue	287,689	366,857	-22%	1,268,564	1,303,161	-3%
EBIT	63,844	104,687	-39%	233,981	252,556	-7%
EBITDA	60,407	93,626	-35%	254,281	266,093	-4%
FOF - EBITDA margin	21.0%	25.5%	-18%	20.0%	20.4%	-2%
Volumes (tonnes)						
Sold feed	24,711	18,955	30%	77,775	78,134	0%
- Feed internal sale	21,649	17,597	23%	70,240	72,960	-4%
- Feed external sale	3,062	1,358	125%	7,535	5,174	46%
Fishmeal external sale	3,782	18,955	-80%	43,235	59,006	-27%
Fish oil external sale	6	12	-50%	3,225	22	14,559%
Received raw material	46,478	50,852	-9%	302,465	342,456	-12%

Total revenue for the FOF segment in Q4 2018 decreased 22%, compared to the same quarter last year. The internal revenue increased, but the external sales have decreased. The decrease in external revenue is due to lower volumes of fishmeal sold in Q4 2018, compared to Q4 2017.

EBITDA was DKK 60.4 million (DKK 93.6 million) in Q4 2018, and the EBITDA margin was 21.0% (25.5%). Havsbrún sources raw pelagic fish for the fishmeal and fish oil production, which are part of the recipe to produce salmon feed. For 2018, the EBITDA was DKK 254.3 million (DKK 266.1 million), corresponding to an EBITDA margin of 20.0% (20.4%).

Outlook

Market

The global supply of Atlantic salmon in Q4 2018 increased around 5%, compared to Q4 2017, according to the latest estimate from Kontali Analyse. The global supply for 2018 increased by 6%, compared to 2017.

The global harvest of Atlantic salmon in Q1 2019 is expected to increase around 5%, compared to Q1 2018. The estimated global harvest of Atlantic salmon for 2019 is an increase of around 4-6%, compared to 2018.

Bakkafrost operates in the main salmon markets, Europe, USA, the Far East and Russia. Variation in sales distribution between the different markets is driven by the change in demand from quarter to quarter in the different regions. Bakkafrost, however, aims to have a balanced market diversification to reduce market risk.

Farming

The outlook for the farming segment is good. The estimates for harvest volumes and smolt releases are dependent on the biological development.

Bakkafrost focuses on reducing biological risk continuously and has made several new investments and procedures to diminish this risk. Bakkafrost focuses on using non-medical methods in treatments against sea lice and has invested in new technology to follow this strategy.

Bakkafrost's guidance for harvest in 2019 is 54,500 tonnes gutted weight.

Bakkafrost expects to release 13.5 million smolts in 2019, compared with 12.5 million smolts in 2018 and

9.9 million smolts in 2017. The number of smolts released is a key element of predicting Bakkafrost's future production.

VAP (Value added products)

Bakkafrost has signed contracts covering around 33% of the expected harvested volumes for 2019. Bakkafrost's long-term strategy is to sell around 40-50% of the harvested volumes of salmon as VAP products at fixed price contracts.

The VAP contracts are at fixed prices, based on the salmon forward prices at the time they are agreed and the expectations for the salmon spot price for the contract period. The contracts last for 6 to 12 months.

FOF (Fishmeal, oil and feed)

The outlook for the production of fishmeal and fish oil is dependent on the availability of raw material.

The ICES 2019 recommendation for blue whiting is 1,143 thousand tonnes, which corresponds to a decrease of 18%, compared to ICES's recommendation for 2018.

Bakkafrost expects a decrease in production volumes of fishmeal and fish oil in 2019, compared to 2018.

