

Royal Greenland A/S

Interim Report

01 January 2018 – 30 June 2018

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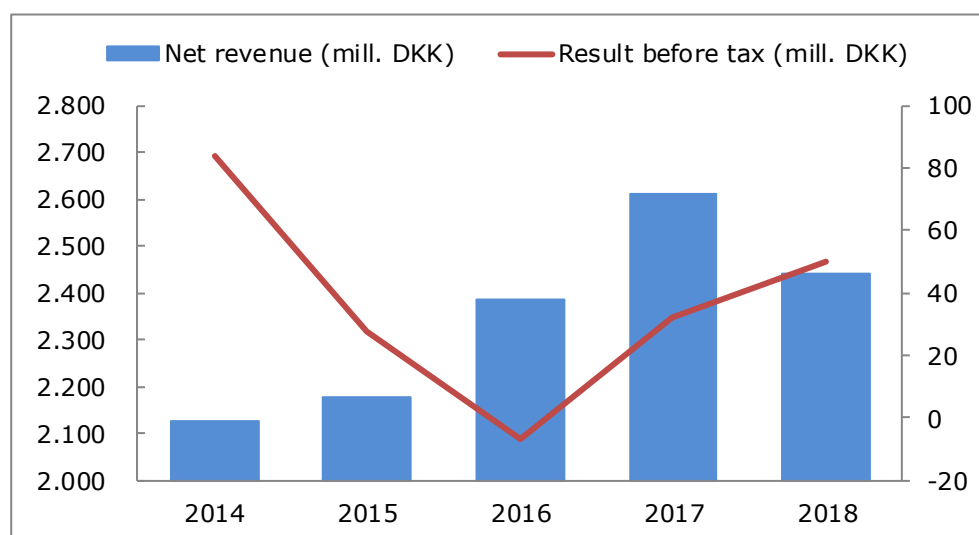
The positive momentum was maintained in the first half year 2018

Royal Greenland's profit before tax improved to DKK 50 million in the first half year. This was achieved despite increased fisheries taxes in Greenland amounting to DKK 38 million and a 7% decline in turnover, which can be attributed to a single trading order for a major European retail customer. The order was not renewed as a result of low margins.

Royal Greenland's primary sales currencies (USD, JPY, GBP and SEK) have also been at lower levels than last year, but higher sales prices compensated for this to a great extent.

Royal Greenland's core products all perform well and underline the strength in The North Atlantic Champion strategy. In particular, cooked and peeled prawns and snow crab show a strong performance.

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



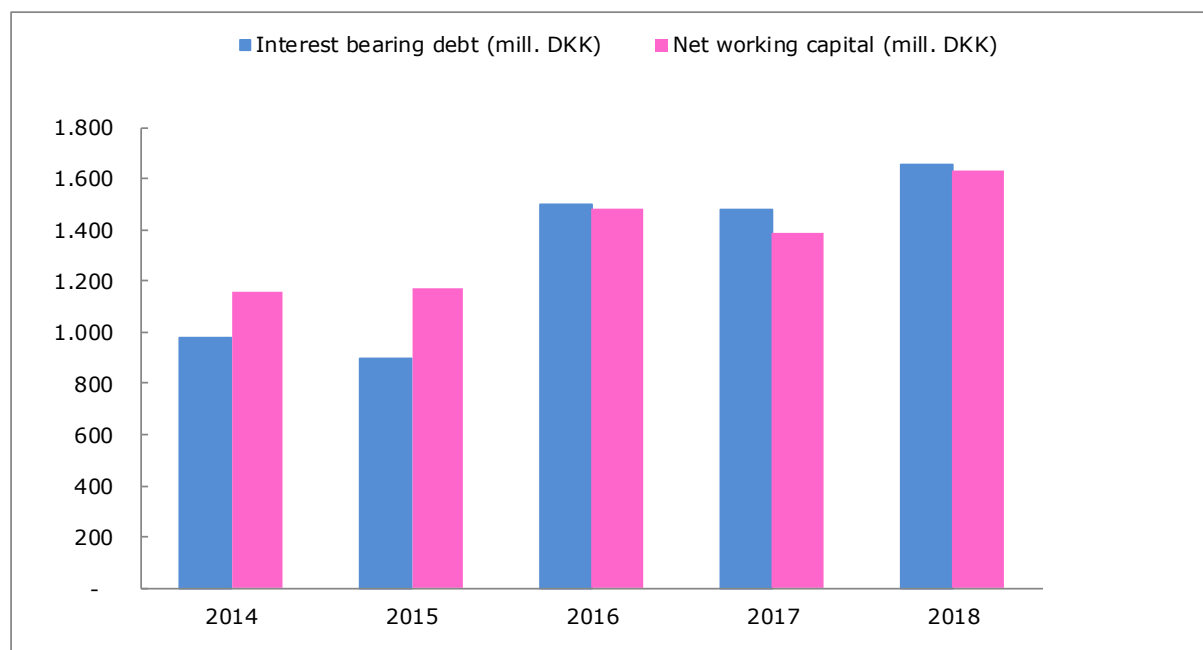
We have managed to increase the sales of cooked and peeled prawns while, at the same time, sales prices have shown an upward trend compared to 2017, which was, of course, characterised by falling prices and the weakening of the GBP. The sales companies in the UK and Scandinavia are driving this positive development.

