

Royal Greenland A/S

Interim Report

1 January 2017 – 30 June 2017

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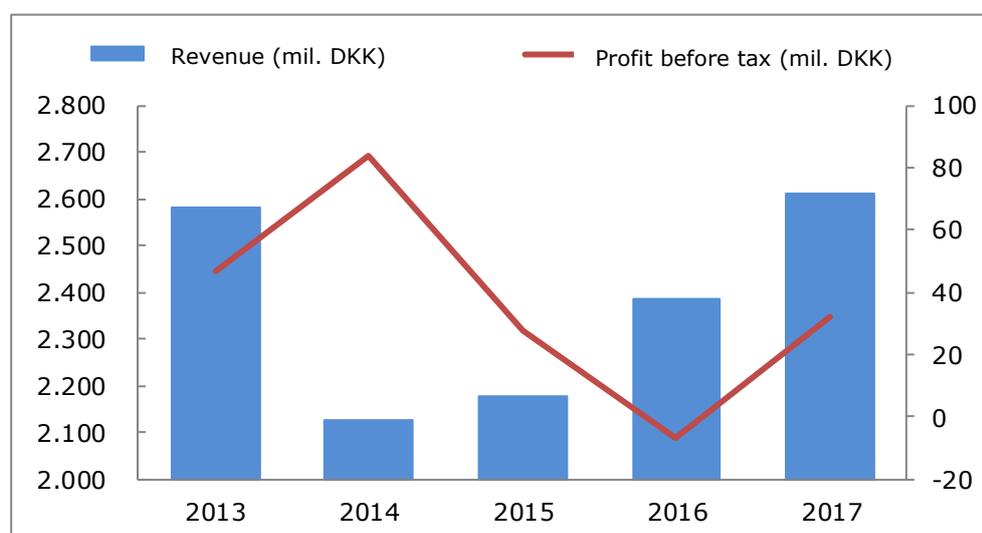
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Growth in Royal Greenland in H1 2017

Royal Greenland's revenue grew by 9% in H1, and the profit before tax improved from a loss of DKK 7 million in H1 2016 to a profit of DKK 32 million in H1 2017.

The positive development in profit can be attributed in particular to the company's core activities shell on prawns and snow crab, but sales of prawns in brine, lumpfish roe and smoked products are also doing well.

The interim report reflects the fact that the development in results in Royal Greenland is very seasonal, as by far the majority of the company's profit is earned in the second half of the year.



Fishing for shell on prawns was good during the first six months of the year, and when taking the very strong market in Asia and high sales in Scandinavia into account, the performance of shell on prawns has been significantly better than last year.

The snow crab season started late in Newfoundland, why sales are still not at the same level as last year. The market is still very strong in Asia and North America.

Greenland halibut are following the development from 2016, as the trawler-produced products have been more important this year as supplies of land-based products from the factories to the market have been delayed, among other things as a result of operational problems at Royal Arctic Line. Sales are largely to Asia.

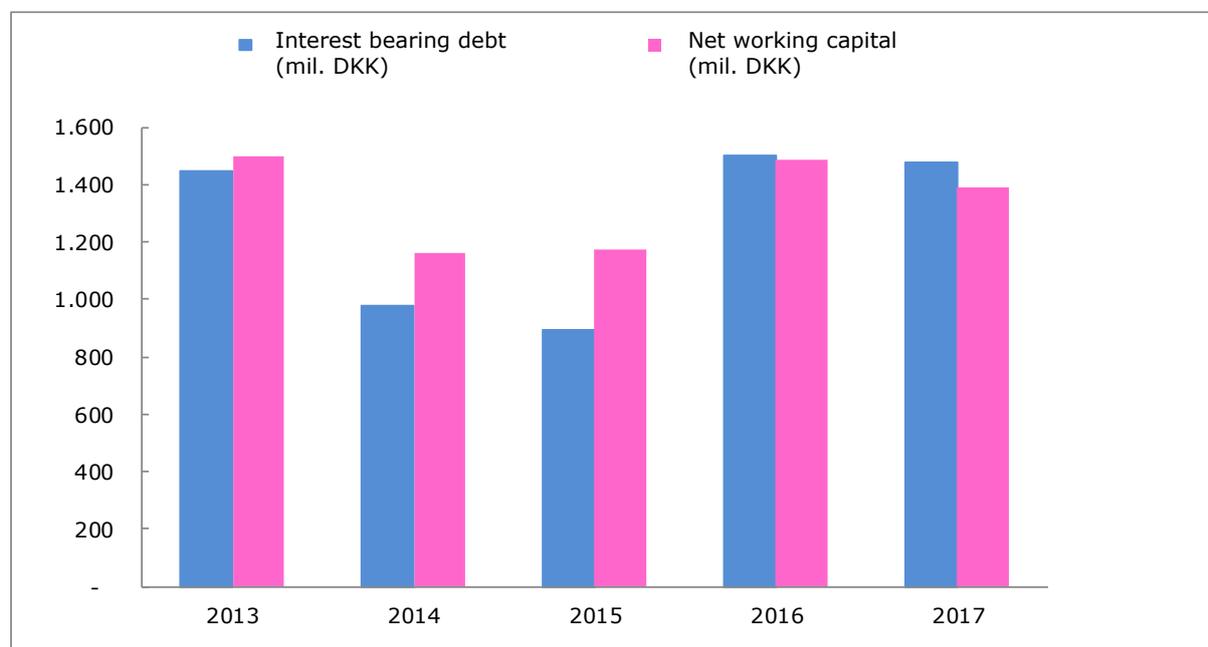
The core business – cooked and peeled prawns – has been challenged as a result of falling sales prices, particularly for the small sizes. In addition, the development in pound sterling as a result of Brexit has also been a challenge. The UK is the world's biggest market for cooked and peeled prawns, and the drop in the pound sterling in recent months has negatively impacted the profit for

Royal Greenland A/S

H1 by DKK 18 million. However, the latest development in the market is more positive, and reflects the reduction in the Canadian quota of more than 50% in Newfoundland and 15% in Quebec. Prawns in brine, which should be looked at with cooked and peeled prawns, have on the other hand developed positively, as the product group is based on purchased raw materials and thus benefit from the lower prices.