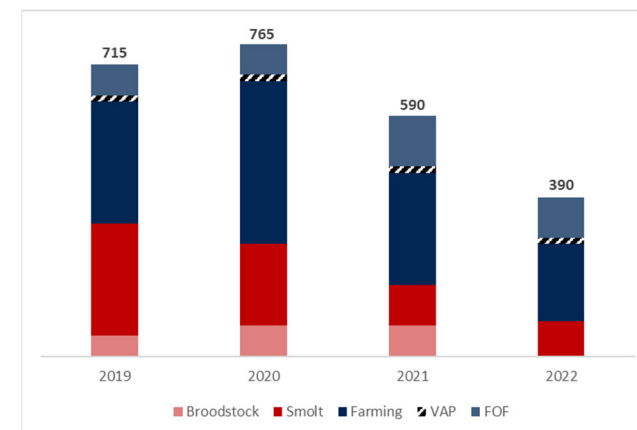
The major market for Havsbrún's fish feed is the local Faroese market including Bakkafrost's internal use of fish feed.

Havsbrún's sales of fish feed in 2019 are expected to be at 85,000 tonnes, depending on external sales.

Investments

Bakkafrost's investment program for the period from 2018 to 2022 will amount to DKK 3 billion, including maintenance capex, and will reinforce Bakkafrost's integrated business model. The aim of the investment program is to minimize the biological risk, increase efficiency and create sustainable organic growth.

Bakkafrost's strategy and investment program will be presented at Bakkafrost's Capital Markets Day on 12 June 2019 in the Faroe Islands.



Financial

Favourable market balances in the world market for salmon products and cost-conscious production will likely maintain the financial flexibility going forward.

A high equity ratio together with Bakkafrost's bank financing, makes Bakkafrost's financial situation strong. This enables Bakkafrost to carry out its investment plans to further focus on strengthening the Group, M&A's, organic growth opportunities and to fulfil its dividend policy in the future, which is unchanged although a new investment program is announced.

Risks

Biological risk has been and will be a substantial risk for Bakkafrost. The Annual Report 2017 gives more explanation on the biological risk and Bakkafrost's risk management in this regard.

Reference is made to the Outlook section of this report for other comments to Bakkafrost's risk exposure and to Note 3.

Bakkafrost is, as explained in the Annual Report 2017, exposed to the salmon price. Global supply of salmon is expected to increase in 2019 and will influence the salmon price.

The Annual Report 2017 is available on request from Bakkafrost and on Bakkafrost's website, www.bakkafrost.com.

Events after the Date of the Statement of Financial Position

From the date of the statement of financial position until today, no events have occurred which materially influence the information provided by this report.

Statement by the Management and the Board of Directors on the Interim Report

The Management and the Board of Directors have today considered and approved the interim report of P/F Bakkafrost for the period 1 January 2018 to 31 December 2018.

The interim report, which has not been audited or reviewed by the company's independent auditors, has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and Faroese disclosure requirements for listed companies.

Glyvrrar, February 18th, 2019

Management:

Regin Jacobsen
CEO

The Board of Directors of P/F Bakkafrost:

Rúni M. Hansen
Chairman of the Board

Johannes Jensen
Deputy Chairman of the Board

Teitur Samuelsen
Board Member

Øystein Sandvik
Board Member

Annika Frederiksberg
Board Member

In our opinion, the accounting policies used are appropriate, and the interim report gives a true and fair view of the Group's financial positions at 31 December 2018, as well as the results of the Group activities and cash flows for the period 1 January 2018 to 31 December 2018.

In our opinion, the management's review provides a true and fair presentation of the development in the Group operations and financial circumstances of the

results for the period and of the overall financial position of the Group as well as a description of the most significant risks and elements of uncertainty facing the Group.

Over and above the disclosures in the interim report, no changes in the Group's most significant risks and uncertainties have occurred relative to the disclosures in the annual report for 2017.

