

Marine Harvest ASA: Results for the third quarter of 2007

Low prices for salmon, the biological situation in Chile, currency effects and non-recurring items challenged the third quarter results of Marine Harvest. Operating profit (EBIT) in the quarter, before restructuring costs and fair value adjustment of the biomass, was negative MNOK 22.3. Marine Harvest materialised operational improvements, cost reductions and synergy capture in the third quarter that will strengthen the group's competitiveness going forward.

"Reduced market prices and a negative biological impact on our operations in Chile combined with provision of MNOK 125.8 related to non-recurring items, led to an overall disappointing financial result. Chile is challenging due to the ISA situation and we have taken some proactive measures aimed at reducing future impact of biological issues. This has affected results negatively for the quarter. However, an improvement in the market combined with the continuous cost focus in our operations makes us confident that Marine Harvest have a solid foundation for a continued profitable development", says acting President & CEO Leif Frode Onarheim.

Marine Harvest generated operating revenues of MNOK 2 964.4 in the third quarter compared to MNOK (pro forma) 3 839.6 for same period last year. The reduction in revenues relates mainly to a decline in market prices in all markets. The harvested volume was 69 475 tonnes (HOG) compared to 70 383 tonnes in the same period last year and 84 674 tonnes in the second quarter of 2007.

EBITDA before fair value adjustment of the biomass including restructuring costs of MNOK 49.3 was MNOK 142.4 in the third quarter, down from MNOK 937.5 in the same period last year. EBIT before fair value adjustment of biomass was negative MNOK 22.3, compared to a positive MNOK 764.5 in the third quarter last year.

At the end of the third quarter of 2007 Marine Harvest had an interest-bearing debt of MNOK 7 133.5. The equity ratio was 55.2 per cent.

Business areas

Marine Harvest is divided into five business units: Marine Harvest Norway, Marine Harvest Chile, Marine Harvest Canada, Marine Harvest Scotland and Marine Harvest VAP Europe (Value Added Products). The company also has operational units in Ireland, the Faroe Islands and Japan.

Marine Harvest Norway had operating revenues of MNOK 1 229.1 in the third quarter. EBIT before restructuring costs and fair value adjustment of the biomass was MNOK 135.6. A total of 35 447 tonnes (HOG) was harvested in the period, giving an EBIT/kilogram (HOG) of NOK 3.83.

Marine Harvest Chile had operating revenues of MNOK 513.1 in the third quarter. EBIT before restructuring costs and fair value adjustment of the biomass was negative MNOK 54.3. A total of 16 742 tonnes (HOG) was harvested in the period, down from 20 830 tonnes in the third quarter of 2006. The result is negatively impacted by ISA through provision (MNOK 54.1) related to culling of fish in the fourth quarter, extraordinary mortality and delay of the harvesting of fish.

Marine Harvest Canada had operating revenues of MNOK 206.9 in the third quarter. EBIT before restructuring costs and fair value adjustment of the biomass was MNOK 19.8. A total of 7 769 tonnes (HOG) was harvested in the period, giving an EBIT/kilogram (HOG) of NOK 2.55.

Marine Harvest UK had operating revenues of MNOK 263.7 in the third quarter. EBIT before restructuring costs and fair value adjustment of the biomass was MNOK 29.1. A total of 7 340 tonnes (HOG) was harvested in the period, giving an EBIT/kilogram (HOG) of NOK 3.97.

Marine Harvest VAP Europe had operating revenues of MNOK 744.3 in the third quarter. EBIT before restructuring costs was MNOK 31.8, giving an EBIT margin of 4.3% compared to 5.0% in the second quarter and 0.6% in the third quarter of 2006. The company shows a steady improvement in its performance.

Marine Harvest's engagement in yellowtail production in Japan is under evaluation. Due to weak market prices the fixed assets are written off and the biomass value reduced, resulting in a total reduction in EBIT by MNOK 59.6 in the quarter.

Outlook

Marine Harvest confirms that the harvest volume for 2007 will be in the area of 335 000 - 345 000 tonnes (excluding Lighthouse Caledonia ASA). Low harvest volumes are expected in Chile in Q4 due to the biological situation. Operationally Marine Harvest undertakes measures to adjust the short and medium term production capacity in order to bring the biological situation under control and establish new production facilities in Chile's region 11.

The production challenges in Chile may lead to improved global market balance.

The market conditions for Atlantic salmon and the ISA situation in Chile is challenging. By being proactive in Chile and focus on the operational improvement and cost reductions throughout the group, the Board is confident that Marine Harvest will show better results and competitiveness going forward, and be well prepared to continue to pursue acquisition opportunities within the seafood industry.

For further information

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