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# Q4 2019 presentation

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**12 February 2020**

# Forward looking statements

**This presentation may be deemed to include forward-looking statements, such as statements that relate to Mowi's contracted volumes, goals and strategies, including strategic focus areas, salmon prices, ability to increase or vary harvest volume, production capacity, expectations of the capacity of our fish feed plants, trends in the seafood industry, including industry supply outlook, exchange rate and interest rate hedging policies and fluctuations, dividend policy and guidance, asset base investments, capital expenditures and net working capital guidance, NIBD target, cash flow guidance and financing update, guidance on financial commitments and cost of debt and various other matters concerning Mowi's business and results. These statements speak of Mowi's plans, goals, targets, strategies, beliefs, and expectations, and refer to estimates or use similar terms. Actual results could differ materially from those indicated by these statements because the realization of those results is subject to many risks and uncertainties.**

**Mowi disclaims any continuing accuracy of the information provided in this presentation after today.**

# Highlights

- Q4 operational EBIT of EUR 166 million
- Q4 and full year turnover and volumes all-time high
  - Farming: 436k tonnes GWT (375k tonnes GWT in 2018)
  - Feed: Norway 353k tonnes (348k tonnes in 2018) and Scotland 52k tonnes
  - CP: 196k tonnes (178k tonnes in 2018)
- Spot prices improved significantly during the quarter on strong demand and tighter supply
- Completed 2019 cost savings program with annual savings of EUR 41 million
- Initiated a new global EUR 25 million p.a. cost improvement program
- Issuance of EUR 200 million 5-year green bond in January 2020 with coupon EURIBOR + 160 bps
- Quarterly dividend of NOK 2.60 per share to be paid in Q1 2020



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# Key financials

| Mowi Group - main figures<br>Unaudited EUR million | Q4 2019 | | Q4 2018 | 2019 | 2018 |
|---|---|---|---|---|---|
| Operational revenue and other income | 1 111.7 | 4 % | 1 073.7 | 4 135.4 | 3 814.4 |
| Operational EBIT [1] | 165.7 | -22 % | 213.0 | 720.9 | 752.8 |
| EBIT | 233.9 | | 230.5 | 617.0 | 925.4 |
| Cash flow from operations | 149.7 | | 107.5 | 759.0 | 620.9 |
| Net interest-bearing debt (NIBD) [1] [2] | 1 337.2 | | 1 037.2 | 1 337.2 | 1 037.2 |
| Basic EPS (EUR) | 0.39 | | 0.32 | 0.92 | 1.15 |
| Underlying EPS (EUR) [1] | 0.22 | | 0.31 | 0.99 | 1.11 |
| Net cash flow per share (EUR) [1] | 0.05 | | 0.01 | 0.59 | 0.51 |
| ROCE [1] | 19.0% | | 26.6 % | 19.9 % | 24.9 % |
| Covenant equity ratio [1] | 53.0% | | 56.0 % | 53.0 % | 56.0 % |
| Harvest volume (GWT) | 116 314 | 10 % | 105 783 | 435 904 | 375 237 |
| Operational EBIT - EUR per kg [1] - Total | 1.42 | | 2.01 | 1.65 | 2.01 |
| Norway | 2.12 | | 2.44 | 2.05 | 2.37 |
| Scotland | 1.24 | | 2.32 | 1.93 | 2.00 |
| Canada | -0.53 | | 1.42 | 0.28 | 1.16 |
| Chile | 0.79 | | 1.25 | 1.36 | 1.40 |
| Ireland | 3.34 | | 2.45 | 2.68 | 3.16 |
| Faroes | 1.63 | | 1.62 | 1.79 | 2.05 |

1) Notes in report
2) NIBD excluding IFRS 16 effects. NIBD including IFRS 16 effects of EUR 1,723 million