Consolidated Income Statement

For the period ended 31 December 2018

DKK 1,000	Q4 2018	Q4 2017	YTD 2018	YTD 2017
Operating revenue	750,348	906,070	3,177,422	3,770,049
Purchase of goods	-332,721	-210,030	-1,074,645	-883,871
Change in inventory and biological assets (at cost)	154,416	-13,272	199,696	-141,406
Salary and personnel expenses	-103,518	-106,744	-353,756	-400,267
Other operating expenses	-186,569	-198,452	-674,907	-783,268
Depreciation	-51,447	-46,332	-198,898	-183,590
Operational EBIT *	230,509	331,240	1,074,912	1,377,647
Fair value adjustments of biological assets	-239,548	-358,694	195,819	-693,540
Onerous contracts	17,076	0	0	67,376
Income from associates	11,104	18,399	9,369	17,302
Revenue tax	-24,036	-20,289	-95,867	-119,681
Earnings before interest and taxes (EBIT)	-4,895	-29,344	1,184,233	649,104
Net interest revenue	562	385	2,651	1,395
Net interest expenses	-2,262	-6,004	-12,477	-26,365
Net currency effects	293	9,260	1,419	4,650
Other financial expenses	-519	-1,538	-3,760	-4,900
Earnings before taxes (EBT)	-6,821	-27,241	1,172,066	623,884
Taxes	201	5,332	-211,774	-112,482
Profit or loss for the period	-6,620	-21,909	960,292	511,402
Profit or loss for the year attributable to				
Non-controlling interests	0	0	0	0
Owners of P/F Bakkafrøst	-6,620	-21,909	960,292	511,402
Earnings per share (DKK)	-0.14	-0.45	19.74	10.52
Diluted earnings per share (DKK)	-0.14	-0.45	19.74	10.52

* Operational EBIT is EBIT before fair value of biomass, onerous contracts, income from associates and revenue tax.

Consolidated Statement of Comprehensive Income

For the period ended 31 December 2018

DKK 1,000	Q4 2018	Q4 2017	YTD 2018	YTD 2017
Profit for the period	-6,620	-21,909	960,292	511,402
Changes on financial derivatives	308	-14,910	126,935	-25,799
Hereof income tax effect	-56	2,983	-22,848	4,644
Reserve to share-based payment	569	808	2,279	1,223
Currency translation differences	-1	-317	-95	415
Adjustment of treasury shares	177	-1,364	2,634	2,885
Net other comprehensive income to be re-classified to profit or loss in subsequent periods	997	-12,800	108,905	-16,632
Net other comprehensive income not to be re-classified to profit or loss in subsequent periods	0	0	0	0
Other comprehensive income	997	-12,800	108,905	-16,632
Total other comprehensive income for the period	-5,623	-34,709	1,069,197	494,770
Comprehensive income for the period attributable to				
Non- controlling interests	0	0	0	0
Owners of P/F Bakkafrøst	-5,623	-34,709	1,069,197	494,770

Consolidated Statement of Financial Position

As at 31 December 2018

DKK 1,000	31 Dec 2018	31 Dec 2017
ASSETS		
Non-current assets		
Intangible assets	389,745	376,675
Property, plant and equipment	2,884,325	2,570,430
Financial assets	112,766	76,702
Long-term receivables	9,200	0
Total non-current assets	3,396,036	3,023,807
Current assets		
Biological assets (biomass)	1,358,462	1,096,664
Inventory	438,847	305,845
Total inventory	1,797,309	1,402,509
Accounts receivable	269,348	262,493
Other receivables	22,936	157,156
Total receivables	292,284	419,649
Cash and cash equivalents	316,894	309,551
Total current assets	2,406,487	2,131,709
TOTAL ASSETS	5,802,523	5,155,516

DKK 1,000	31 Dec 2018	31 Dec 2017
EQUITY AND LIABILITIES		
Equity		
Share capital	48,858	48,858
Other equity	4,028,171	3,577,571
Total equity	4,077,029	3,626,429
Non-current liabilities		
Deferred and other taxes	534,430	455,448
Long-term interest-bearing debt	812,053	146,696
Total non-current liabilities	1,346,483	602,144
Current liabilities		
Financial derivatives	320	127,255
Short-term interest-bearing debt	0	378,300
Accounts payable and other debt	378,691	421,388
Total current liabilities	379,011	926,943
Total liabilities	1,725,494	1,529,087
TOTAL EQUITY AND LIABILITIES	5,802,523	5,155,516

