

Royal Greenland A/S

Interim Report

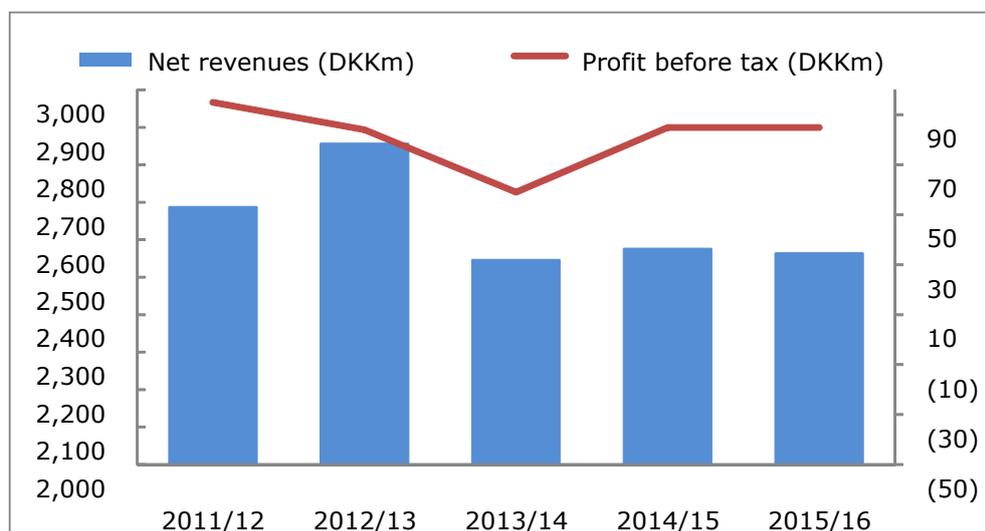
1 October 2015 – 31 March 2016

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Royal Greenland maintains high earnings during the first half year

Royal Greenland performed well during the first half of 2015/2016 with a profit of DKK 85 million before tax, corresponding to a profit ratio of 3.3 percent. The profit levels that of last year. Revenues are unchanged at nearly DKK 2.6 billion, but with a 4% lower sales volume.



From an overall perspective, most of the profit stems from the core activities of shell-on prawns and halibut. Fishing for prawns has been good and efficient during the first six months of the year and when taking the very strong market in Asia and a positive start of the season in the Russian market into account, the performance of shell-on prawns has been significantly better than last year.

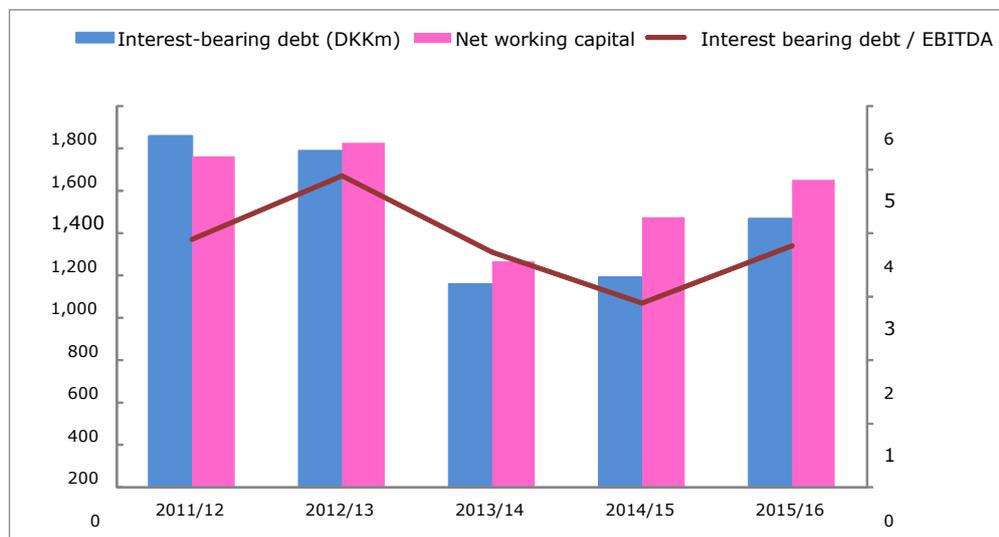
Halibut also shows a positive trend – also due to the Asian markets. Furthermore, the acquisition of Upernavik Seafood A/S is starting to have a positive effect. The sale of halibut could have been even higher, if access to the warehouses had not been hampered by ice and winter weather.

The core business, cooked and peeled prawns, however, has not developed quite as good as last year, which was characterised by historically high sales prices. Particularly throughout the past three months, the market has been non-transparent due to uncertainty regarding the Canadian quota. The determination of the Canadian quota has been postponed until June, but the quota is expected to decrease by 20-40% and after that, a more stable development of the market is expected. The uncertain market for cooked and peeled prawns has also had a negative impact on prawns in brine.

The net profit of Royal Greenland for the first six months amounts to DKK 43 million.

