

Royal Greenland A/S

Interim report

1 October 2012 – 31 March 2013

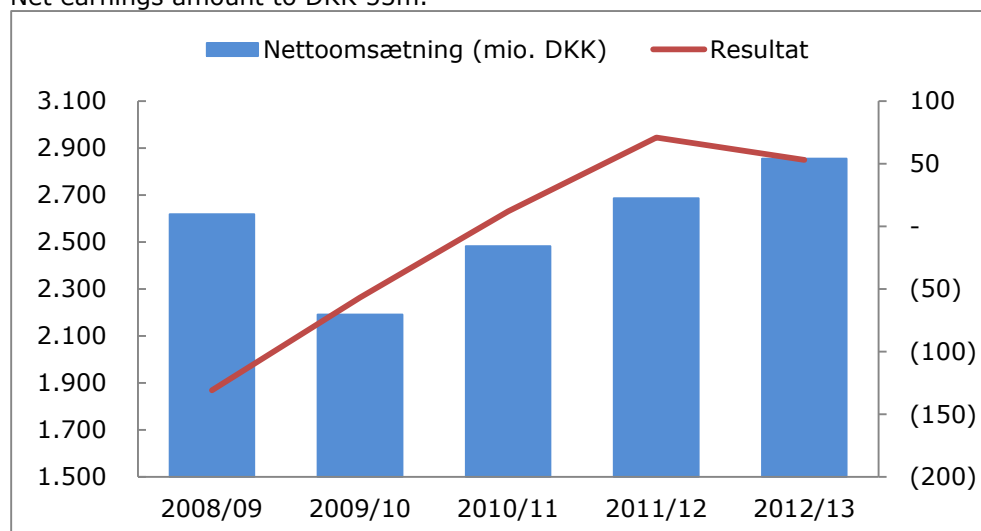
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Royal Greenland achieves reasonable result despite challenges

Royal Greenland's profit before tax in H1 2012/13 amounted to DKK 84m. It is not quite at the same level as last year but the second best result in the company's history. Moreover, the reduction of the interest-bearing debt continues and is at the lowest level in the past ten years.

Net earnings amount to DKK 53m.



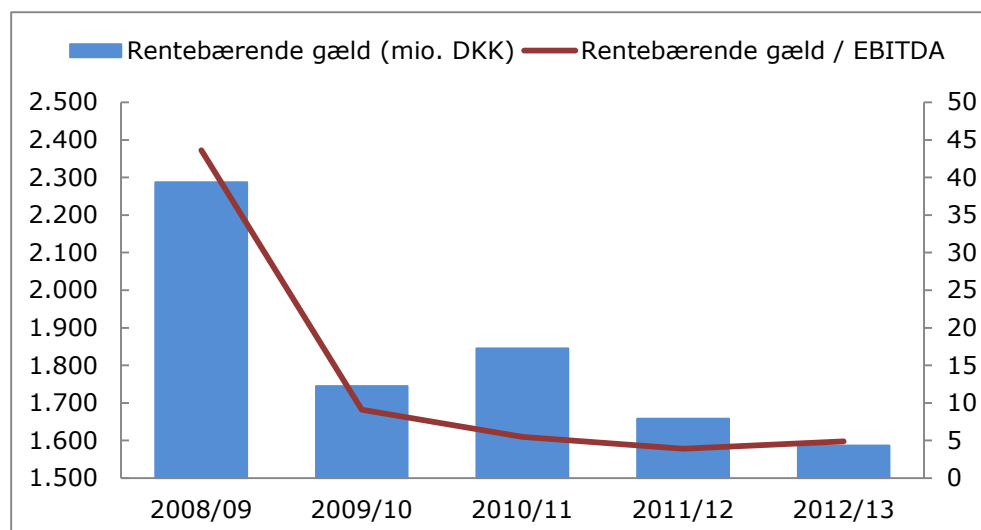
Turnover increased by 6 percent. Activities increased by 2 percent while prices and product mix total 4 percent.

Prawns are increasing despite a declining quota. The company has succeeded in maintaining an attractive price level in the markets and, moreover, production has become more efficient as a result of the investments made in the factories in Ilulissat and Sisimiut.