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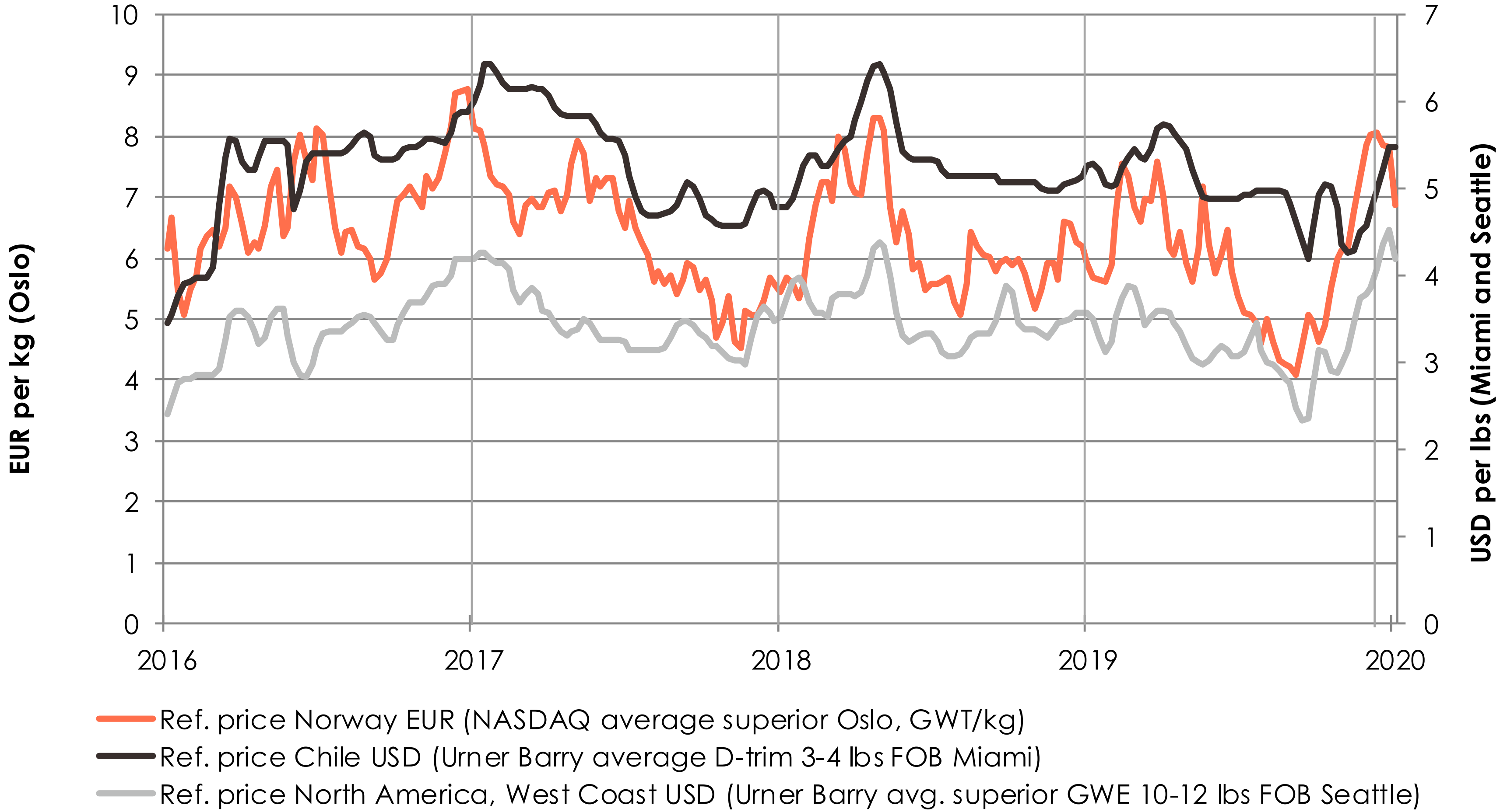
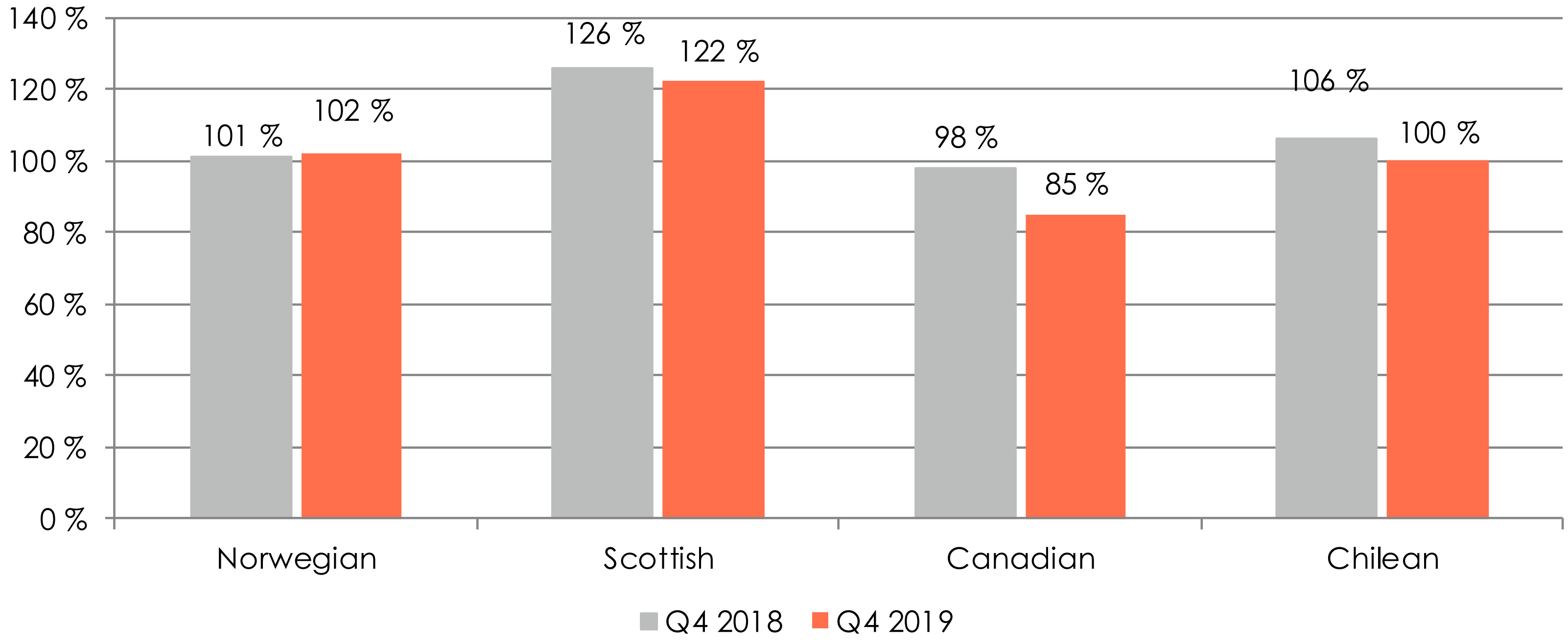
# Salmon prices – weekly reference prices






Prices up to week 5 in 2020

# Price achievement [1], contract & superior share




| | | Norwegian | Scottish | Canadian | Chilean |
|---|---|---|---|---|---|
| Q4-19 | Contract share | 38 % | 60 % | 0 % | 24 % |
| | Superior share | 95 % | 93 % | 74 % | 88 % |