Consolidated Cash Flow Statement

For the period ended 31 December 2018

DKK 1,000	Q4 2018	Q4 2017	YTD 2018	YTD 2017
Earnings before interest and taxes (EBIT)	-4,895	-29,344	1,184,233	649,104
Adjustments for write-downs and depreciation	51,447	46,332	177,898	183,590
Adjustments for value adjustment of biomass	239,548	358,694	-195,819	693,540
Adjustments for income from associates	-11,104	-18,398	-9,369	-17,301
Adjustments for currency effects	1,119	9,259	11,059	11,198
Taxes paid	-201,678	-140,337	-201,678	-140,337
Adjustments for provision for onerous contracts	-17,076	0	0	-67,376
Change in inventory	-143,066	8,645	-198,981	117,990
Change in receivables	-347	-54,381	103,437	-2,073
Change in current debts	27,131	80,788	42,157	29,827
Cash flow from operations	-58,921	261,258	912,937	1,458,162
Cash flow from investments				
Acquisition goodwill	202	0	-12,057	0
Proceeds from sale of fixed assets	0	0	25,000	0
Payments for purchase of fixed assets	-147,019	-168,764	-516,793	-635,542
Net investment in financial assets	0	0	-26,896	0
Cash flow from investments	-146,817	-168,764	-530,746	-635,542
Cash flow from financing				
Change of interest-bearing debt (short and long)	218,510	-123,859	146,783	-298,757
Financial income	561	384	2,650	1,393
Financial expenses	-2,783	-7,066	-16,237	-30,789
Net proceeds from sale of own shares	177	204	2,634	2,883
Dividend paid	0	0	-510,678	-422,795
Cash flow from financing	216,465	-130,337	-374,848	-748,065
Net change in cash and cash equivalents in period	10,727	-37,843	7,343	74,555
Cash and cash equivalents - opening balance	306,167	347,394	309,551	234,996
Cash and cash equivalents - closing balance total	316,894	309,551	316,894	309,551

Consolidated Statement of Changes in Equity

As at 31 December 2018

DKK 1,000	Share Capital	Share Premium Reserve	Treasury Shares	Share-based Payment	Currency translation differences	Derivatives	Proposed Dividend	Biomass Fair value adjustments	Retained Earnings	Total Equity
Equity 01.01.2018	48,858	306,537	-18,159	3,874	6,271	-104,351	513,009	186,951	2,683,439	3,626,429
Consolidated profit	0	0	0	0	0	0	0	195,819	772,455	968,274
<i>Other comprehensive income:</i>										
Changes on financial derivatives	0	0	0	0	0	126,935	0	0	-138,748	-11,813
Hereof income tax effect	0	0	0	0	0	-22,848	0	0	22,848	0
Share-based payment	0	0	0	2,279	0	0	0	0	0	2,279
Currency translation differences	0	0	0	0	-95	0	0	0	0	-95
Total other comprehensive income	0	0	0	2,279	-95	104,087	0	0	-115,900	-9,629
Total comprehensive income	0	0	0	2,279	-95	104,087	0	195,819	656,555	958,645
<i>Transaction with owners:</i>										
Treasury shares	0	0	2,634	0	0	0	0	0	0	2,634
Paid-out dividend	0	0	0	0	0	0	-513,009	0	2,331	-510,678
Total transaction with owners	0	0	2,634	0	0	0	-513,009	0	2,331	-508,044
Total changes in equity	0	0	2,634	2,279	-95	104,087	-513,009	195,819	658,886	450,601
Total equity 31.12.2018	48,858	306,537	-15,525	6,153	6,176	-264	0	382,770	3,342,325	4,077,029
Equity 01.01.2017	48,858	306,537	-21,045	2,651	5,856	-83,196	425,065	880,491	1,983,818	3,549,035
Consolidated profit	0	0	0	0	0	0	0	-693,540	1,210,359	516,819
<i>Other comprehensive income:</i>										
Changes on financial derivatives	0	0	0	0	0	-25,799	0	0	0	-25,799
Hereof income tax effect	0	0	0	0	0	4,644	0	0	0	4,644
Share-based payment	0	0	0	1,223	0	0	0	0	0	1,223
Currency translation differences	0	0	0	0	415	0	0	0	0	415
Total other comprehensive income	0	0	0	1,223	415	-21,155	0	0	0	-19,517
Total comprehensive income	0	0	0	1,223	415	-21,155	0	-693,540	1,210,359	497,302
<i>Transaction with owners:</i>										
Treasury shares	0	0	2,886	0	0	0	0	0	0	2,886
Paid-out dividend	0	0	0	0	0	0	-425,065	0	2,271	-422,794
Proposed dividend	0	0	0	0	0	0	513,009	0	-513,009	0
Total transaction with owners	0	0	2,886	0	0	0	87,944	0	-510,738	-419,908
Total changes in equity	0	0	2,886	1,223	415	-21,155	87,944	-693,540	699,621	77,394
Total equity 31.12.2017	48,858	306,537	-18,159	3,874	6,271	-104,351	513,009	186,951	2,683,439	3,626,429

