

# **Royal Greenland A/S**

## **Interim report**

**1 October 2013 – 31 March 2014**

**Contents**

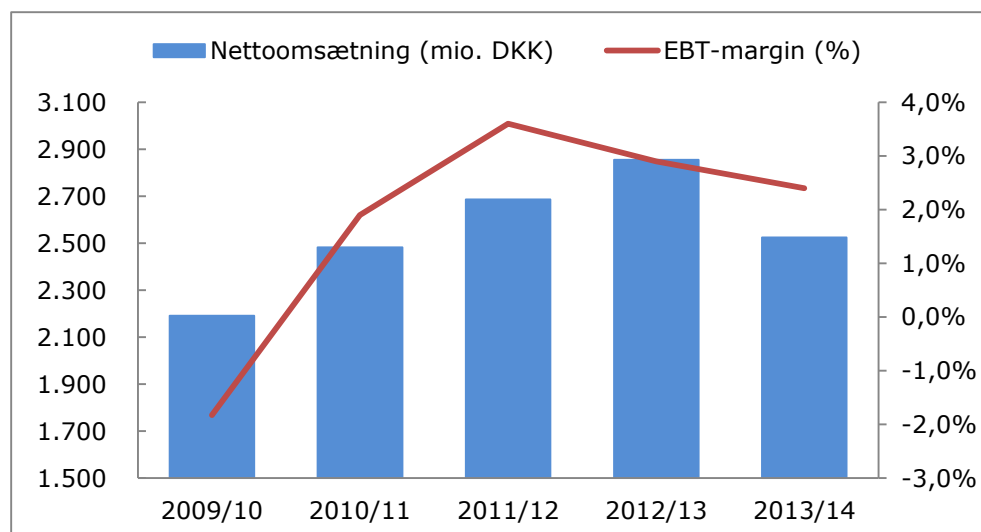
	<u>Page</u>
Royal Greenland intensifies its core business	3
Expected trends in the company	5
The group's key figures and ratios	6
Company details	7
Group overview	8

**Royal Greenland intensifies its core business**

Royal Greenland concluded the sale of the fish finger factory in Wilhelmshaven in H1 of 2013/2014 as part of the strategy "The North Atlantic Champion". As a result, Royal Greenland is today by far a more streamlined and focused business concentrating on the core business within the North Atlantic species.

The company reached a milestone as the interest-bearing debt by the end of H1 has been reduced to below the strategic objective at DKK 1bn, which is why the company today stands considerably stronger financially and business-wise than at any other time in its recent history. When debt was highest in 2007/2008 it amounted to DKK 2.3bn, which is why the current level corresponds to a reduction of almost DKK 1.5bn.

The sale of Wilhelmshaven is not equal to lower earnings but a lower turnover and a considerably lower volume measured in tonnes. Total turnover dropped by 11 percent from H1 2012/13 but if the sale of Wilhelmshaven is excluded, the remaining activities have grown by 7 percent in DKK and 12 percent in volume, which is extremely satisfactory.

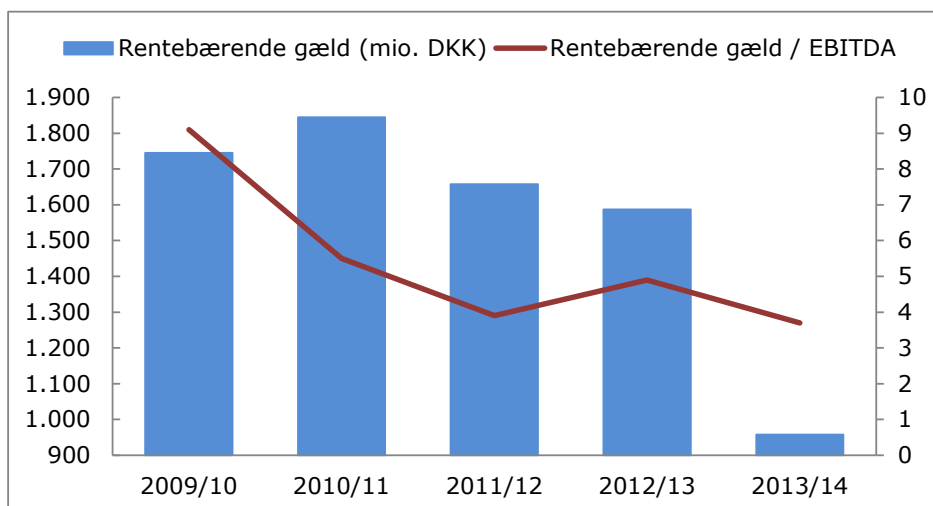


Earnings before tax amounts to DKK 59m, corresponding to a profit margin of 2.3 percent. The result shows a decrease of DKK 25m on last year's figures which is solely due to negative trends in exchange rates, especially for JPY which has dropped by 19 percent. The exchange rates show a negative effect of DKK (40)m on last year's figures. The growth achieved in core business has compensated for some of the exchange loss.