1) From the first quarter 2018 we have changed our reporting of price achievement to no longer include margins from Consumer Products and Feed. Comparison figures are re-presented accordingly

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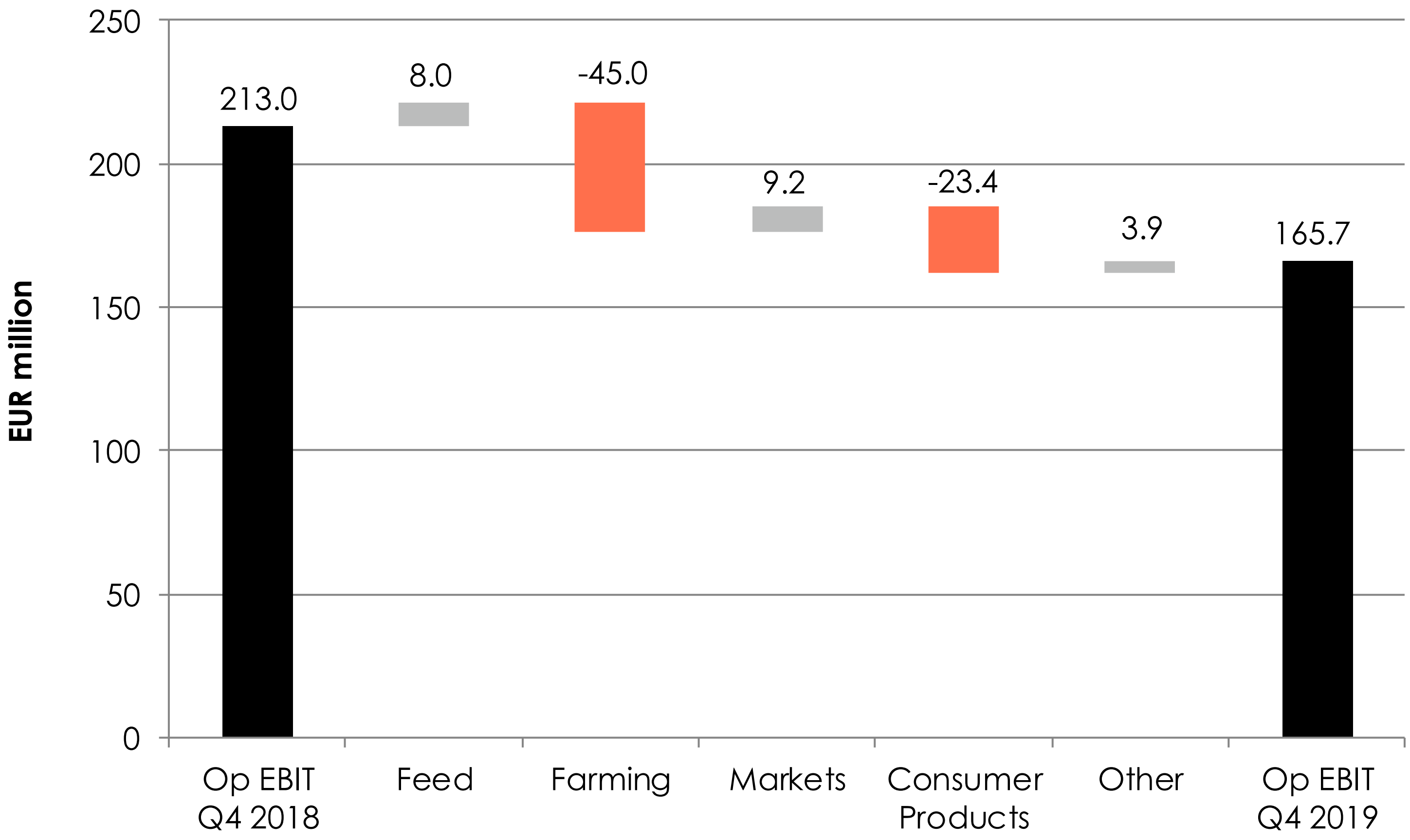
# Operational EBIT comparison