Notes to the Account

Accounting Policy

General Information

P/F Bakkafrost is a limited company incorporated and domiciled in the Faroe Islands.

The Group's Annual Report as at 31 December 2017 is available upon request from the company's registered office at Bakkavegur 8, FO-625 Glyvrrar, Faroe Islands, or at www.bakkafrost.com.

This Condensed Consolidated Interim Report is presented in DKK.

Note 1. Statement of Compliance

This Condensed Consolidated Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as adopted by the EU. It does not include all the information required for the full Annual and Consolidated Report and Accounts and should be read in conjunction with the Annual and Consolidated Report and Accounts for the Group as at 31 December 2017.

This interim report has not been subject to any external audit.

Note 2. Significant Accounting Policies

The accounting policies applied by the Group in this Condensed Consolidated Interim Report had a minor change in Q4 2018, compared to those applied in the Annual Report as at and for the year ended 31 December 2017.

From Q4 2018, the interest costs will no longer be capitalized in biological assets. This change has an effect of 2.9 million DKK in accrued capitalized interest and was recognized in the income statement for Q4 2018. The change is not considered material and is in line with the process of aligning the accounting policy in the industry group. See Note 3.6 in the Annual Report for 2017 for further details.

Note 3. Estimates and Risk Exposures

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting principles and recognized amounts of assets, liabilities, income and expenses. The most significant estimates relate to the valuation of biological assets, which are measured at fair value. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on the management's best assessment at the time of reporting. All changes in estimates are reflected in the financial statements as they occur.

The accounting estimates are described in the notes to the financial statements in the Annual Report 2017.

For other risk exposures, reference is made to the Management's Statement in the Annual Report for 2017, where Bakkafrost's operational and financial risks are described, as well as to Note 4.1 (Financial risk management) in the same report.

The risks and uncertainties described therein are expected to remain.

Note 4. Biomass

DKK 1,000	31 Dec 2018	31 Dec 2017	Number of fishes on average (thousand)	31 Dec 2018	31 Dec 2017
			< 1 kg	4,951	4,390
Biological assets carrying amount 01.01.	1,096,665	1,858,435	1 kg < 2 kg	2,113	2,456
Increase due to production or purchases	1,333,160	1,368,608	2 kg < 3 kg	2,044	1,813
Reduction due to harvesting or sale (costs of goods sold)	-1,273,150	-1,475,571	3 kg < 4 kg	1,782	1,665
Fair value adjustment at the beginning of the period reversed	-186,956	-880,492	4 kg <	4,359	4,105
Fair value adjustment at the end of the period	382,775	186,956	Total number of fishes at sea	15,249	14,429
Reversal of elimination at the beginning of the period	59,758	98,487	Number of smolts released (thousand)		
Eliminations	-53,790	-59,758	Farming North	3,978	6,370
Biological assets carrying amount at the end of the period	1,358,462	1,096,665	Farming West	8,605	3,558
			Total number of smolts released	12,583	9,928
Cost price biological assets	1,029,477	962,783	Sensitivity in DKK 1,000		
Capitalized interest	0	6,684	Change in discount rate +1%	93,586	73,961
Fair value adjustment at the end of the period	382,775	186,956	Change in discount rate -1%	-104,991	-83,038
Eliminations	-53,790	-59,758	Change in sales price +5 DKK	-224,143	-212,869
Biological assets carrying amount	1,358,462	1,096,665	Change in sales price -5 DKK	224,143	212,869
Biomass on average (tonnes)			Change in biomass volume +1%	-6,551	-4,217
< 1 kg	1,958	1,775	Change in biomass volume -1%	6,551	4,217
1 kg < 2 kg	2,959	3,605	One year forward prices in EUR FCA Oslo*		
2 kg < 3 kg	5,189	4,562	Period end	6.01	5.30
3 kg < 4 kg	6,010	5,810	1 Q (forward)	6.48	5.48
4 kg <	22,962	21,544	2 Q (forward)	6.52	5.42
Volume of biomass at sea	39,078	37,296	3 Q (forward)	5.94	5.41
			4 Q (forward)	6.12	5.58
			* Source Fish Pool		