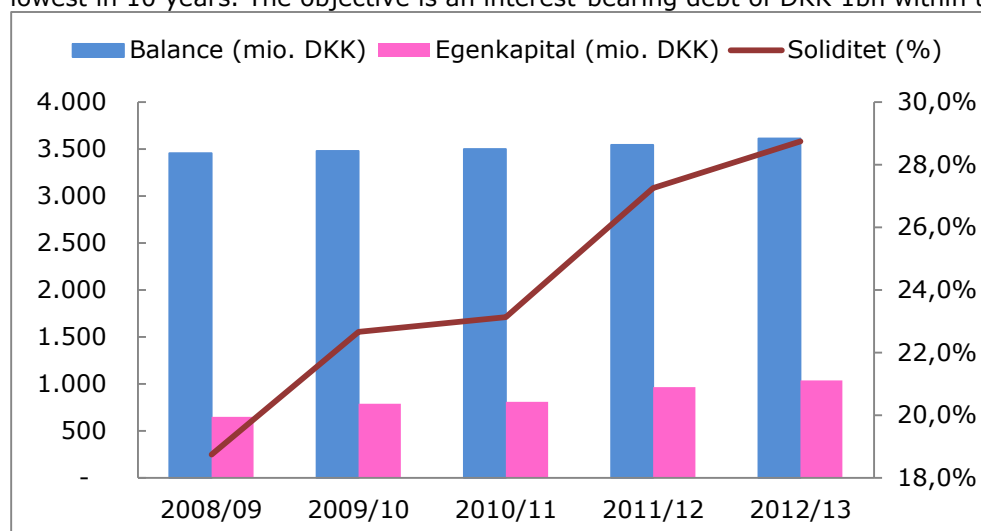
Halibut and lumpfish roe continue to reflect reasonable earnings but at a lower level as expected. Sales prices of lumpfish roe has decreased by 15 percent as part of a natural market adaptation. Halibut, which is primarily sold to Japan and China, has also achieved somewhat lower sales prices. The global price level is generally lower and the effect has intensified due to a drop in the exchange rate of JPY of 7 percent. Moreover, commodity prices have increased by 26 percent compared to H1 last year.

Two challenges have an impact on the books:

Cod has been affected by a drop in world market prices of 25 percent. This is the most important reason for a lower result. Cod is primarily sold in the British market. Trends are challenging the investments made in production and freezing capacity at the smaller factories in Greenland. Moreover, the result is affected by increased commodity prices of salmon, which means considerably lower earnings from smoked produce compared to last year.



Royal Greenland's interest-bearing debt has been reduced by DKK 71m, amounting to DKK 1,587m – the lowest in 10 years. The objective is an interest-bearing debt of DKK 1bn within two years.



Equity amounts to approx. DKK 1bn. The company's solidity has increased and totals 33 percent (incl. the subordinated loan capital). Return on the invested capital is still at an attractive level of 8 percent.

Expected trends in the company

As a result of the challenges in H1 and the continued negative trends for cod and a further drop in the exchange rate of JPY, which especially affects earnings from halibut to the Japanese market, a lower result for 2012/13 than realised last year is expected. However, the result is expected to continue at a reasonable level.

Royal Greenland expects a continued reduction in the interest-bearing debt to approx. DKK 1.4bn.

Markets and general demand are, however, still affected by the general uncertainty about the world economy which affects sales but also the sales prices achieved. Moreover, competition is still increasing, especially in relation to halibut and prawns in Greenland which creates some uncertainty.

Aalborg, / 2013

Niels Harald de Coninck-Smith
Chairman of the board of directors

Mikael Thinghuus
CEO

Nils Duus Kinnerup
CFO

The group's key figures and ratios

H1

(million DKK)

	2012/13	2011/12	2010/11	2009/10	2008/09
Earnings					
Net turnover	2,855	2,686	2,482	2,191	2,618
Profit from ordinary operating activities (EBIT)	91	144	84	16	(66)
Earnings before interest and tax	(8)	(48)	(36)	(56)	(76)
Profit before tax	84	95	48	(40)	(142)
Interim profit	53	71	12	(57)	(131)
Balance sheet					
Fixed assets	1,186	1,205	1,345	1,339	1,342
Net working capital	1,626	1,563	1,425	1,160	1,584
Equity	1,038	966	810	789	648
Net interest-bearing debt	1,587	1,658	1,845	1,745	2,287
Balance sheet total	3,611	3,544	3,501	3,481	3,457
Investments in tangible fixed assets	(46)	(21)	(76)	(48)	(73)
Key figures and ratios in %					
Operating margin (EBIT margin)	3.3	5.4	3.4	0.8	(2.5)
Pre-tax margin (EBT margin)	2.9	3.6	1.9	(1.8)	(5.4)
ROIC, including goodwill	7.6	11.7	7.0	1.4	(5.0)
Return on equity (ROE)	12.0	16.9	4.5	(13.6)	(35.8)
Equity interest	28.8	27.3	23.2	22.7	18.7
Net interest-bearing debt / EBITDA	4.9	3.9	5.5	9.1	43.6

Company details

The company

Royal Greenland A/S

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Website: www.royalgreenland.com

Reg. No. 184.991

Financial year: 1. October – 30 September

Registered Office: Kommuneqarfik Sermersooq

The Greenland Home Rule holds all shares in the company

Board of directors

Niels Harald de Coninck-Smith, Chairman

Marie Fleischer, Vice-chairman

Svend Bang Christiansen

Sara Heilmann

Peder Tuborgh

Pernille Fabricius

Lars Berthelsen *)

Peter Korsbæk *)

Niels Ole Møller *)

*) appointed by the staff

Executive board

Mikael Thinghuus, CEO

Nils Duus Kinnerup, CFO

Auditors

KPMG Grønland Statsautoriseret Revisionsanpartsselskab

Group overview