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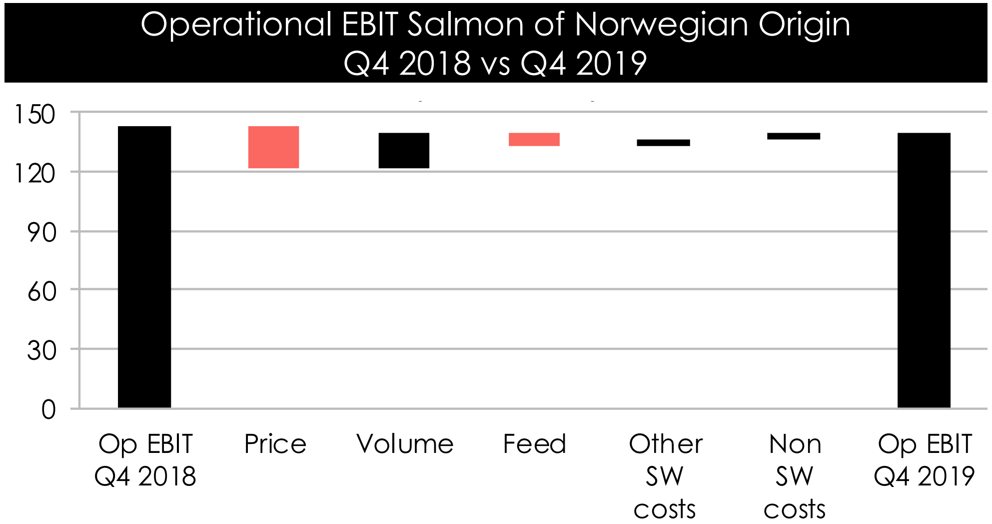
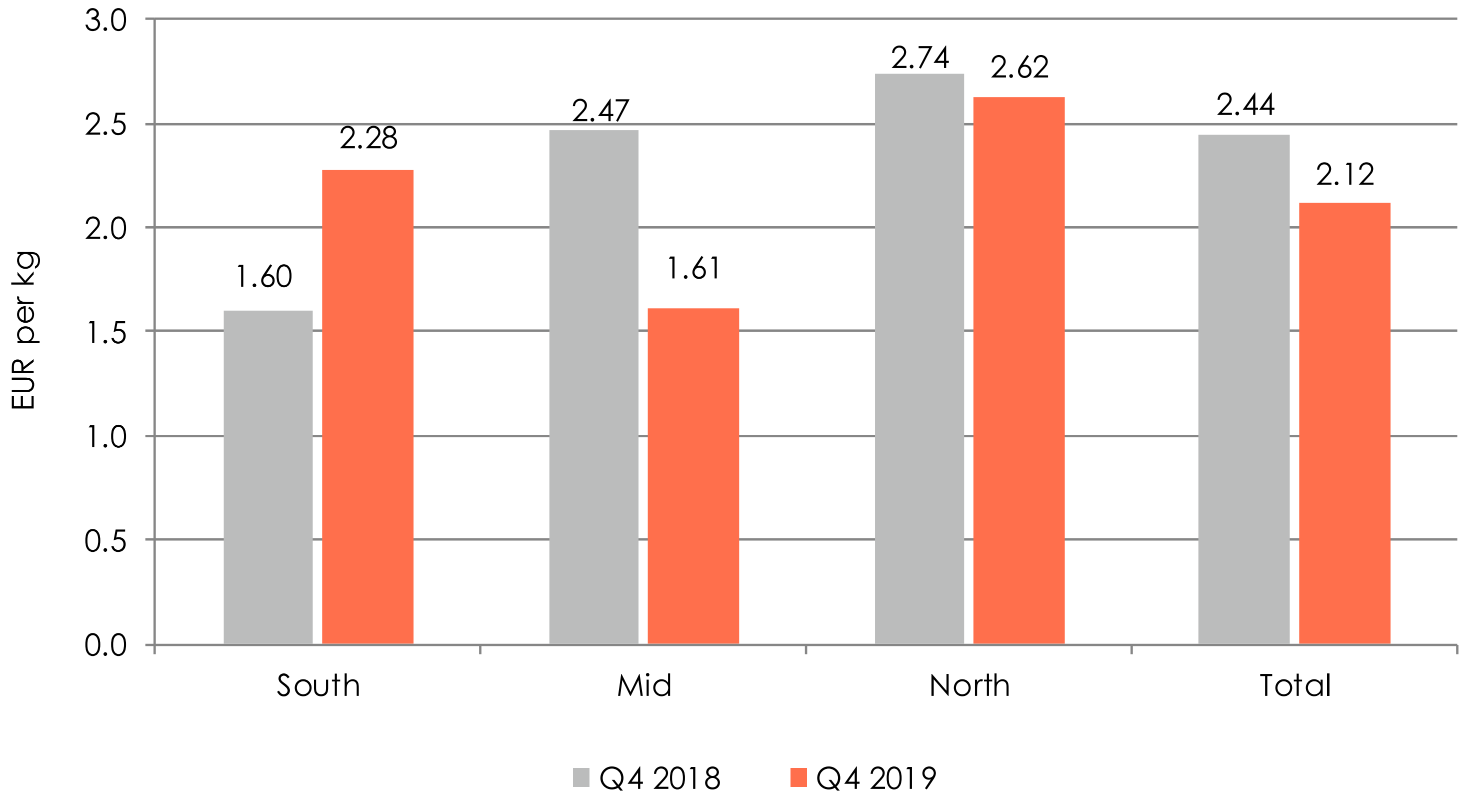
# Norway

| SALMON OF NORWEGIAN ORIGIN | | |
|---|---|---|
| EUR million | Q4 2019 | Q4 2018 |
| **Operational EBIT** | **139.9** | **143.0** |
| **EBIT** | **207.8** | **155.3** |
| Harvest volume (GWT) | 65 970 | 58 602 |
| **Operational EBIT per kg (EUR)** | **2.12** | **2.44** |
| - of which Feed | 0.24 | 0.13 |
| - of which Markets | 0.16 | 0.10 |
| - of which Consumer Products | 0.13 | 0.50 |
| *Price achievement/reference price* | *102 %* | *101 %* |
| *Contract share* | *38 %* | *45 %* |
| *Superior share* | *95 %* | *93 %* |




- Overall good results in the quarter, notwithstanding lower realised prices
- Higher volumes and stable costs year-over-year
- Costs expected to increase in Q1 2020 (versus Q4 2019) due to lower volumes in general and change in mix (a lesser share in Region North, best cost performing region)