Sales of white fish, which primarily comprises Greenland cod, are 5% below sales in H1 2016. Like Greenland halibut, the category is suffering from delayed shipments. As fish from the pound net fishing season become available for sale, it will be possible to catch up.

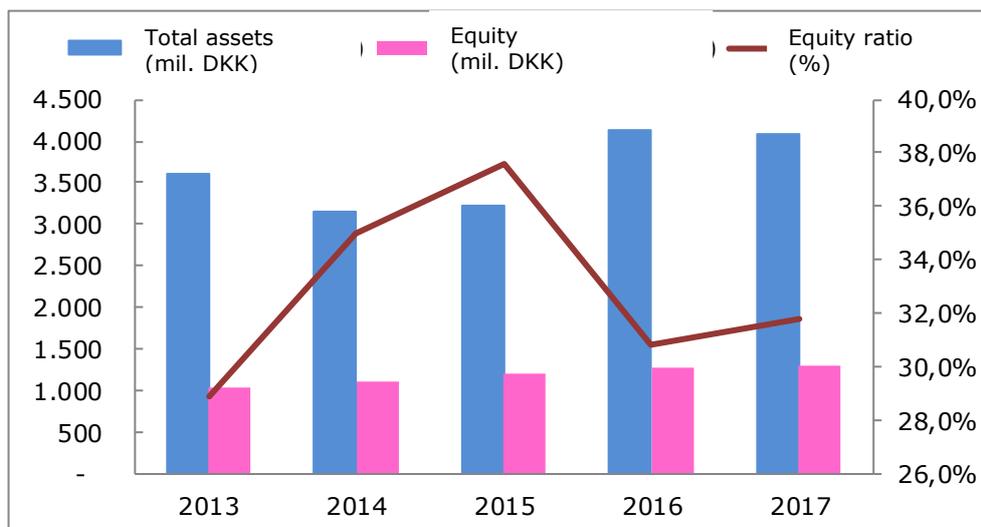
Royal Greenland's net profit for H1 2017 totals DKK 1 million compared to a loss of DKK 12 million in the prior-year period. Minority interests and dividend tax negatively impact the results by DKK 17 million.



At the end of H1, the group's working capital had fallen by almost DKK 100 million as a result of lower stocks and receivables. But the working capital is approx. DKK 100 million higher than it would otherwise have been as a result of the operational problems at Royal Arctic Line. We hope that this situation will have been normalised by the end of the year.

Interest-bearing debt totals DKK 1.5 billion, and is at the same level as last year. The first two instalments of the investment in the two new trawlers have been paid.

The equity totals DKK 1.3 billion with an equity ratio of 31.8%.



Expected performance of the company

The profit before tax for the entire year is expected to be at the same level as for the 12-months report last year, even though several of the main currencies in which Royal Greenland sells its products – including the pound sterling, the Japanese yen and the US dollar – have fallen significantly relative to the Danish krone and the euro.

Interest-bearing debt is expected to be at a level of approx. three and half times that of EBITDA.

Reykjavik, 12 September 2017

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

H1 2017

| (DKKm) | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|-------------|-------------|-------------|-------------|-------------|
| Profit/loss | | | | | |
| Revenue | 2,611 | 2,387 | 2,179 | 2,126 | 2,583 |
| EBITDA | 97 | 81 | 105 | 119 | 123 |
| EBIT | 20 | 2 | 38 | 52 | 55 |
| Profit before tax | 32 | (7) | 28 | 84 | 47 |
| Profit for the year | 1 | (12) | 14 | 51 | 22 |
| Balance sheet | | | | | |
| Fixed assets | 1,695 | 1,490 | 1,098 | 1,068 | 1,174 |
| Net working capital | 1,390 | 1,485 | 1,174 | 1,160 | 1,498 |
| Equity | 1,303 | 1,273 | 1,213 | 1,099 | 1,040 |
| Net interest-bearing debt | 1,480 | 1,503 | 897 | 978 | 1,449 |
| Total assets | 4,095 | 4,136 | 3,226 | 3,143 | 3,599 |
| Investments in property, plant and equipment | 169 | 243 | 100 | 86 | 43 |
| Ratios in % | | | | | |
| EBITDA margin | 3.7 | 3.4 | 4.8 | 5.6 | 4.7 |
| EBIT margin | 0.8 | 0.1 | 1.7 | 2.5 | 2.1 |
| EBT margin | 1.2 | (0.3) | 1.3 | 4.0 | 1.8 |
| ROIC including goodwill | 1.7 | 0.4 | 4.1 | 5.1 | 4.6 |
| Return on equity (ROE) | 2.0 | (1.2) | 3.5 | 10.2 | 5.8 |
| Equity ratio | 31.8 | 30.8 | 37.6 | 35.0 | 28.9 |

Company details

The company

Royal Greenland A/S

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Reg. no. 184.991

Financial year: 1 January – 31 December

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