Note 5. Segments

Farming segment	Q4	Q4	YTD	YTD
DKK 1,000	2018	2017	2018	2017
External revenue	567,313	413,940	2,226,118	2,150,939
Internal revenue	114,538	163,343	342,248	835,622
Total revenue	681,851	577,283	2,568,366	2,986,561
Operating expenses	-435,247	-313,410	-1,448,251	-1,541,694
Depreciation and amortization	-42,204	-35,052	-154,456	-136,673
Operational EBIT	204,400	228,821	965,659	1,308,194
Fair value adjustments of biological assets	-239,548	-358,694	195,819	-693,540
Income from associates	311	142	311	142
Revenue tax	-24,036	-20,288	-95,866	-119,680
Earnings before interest and taxes (EBIT)	-58,873	-150,019	1,065,923	495,116
Net interest revenue	562	385	2,651	1,395
Net interest expenses	-2,032	-4,617	-10,420	-21,433
Net currency effects	3,496	16,054	995	16,531
Other financial expenses	-307	-1,478	-3,233	-4,672
Earnings before taxes (EBT)	-57,154	-139,675	1,055,915	486,937
Taxes	14,166	29,271	-170,527	-71,541
Profit or loss for the period	-42,988	-110,404	885,388	415,396

Value added products	Q4	Q4	YTD	YTD
DKK 1,000	2018	2017	2018	2017
External revenue	108,990	288,423	364,827	998,778
Internal purchase of raw material	-114,538	-163,343	-342,248	-835,621
Operating expenses	10,766	-84,448	-29,918	-222,377
Depreciation and amortization	-1,888	-4,085	-15,085	-16,221
Operational EBIT	3,330	36,547	-22,424	-75,441
Provision for onerous contracts	17,071	0	0	67,378
Earnings before interest and taxes (EBIT)	20,401	36,547	-22,424	-8,063
Net interest expenses	-42	-207	-179	-906
Net currency effects	-18	-50	-316	-345
Other financial expenses	-4	-2	-24	-10
Earnings before taxes (EBT)	20,337	36,288	-22,943	-9,324
Taxes	-3,660	-6,532	31	1,679
Profit or loss for the period	16,677	29,756	-22,912	-7,645

Fishmeal, fish oil and fish feed	Q4	Q4	YTD	YTD
DKK 1,000	2018	2017	2018	2017
External revenue	74,045	203,707	586,477	620,332
Internal revenue	213,644	163,150	682,087	682,829
Total revenue	287,689	366,857	1,268,564	1,303,161
Cost of goods sold	-200,042	-223,515	-835,035	-847,062
Operating expenses	-27,240	-49,716	-179,248	-190,006
Depreciation and amortization	-7,355	-7,195	-29,357	-30,696
Operational EBIT	53,052	86,431	224,924	235,397
Income from associates	10,792	18,256	9,057	17,159
Earnings before interest and taxes (EBIT)	63,844	104,687	233,981	252,556
Net interest expenses	-188	-1,180	-1,878	-4,026
Net currency effects	-3,185	-6,744	740	-11,536
Other financial expenses	-208	-58	-503	-218
Earnings before taxes (EBT)	60,263	96,705	232,341	236,776
Taxes	-10,305	-17,407	-41,278	-42,620
Profit or loss for the period	49,958	79,298	191,063	194,156