# Norway: Operational EBIT/kg per region




- Region Mid margin highly impacted by c.60% of volumes in October



Note: Including contribution from all business areas

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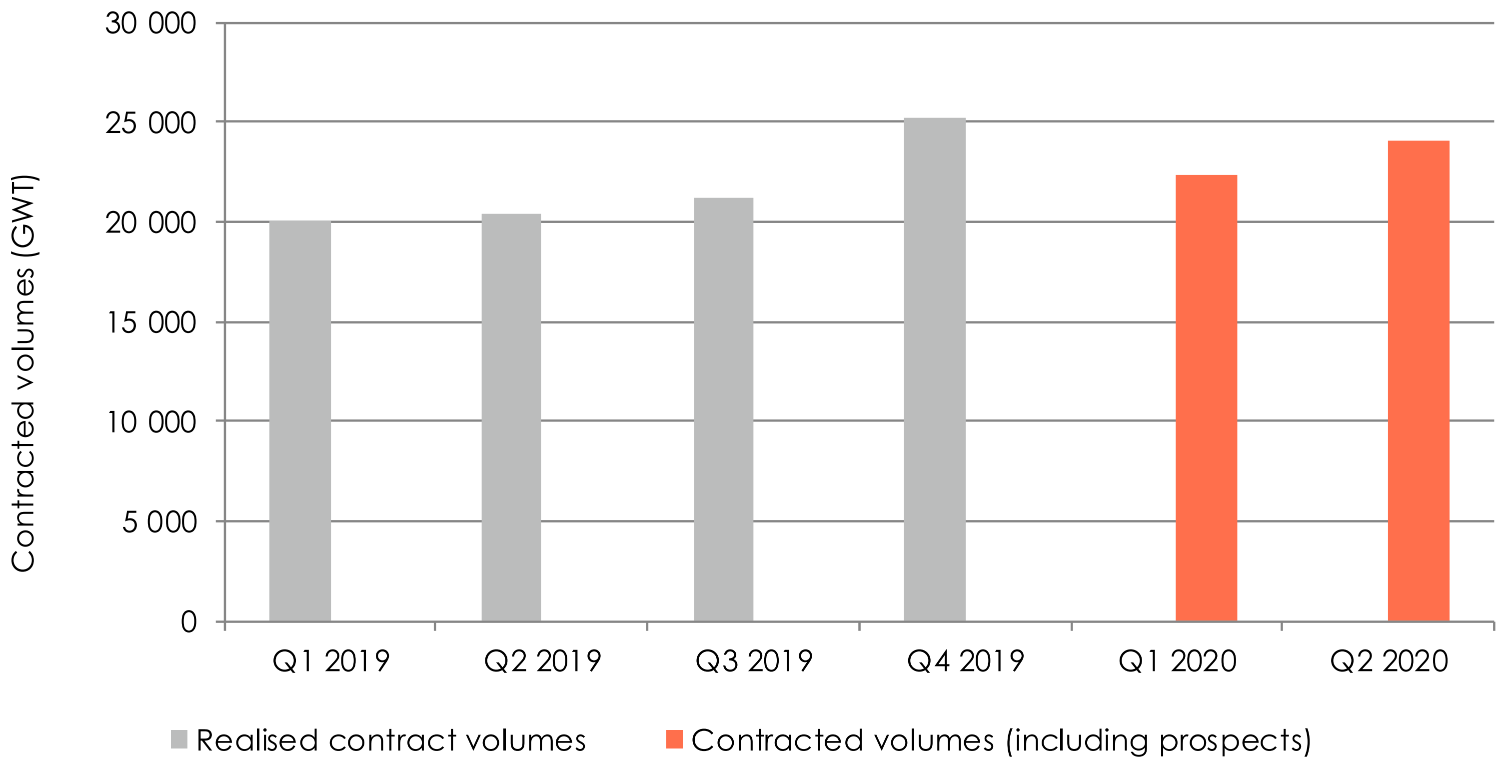
# Norway: Sales contract portfolio



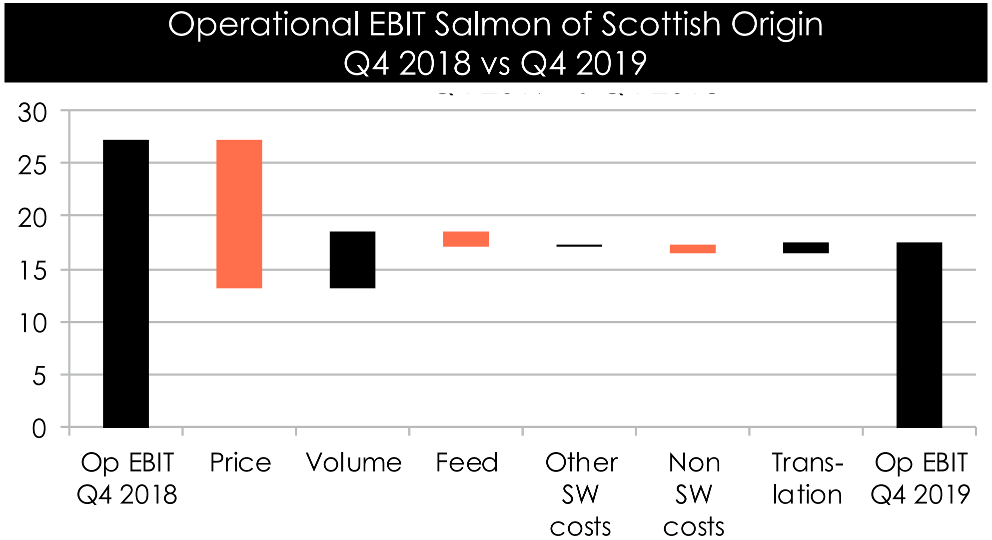

- 2020 contracts mainly negotiated during the fall of 2019 and impacted by the prevailing forward prices



Note: Mowi Norway's fixed price/fixed volume contracts with third party customers and Mowi's processing entities. Mowi's processing entities cover a large proportion of their sales exposure through third party end-product contracts.