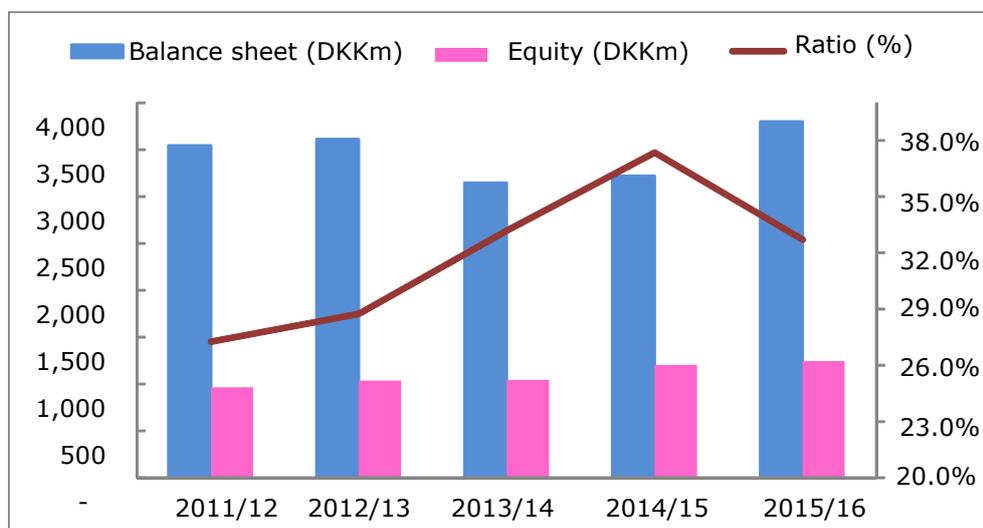
At the end of March 2016, Royal Greenland received the official approvals required for the acquisition of the Canadian prawn and crab company Quin Sea Fisheries Ltd.

The acquisition, which is in line with The North Atlantic Champion strategy, will strengthen both Royal Greenland's core activities and Quin Sea Fisheries. The consolidated revenues will be increased by approx. DKK 400 million and the staff by approx. 400 people.



At the end of the half-year interim period, the interest-bearing debt of the group increased to nearly DKK 1.3 billion, corresponding to 3.8 times the EBITDA, which reflects the increasing working capital. The main reason for this development is increased inventories due to lacking opportunities for clearing inventories during the winter and increasing supply of especially cod. The development will be normalised during the second half year as the inventories are being cleared and sold.

The equity amounts to DKK 1.2 billion with an equity ratio of 32.7%. The equity ratio decreased compared to last year due to a large balance sheet total, as a result of the recent acquisition of Quin Sea Fisheries Ltd. and higher working capital.



Expected performance of the company

Profit before tax for the entire year is still expected to be higher than in 2014/15.

The most significant risk factor is the market for cooked and peeled prawns.

Despite continued high investment activities, the interest-bearing debt is expected to fall to a level around 3 times the EBITDA.

Nuuk, xx/xx 2016

Niels Harald de Coninck-Smith
Chairman of the Board

Mikael Thinghuus
CEO

Nils Duus Kinnerup
CFO

Lars Nielsen
Group Production Director

Bruno Olesen
Sales and Marketing Director

Financial highlights for the Group

First half year

(DKKm)	2015/16	2014/15	2013/14	2012/13	2011/12
Profit/loss					
Revenue	2,563	2,575	2,545	2,855	2,686
EBITDA	168	169	131	162	215
EBIT	90	95	63	91	144
Profit before tax	85	85	59	84	95
Net profit	43	50	32	53	71
Balance sheet					
Fixed assets	1,244	1,079	1,083	1,186	1,205
Net working capital	1,452	1,274	1,067	1,626	1,563
Equity	1,243	1,203	1,044	1,038	966
Net interest-bearing debt	1,267	991	958	1,587	1,658
Total assets	3,798	3,221	3,147	3,611	3,544
Investments in property, plant and equipment	(37)	(102)	(72)	(46)	(21)
Ratios in %					
EBITDA margin	6.6	6.6	5.1	5.7	8.0
EBIT margin	3.5	3.7	2.5	3.3	5.4
EBT margin	3.3	3.3	2.3	2.9	3.6
ROIC including goodwill	8.5	10.1	6.1	7.6	11.7
Return on equity (ROE)	9.1	10.3	8.0	12.0	16.9
Equity ratio	32.7	37.4	33.2	28.8	27.3
Net interest-bearing debt/ EBITDA	3.8	2.9	3.7	4.9	3.9

Company details

The Company

Royal Greenland A/S

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Reg.no. 184,991

Financial year: 1 October – 30 September

Registered office: Kommuneqarfik Sermersooq

The Government of Greenland owns all shares in the Company.

Supervisory Board

Niels Harald de Coninck-Smith, Chairman

Jan H. Lynge-Pedersen, Vice Chairman

Sara Heilmann

Pernille Fabricius

Åse Aulie Michelet

Tim Ørting Jørgensen

Lars Berthelsen *)

Peter Korsbæk *)

Niels Ole Møller *)

*) Elected by the employees

Executive Board

Mikael Thinghuus, CEO

Nils Duus Kinnerup, CFO

Bruno Olesen, Group Sales and Marketing Director

Lars Nielsen, Group Production Director

Auditors

EY Grønland Godkendt Revisionsanpartsselskab

Group chart