**Reconciliation of reportable segments
to Group earnings before taxes (EBT)**

DKK 1,000	Q4 2018	Q4 2017	YTD 2018	YTD 2017
Farming	-57,154	-139,675	1,055,915	486,937
VAP (Value Added Products)	20,337	36,288	-22,943	-9,324
FOF (Fishmeal, fish Oil and fish Feed)	60,263	96,705	232,341	236,776
Eliminations	-30,268	-20,559	-93,248	-90,505
Group earnings before taxes (EBT)	-6,822	-27,241	1,172,065	623,884

Assets and liabilities per segment

DKK 1,000	31 Dec 2018	31 Dec 2017
Farming *	4,860,227	4,728,402
VAP (Value Added Products) *	192,841	302,135
FOF (Fishmeal, fish Oil and fish Feed)	749,455	803,359
Eliminations	0	-678,380
Total assets	5,802,523	5,155,516
* Reclassification between Farming and VAP of 116 mDKK in Q1 2018		
Farming	1,482,751	529,931
VAP (Value Added Products)	31,075	3,248
FOF (Fishmeal, fish Oil and fish Feed)	209,634	562,189
Eliminations	2,034	433,719
Total liabilities	1,725,494	1,529,087

Note 6. Capital Commitments

The Group had capital expenditure committed but not provided in these accounts at the date of the Statement of Financial Position of approximately DKK 181 million. DKK 109 million relate to the building of new hatchery stations. DKK 57 million relate to the building of a new biogas plant.

Note 7. Transactions with Related Parties

Note 5.2 in Bakkafrøst's Annual Report for 2017 provides detailed information on related parties' transactions.

Transactions between P/F Bakkafrøst and its subsidiaries meet the definition of related party transactions. As these transactions are eliminated on consolidation, they are not disclosed as related party transactions.

Note 8. Fair Value Measurements

All assets/liabilities, for which fair value is recognized or disclosed, are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

For biological assets, the fair value calculation is done using a valuation model (level 3 in the valuation hierarchy) where the value is estimated based on observable market prices per period end.

For more information on these calculations, please refer to Note 4.

For assets/liabilities that are recognized at fair value on a recurring basis, the Group determines, whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement).

There have been no transfers into or out of Level 3 fair value measurements.

As at 31 December 2018, the Group held the following classes of assets/liabilities measured at fair value:

DKK 1,000	Cost				
Assets and liabilities measured at fair value	Fair value	amount	Level 1	Level 2	Level 3
Biological assets (biomass)	1,358,462	973,288	0	0	1,358,462
Assets measured at fair value 31/12-2018	1,358,462	973,288	0	0	1,358,462
Liabilities measured at fair value 31/12-2018	0	0	0	0	0
Biological assets (biomass)	1,096,665	975,687	0	0	1,096,665
Assets measured at fair value 31/12-2017	1,096,665	975,687	0	0	1,096,665
Liabilities measured at fair value 31/12-2017	0	0	0	0	0

Note 9. Business Combinations

On 1 July 2018, Bakkafrøst purchased the business and assets in North Landing via Bakkafrøst USA LLC.

The purchase is paid in cash and financed by existing facilities.

The key employees of North Landing will continue in Bakkafrøst USA LLC.

The fair value of intangible assets has been determined on an estimated fair value. Fair value has been identified in customer relationship employing generally accepted valuation techniques. The market value of the customer relationship is measured to DKK 6.2 million.

The fair value of property, plant and equipment has been determined based a 3rd party valuation.

From 1 July to 31 December 2018, the acquired business contributed with a result of -8.5 mDKK to the Group's result.

Identifiable assets assumed:**DKK 1,000**

Intangible assets	13,948
Property, plant and equipment	13,372
Inventory	1,590
Total net identifiable assets	28,910

Note 10. APM**- Alternative Performance Measures**

Bakkafrost's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition, the management's intention is to provide alternative performance measures, which are regularly reviewed by the management to enhance the understanding of the company's performance, but not replacing the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies. Bakkafrost's experience is that these APM's are frequently used by analysts, investors and other parties.