# Scotland

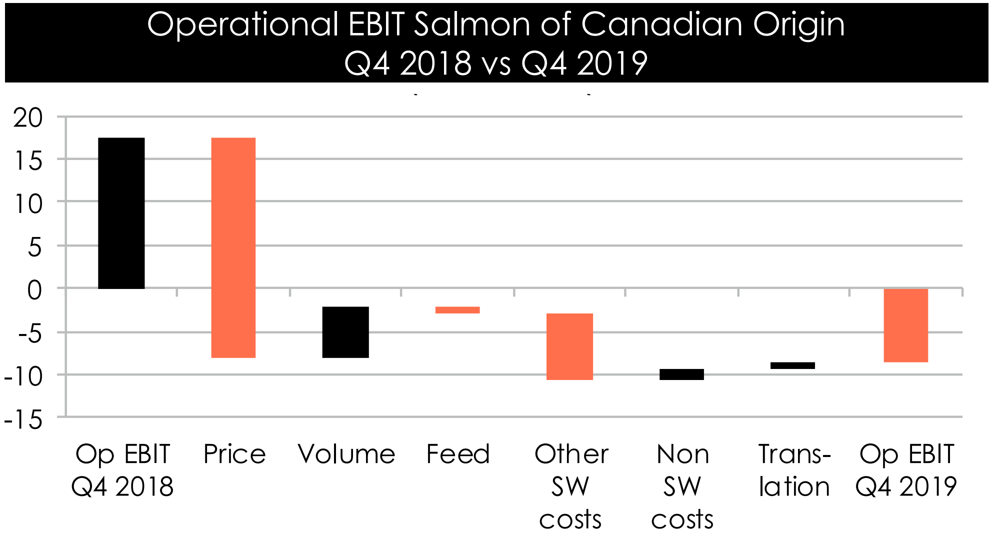
| SALMON OF SCOTTISH ORIGIN | | |
|---|---|---|
| EUR million | Q4 2019 | Q4 2018 |
| **Operational EBIT** | **17.4** | **27.3** |
| **EBIT** | **27.6** | **39.4** |
| Harvest volume (GWT) | 14 003 | 11 771 |
| **Operational EBIT per kg (EUR)** | **1.24** | **2.32** |
| - of which Markets | 0.51 | 0.48 |
| - of which Consumer Products | 0.01 | 0.32 |
| *Price achievement/reference price* | *122 %* | *126 %* |
| *Contract share* | *60 %* | *68 %* |
| *Superior share* | *93 %* | *97 %* |




- Higher volumes, however, results lower due to decreased realised prices
- Price achievement positively impacted by contracts
- Costs relatively stable year-over-year
- Notwithstanding somewhat challenging environmental conditions during H2, all time high full year volumes

# Canada

| SALMON OF CANADIAN ORIGIN | | |
|---|---|---|
| EUR million | Q4 2019 | Q4 2018 |
| **Operational EBIT** | **-8.7** | **17.4** |
| **EBIT** | **-12.7** | **23.4** |
| Harvest volume (GWT) | 16 246 | 12 239 |
| **Operational EBIT per kg (EUR)** | **-0.53** | **1.42** |
| - of which Markets | 0.38 | 0.14 |
| - of which Consumer Products | 0.00 | 0.00 |
| *Price achievement/reference price* | *85 %* | *98 %* |
| *Contract share* | *0 %* | *0 %* |
| *Superior share* | *74 %* | *89 %* |




- Q4 impacted by reduced prices and a year of challenging environmental conditions
  - Canada West: Extended periods of low oxygen and plankton in H2
  - Canada East: Mass mortality incident in Q3
- Prices improved during the quarter following reduced industry volumes



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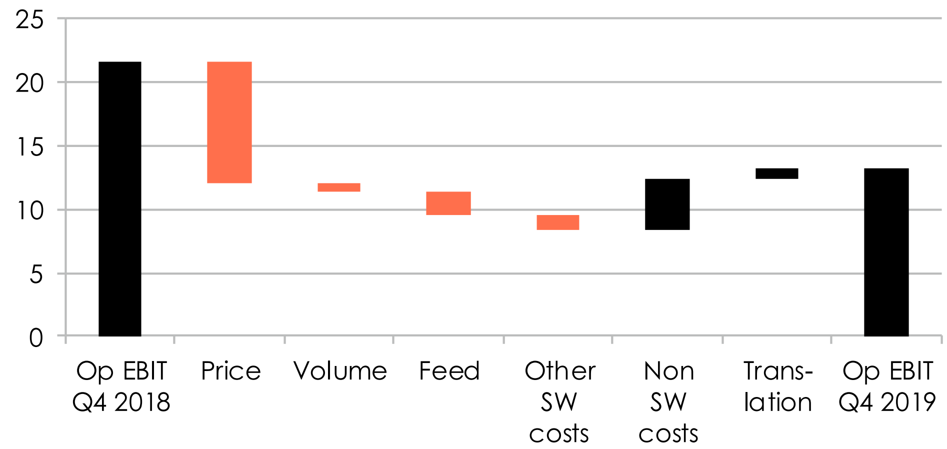
# Chile

| SALMON OF CHILEAN ORIGIN | | |
|---|---|---|
| EUR million | Q4 2019 | Q4 2018 |
| **Operational EBIT** | **13.2** | **21.5** |
| **EBIT** | **-1.2** | **30.0** |
| Harvest volume (GWT) | 16 623 | 17 200 |
| **Operational EBIT per kg (EUR)** | **0.79** | **1.25** |
| - of which Markets | 0.06 | 0.10 |
| - of which Consumer Products | 0.31 | 0.16 |
| *Price achievement/reference price* | *100 %* | *106 %* |
| *Contract share* | *24 %* | *19 %* |
| *Superior share* | *88 %* | *90 %* |