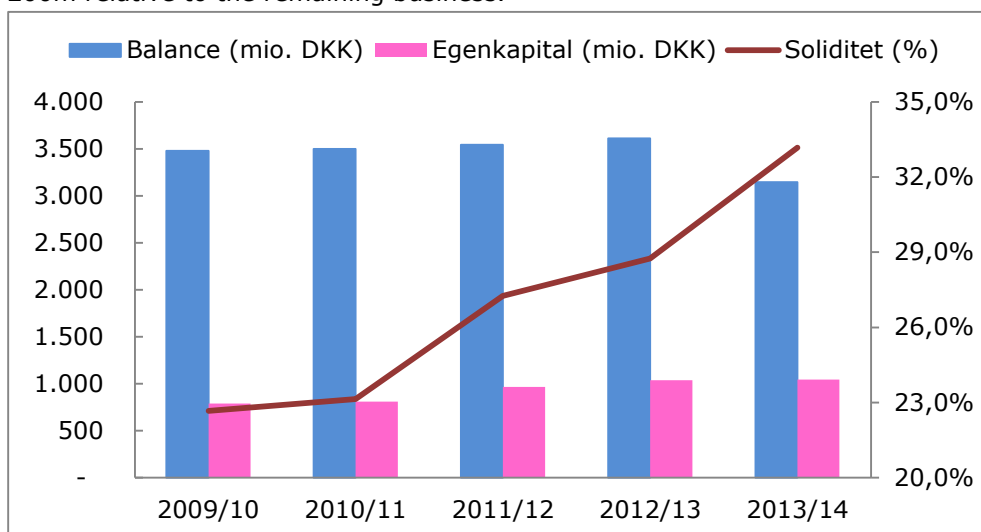
The challenge in terms of earnings especially affects halibut as a considerable part of halibut is sold in the important Japanese market. In general, halibut sells well globally, which is why halibut, wherever possible, will be allocated to the markets with highest earnings.

Net earnings amount to DKK 32m.

By the end of H1, the company sold its shares (18 percent) in the US trawler company Iquique U.S., LLC, which further streamlines Royal Greenland to its core business and allows financial space for the strategic initiatives. The book effect of this share sale is not integrated in the H1 figures.



The interest-bearing debt has been reduced by DKK 629m to a record low DKK 958m and meets the target, one year ahead of time, of interest-bearing debt of less than DKK 1bn. Working capital has been reduced by DKK 559m, partly as a result of the sale of Wilhelmshaven, but also approx. DKK 200m relative to the remaining business.



Equity amounts to DKK 1bn with a constantly growing solidity. The company's solidity, including the subordinate loan capital, amounts to 36 percent.

**Expected trends in the company**

Despite the exchange rate challenges in H1, Royal Greenland still expects profit for the year to be at the same level as last year when earnings before tax totalled DKK 100m.

Interest-bearing debt will maintain a level below DKK 1bn.

The general uncertainty in relation to the world economy, including the effect of the markets and the exchange rates, may still together with competition in relation to halibut and prawn generate some uncertainty. However, Royal Greenland has during recent years proved its ability to address the challenges.

Nuuk, 4 June 2014.

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

Mikael Thinghuus  
CEO

Nils Duus Kinnerup  
CFO

Bruno Olesen  
Group Sales Director

Lars Nielsen  
Group Production Director

**The group's key figures and ratios**

(million DKK)	2013/14	2012/13	2011/12	2010/11	2009/10
<b>Earnings</b>					
Net turnover	2,545	2,855	2,686	2,482	2,191
Profit from ordinary operating activities (EBIT)	63	91	144	84	16
Earnings before interest and tax	(4)	(8)	(48)	(36)	(56)
Profit before tax	59	84	95	48	(40)
Interim profit	32	53	71	12	(57)
<b>Balance sheet</b>					
Fixed assets	1,083	1,186	1,205	1,345	1,339
Net working capital	1,067	1,626	1,563	1,425	1,160
Equity	1,044	1,038	966	810	789
Net interest-bearing debt	958	1,587	1,658	1,845	1,745
Balance sheet total	3,147	3,611	3,544	3,501	3,481
Investments in tangible fixed assets	(72)	(46)	(21)	(76)	(48)
<b>Key figures and ratios in %</b>					
Operating margin (EBIT' margin)	2.5	3.3	5.4	3.4	0.8
Pre-tax margin (EBT' margin)	2.3	2.9	3.6	1.9	(1.8)
ROIC, including goodwill	6.1	7.6	11.7	7.0	1.4
Return on equity (ROE)	8.0	12.0	16.9	4.5	(13.6)
Equity interest	33.2	28.8	27.3	23.2	22.7
Net interest-bearing debt / EBITDA	3.7	4.9	3.9	5.5	9.1

**Company details**

**The company**

Royal Greenland A/S

Qasapi 4

P.O. Box 1073

3900 Nuuk

Phone: +299 36 13 00

Telefax: +299 32 33 49

Website: [www.royalgreenland.gl](http://www.royalgreenland.gl) / [www.royalgreenland.com](http://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

Peder Tuborgh

Sara Heilmann

Pernille Fabricius

Pitsi Høegh

Lars Berthelsen \*)

Peter Korsbæk \*)

Niels Ole Møller \*)

\*) appointed by the staff

**Executive board**

Mikael Thinghuus, CEO

Nils Duus Kinnerup, CFO

Bruno Olesen, Group Sales and Marketing Director

Lars Nielsen, Group Production Director

**Auditors**

KPMG Grønland Statsautoriseret Revisionsanpartsselskab