The markets for snow crab in Asia and North America continue to be highly attractive, and compared to last year, the season in Newfoundland started 2-4 weeks earlier, resulting in increased sales to North America.

Shell-on prawns continue to achieve high earnings, on a par with last year, based on the markets in Asia and Scandinavia, while Russia is not quite at the same level as in 2017.

Greenland halibut performs at the same level as last year. There are still logistical challenges in having the products brought from Greenland to the market, however, these are not of the same magnitude as in 2017. Sales continue to be predominantly to Asia.

Royal Greenland's net profit for the first half year amounts to DKK 13 million compared to DKK 1 million in the same period last year. Minority interests and dividend tax negatively impact the results by DKK 15 million.



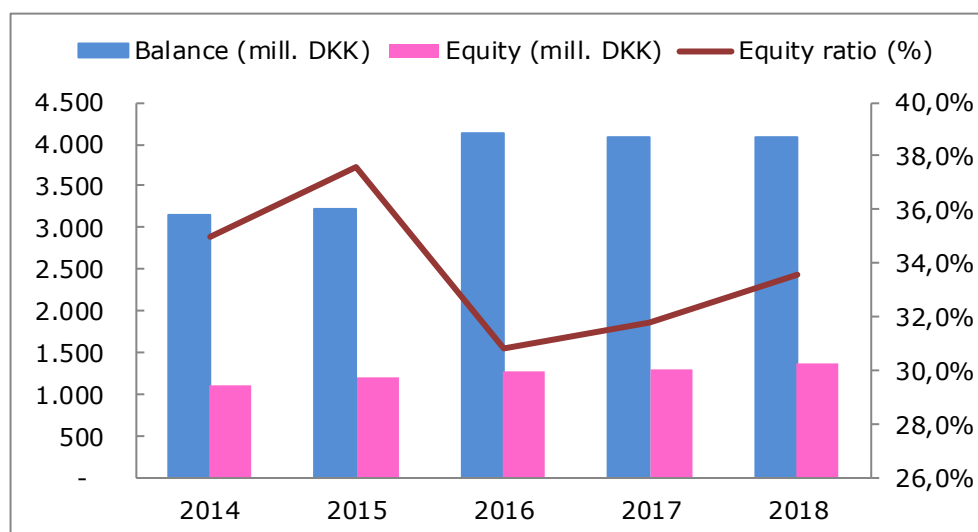
At the end of the half year, the Group's working capital increased by DKK 245 million. This development can be ascribed to lower total account payables as a result of the aforementioned lost trading order, to which an attractive supply chain financing arrangement was linked.

Stocks were reduced by almost DKK 100 million. This is in line with expectations.

Interest-bearing debt amounts to DKK 1,653 million, and as a result of the growth in working capital and investments increased by DKK 173 million.

Investment in the two new trawlers proceeds as planned with delivery of the first trawler in the spring of 2019 and the second in the autumn of 2019.

Equity amounts to DKK 1.4 billion, with an equity ratio of 33.6%.



Expected performance of the company

Our expectations for 2018 are for a continuation of the positive development, which the company has been undergoing for the last seven years.

However, increased fisheries taxes and exchange rate developments are expected to result in slightly lower pre-tax profits in 2018 than in 2017.

Ilulissat, 12 September 2018

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)	2018	2017	2016	2015	2014
Profit/loss					
Revenue	2,440	2,611	2,387	2,179	2,126
EBITDA	123	97	81	105	119
EBIT	47	20	2	38	52
Profit before tax	50	32	(7)	28	84
Profit for the period	13	1	(12)	14	51
Balance sheet					
Fixed assets	1,714	1,695	1,490	1,098	1,068
Net working capital	1,635	1,390	1,485	1,174	1,160
Equity	1,377	1,303	1,273	1,213	1,099
Net interest-bearing debt	1,653	1,480	1,503	897	978
Total assets	4,095	4,095	4,136	3,226	3,143
Investments in property, plant and equipment	133	169	243	100	86
Ratios in %					
EBITDA margin	5.0	3.7	3.4	4.8	5.6
EBIT margin	2.0	0.8	0.1	1.7	2.5
EBT margin	2.0	1.2	(0.3)	1.3	4.0
ROIC including goodwill	3.5	1.7	0.4	4.1	5.1
Return on equity (ROE)	3.2	2.0	(1.2)	3.5	10.2
Equity ratio	33.6	31.8	30.8	37.6	35.0

Company details

The Company

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CBR No. 13645183

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, formand

Jan H. Lynge-Pedersen, Vice Chairman

Sara Heilmann

Pernille Fabricius

Åse Aulie Michelet

Tim Ørting Jørgensen

Niels Ole Møller *)

Mika Heilmann *)

Malik Hegelund Olsen *)

*) 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