Operational EBIT Salmon of Chilean Origin
Q4 2018 vs Q4 2019




- Reduced results on lower prices
- Increased spot prices during the quarter due to tighter market balance
- Lower cost and good volumes
- Sea lice situation improved during the quarter
- Costs expected to increase in Q1 2020 (versus Q4 2019) on harvesting from sites with a higher cost level

# Ireland and Faroes

| SALMON OF IRISH ORIGIN | | |
|---|---|---|
| EUR million | Q4 2019 | Q4 2018 |
| **Operational EBIT** | **3.8** | **4.0** |
| **EBIT** | **3.8** | **2.9** |
| Harvest volume (GWT) | 1 127 | 1 615 |
| **Operational EBIT per kg (EUR)** | **3.34** | **2.45** |
| - of which Markets | 0.02 | 0.00 |
| - of which Consumer Products | 0.60 | 0.87 |
| *Price achievement/reference price* | *na* | *na* |
| *Contract share* | *98 %* | *98 %* |
| *Superior share* | *89 %* | *83 %* |

| SALMON OF FAROESE ORIGIN | | |
|---|---|---|
| EUR million | Q4 2019 | Q4 2018 |
| **Operational EBIT** | **3.8** | **7.1** |
| **EBIT** | **6.2** | **-0.7** |
| Harvest volume (GWT) | 2 345 | 4 356 |
| **Operational EBIT per kg (EUR)** | **1.63** | **1.62** |
| - of which Markets | 0.34 | 0.23 |
| - of which Consumer Products | 0.01 | 0.00 |
| *Price achievement/reference price* | *114 %* | *100 %* |
| *Contract share* | *0 %* | *0 %* |
| *Superior share* | *87 %* | *86 %* |

- Good results from Mowi Ireland as market for organic salmon remains favourable and cost decreased year-over-year
- Reduced results from Mowi Faroes due to less harvest volumes

# Consumer Products (1)

| CONSUMER PRODUCTS | | |
|---|---|---|
| EUR million | Q4 2019 | Q4 2018 |
| Operating revenues | 674.3 | 643.3 |
| **Operational EBIT** | **15.1** | **38.4** |
| Operational EBIT % | 2.2% | 6.0% |
| **EBIT** | **14.3** | **38.9** |
| Volume sold (tonnes prod. weight) | 55 293 | 48 362 |

- Record-high volumes sold
- Strong consumption rates in key European and American markets
- Margin pressure in European VAP
- Results in CP Europe in Q1 2020 expected to be negatively impacted by high salmon prices and continued fierce competition

*"Smoked pastramia salmon wraps"*

*"Pink Beauty"*



1) From the first quarter of 2018 Consumer Products includes the value-added operations in Americas and Asia

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# Feed

| FEED | | |
|---|---|---|
| EUR million | Q4 2019 | Q4 2018 |
| Operating revenues | 170.8 | 131.2 |
| **Operational EBIT** | **13.8** | **5.8** |
| Operational EBIT % | 8.1% | 4.4% |
| **EBIT** | **14.0** | **6.0** |
| Feed sold volume | 130 034 | 109 850 |
| Feed produced volume | 112 277 | 91 583 |

- Record high volumes sold and satisfactory earnings
- New feed plant in Scotland nearing end of commissioning phase
    - Initial steady performance
    - 23k tonnes sold
- Towards self-sufficiency of feed requirements in Europe in 2020





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# Q4 2019 presentation

*Financials, Markets and Harvest volumes*

# Profit and Loss

| Mowi Group<br>EUR million | Q4 2019 | | Q4 2018 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Operational revenue and other income** | **1 111.7** | *4 %* | **1 073.7** | **4 135.4** | **3 814.5** |
| **Operational EBIT** [1)] | **165.7** | -22 % | **213.0** | **720.9** | **752.8** |
| Change in unrealized internal margin | -3.4 | | -3.4 | -5.1 | -5.9 |
| Gain/loss from derivatives | 6.2 | | -1.9 | 2.4 | 4.4 |
| Net fair value adjustment of biomass, | 51.7 | | 11.8 | -122.3 | 140.3 |
| Restucturing costs | 0.1 | | 0.7 | -19.2 | 0.3 |
| Other non-operational items | -2.1 | | -0.7 | -4.0 | -1.0 |
| Income from associated companies | 18.8 | | 13.4 | 48.7 | 45.5 |
| Impairment losses - fixed assets | -3.2 | | -2.4 | -4.5 | -11.0 |
| **EBIT** | **233.9** | | **230.5** | **617.0** | **925.4** |
| Net financial items | 12.7 | | -55.0 | -9.5 | -193.2 |
| **Earnings before tax** | **246.6** | | **175.5** | **607.4** | **732.2** |
| **Profit or loss for the period** | **203.4** | | **161.7** | **476.3** | **567.2** |
| Basic EPS (EUR) | 0.39 | | 0.32 | 0.92 | 1.15 |
| Underlying EPS (EUR) | 0.22 | | 0.31 | 0.99 | 1.11 |
| Net cash flow per share (EUR) | 0.05 | | 0.01 | 0.59 | 0.51 |
| Dividend declared and paid per share (NOK) | 2.60 | | 2.60 | 10.40 | 10.40 |
| Operational EBIT margin | 14.9% | | 19.8% | 17.4% | 19.7% |
| Harvest volume, GWT (salmon) | 116 314 | *10 %* | 105 783 | 435 904 | 375 237 |
| Operational EBIT per kg incl margin from Sale | 1.42 | | 2.01 | 1.65 | 2.01 |
| ROCE [1)] | 19.0 % | | 26.6 % | 19.9 % | 24.9 % |

- Positive net fair value adjustment of biomass of EUR 52 million mainly related to higher salmon prices
- Associated companies: EBIT/kg of EUR 2.10 on 10k tonnes (46k tonnes for full year 2019) from Nova Sea