These APM's are adjusted IFRS measures, defined, calculated and used in a consistent and transparent manner over the years and across the company where relevant.

NIBD

Net interest-bearing debt consists of both current and non-current interest-bearing liabilities, less related current and non-current hedging instruments, financial instruments, such as debt instruments and derivatives and cash and cash equivalents. The net interest-bearing debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure. Net debt is an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate interest-bearing liabilities (both current and non-current), derivatives and cash and cash equivalents. A reconciliation is provided below.

	31 Dec	31 Dec
DKK 1,000	2018	2017
Cash and cash equivalents	316,894	309,551
Deposit for interest- and currency swap	0	84,630
Derivatives	-320	-127,255
Long- and short-term interest-bearing debt	-812,053	-524,996
Net interest-bearing debt	-495,479	-258,070

Operational EBIT

Operational EBIT is EBIT aligned for fair value adjustments, onerous contracts provisions, income from associates and revenue tax.

Operational EBIT is a major alternative performance measure in the salmon farming industry. A reconciliation from EBIT to Operational EBIT is provided below.

	Q4	Q4	YTD	YTD
DKK 1,000	2018	2017	2018	2017
EBIT	-4,895	-29,344	1,184,233	649,104
Fair value adjustments of biological assets	239,548	358,694	-195,819	693,540
Onerous contracts	-17,076	0	0	-67,376
Income from associates	-11,104	-18,399	-9,369	-17,302
Revenue tax	24,036	20,289	95,867	119,681
Operational EBIT	230,509	331,240	1,074,912	1,377,647

Operational EBIT per kg

Farming segment:	<u>Operational EBIT Farming segment</u> Total harvested volumes (gw)
VAP segment:	<u>Operational EBIT VAP segment</u> Total volumes produced (raw material gw)
Farming and VAP:	<u>Operational EBIT Farming and VAP segment</u> Total harvested volumes (gw)

EBITDA

Earnings before interest, tax, depreciations and amortizations (EBITDA) is a key financial parameter for Bakkafrost's FOF segment. EBITDA before other income and other expenses is defined as EBITDA less gains and losses on disposals of fixed assets and operations and is reconciled in the section Group overview. This measure is useful to users of Bakkafrost's financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciations and amortization expenses related primarily to capital expenditures and acquisitions, which occurred in the past, nonrecurring items, as well as evaluating operating performance in relation to Bakkafrost's FOF segments competitors. The EBITDA margin presented is defined as EBITDA before other income and other expenses divided by total revenues.

Adjusted EPS

Adjusted EPS is based on the reversal of certain fair value adjustments shown in the table below, as it is Bakkafrost's view that this figure provides a more reliable measure of the underlying performance.

	Q4	Q4	YTD	YTD
DKK 1,000	2018	2017	2018	2017
Profit for the year to the shareholders of P/F Bakkafrost	-6,620	-21,909	960,292	511,402
Fair value adjustment of biomass	239,548	358,694	-195,819	693,540
Onerous contracts provisions	-17,076	0	0	-67,376
Tax on fair value adjustment and onerous contracts provisions	-40,045	-64,565	35,247	-112,710
Adjusted profit for the year to shareholders of P/f Bakkafrost	175,807	272,220	799,720	1,024,856
Time-weighted average number of shares outstanding through the year	48,645,774	48,609,644	48,645,774	48,609,644
Adjusted earnings per share (before fair value adjustment of biomass and provisions for onerous contracts) (adjusted EPS)	3.61	5.60	16.44	21.08

ROCE

Return on average capital employed (ROCE) is defined as the period's operational EBIT divided by the average capital employed, which is total assets adjusted for total current liabilities. The performance measure is expressed as a percentage and is useful for evaluating Bakkafrost's profitability.

	Q4	Q4	YTD	YTD
DKK 1,000	2018	2017	2018	2017
Group -Operational EBIT	230,509	331,240	1,074,912	1,377,647
Average Capital Employed	5,394,036	4,403,779	5,001,249	4,473,219
ROCE	4.3%	7.5%	21.5%	30.8%

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