1) Notes in report



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# Financial position

| Mowi Group<br>EUR million | 31.12.2019 | 30.09.2019 | 31.12.2018 |
|---|---|---|---|
| Non-current assets | 3 210.4 | 3 150.4 | 2 558.1 |
| Current assets | 2 629.6 | 2 541.9 | 2 587.1 |
| **Total assets** | **5 840.1** | **5 692.3** | **5 145.1** |
| Equity | 2 892.6 | 2 819.2 | 2 879.0 |
| Non-current liabilities | 2 171.2 | 2 013.2 | 1 567.1 |
| Current liabilities | 776.3 | 859.9 | 699.1 |
| **Total equity and liabilities** | **5 840.1** | **5 692.3** | **5 145.1** |
| Net interest-bearing debt [1)] | 1 337.2 | 1616.2 | 1 037.2 |
| Equity ratio | 49.5% | 49.5% | 56.0% |
| Covenant equity ratio | 53.0% | 56.0% | 56.0% |

- Stable development in assets from Q3 2019

1) NIBD excluding IFRS 16 effects. NIBD including IFRS 16 effects of EUR 1,723 million



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# Cash Flow and Net Interest Bearing Debt

| Mowi Group<br>EUR million | Q4 2019 | Q4 2018 | 2019 | 2018 |
|---|---|---|---|---|
| **NIBD beginning of period** | **-1 230.2** | -1 218.2 | -1037.2 | -831.9 |
| Operational EBITDA* | 206.5 | 252.3 | 874.4 | 906.2 |
| Change in working capital | -109.5 | -124.9 | -104.0 | -147.7 |
| Taxes paid | -9.6 | -14.4 | -156.3 | -129.8 |
| Other adjustments | 25.1 | -5.4 | 11.3 | -7.8 |
| **Cash flow from operations*** | **112.4** | **107.5** | **625.5** | **620.9** |
| Net Capex | -90.7 | -76.0 | -286.1 | -339.6 |
| Other investments and dividends received | 14.1 | -21.6 | -22.2 | -224.1 |
| **Cash flow from investments** | **-76.7** | **-97.6** | **-308.3** | **-563.7** |
| Net interest and financial items paid* | -16.2 | -9.7 | -57.3 | -38.4 |
| Other items | 8.1 | 5.5 | -10.9 | 5.2 |
| Net convertible bonds converted | 0.0 | 311.3 | 0.0 | 311.3 |
| Dividend / return of paid in capital | -134.0 | -135.2 | -544.9 | -532.4 |
| Currency effect on interest-bearing debt | -0.8 | -0.8 | -4.1 | -8.2 |
| **NIBD end of period** | **-1 337.2** | **-1 037.2** | **-1 337.2** | **-1 037.2** |

*Excluding effects of IFRS 16

| **NIBD distribution:** | | | | |
|---|---|---|---|---|
| EUR | 91 % | 99 % | 91 % | 99 % |
| USD | 3 % | 3 % | 3 % | 3 % |
| GBP | 5 % | 1 % | 5 % | 1 % |
| Other currencies | 1 % | -3 % | 1 % | -3 % |



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# 2020 Cash Flow Guidance

- Working capital build-up EUR ~90m
  - Support further organic growth
- Capital expenditures EUR ~265m(*)
  - Freshwater investments EUR ~65m
    - Norway, Canada, Chile
  - Sea water expansion projects EUR ~20m
    - Norway, Scotland, Canada
  - Consumer Products: rebuild Kritsen factory EUR ~15m
- Interest paid EUR ~40m (ex IFRS 16 effects)
- Taxes paid EUR ~145m
- Quarterly dividend payment in Q1 2020 of NOK 2.60 per share as ordinary dividend

(*) Excludes any potential Traffic Light System growth in Norway



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# Overview financing

- Bank facility: EUR 1,406m Facility Agreement
  - Tenor 5 years (Maturity: June 2022)
  - Covenant: 35% equity ratio (adjusted for IFRS 16 leasing effects)
  - Lenders: DNB, Nordea, ABN Amro, Rabobank, Danske Bank and SEB

- Senior unsecured bond: EUR 200m
  - Tenor 5 years (Maturity: June 2023)
  - EURIBOR + 2.15%

- Senior unsecured green bond: EUR 200m
  - Tenor 5 years (Maturity: January 2025)
  - EURIBOR + 1.60%

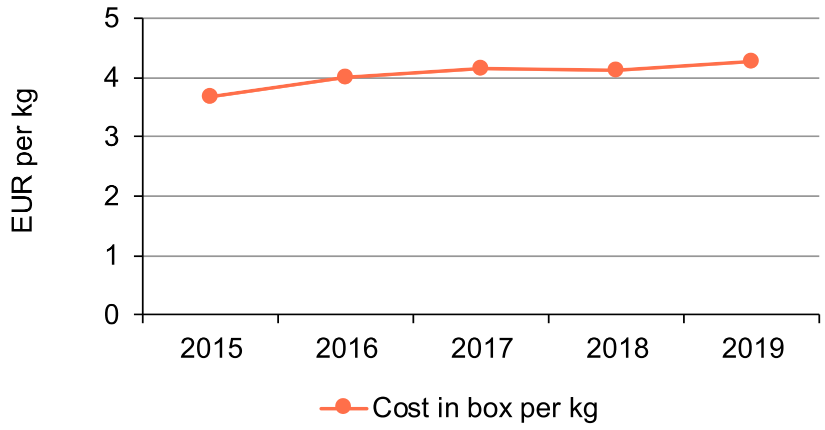
- Senior unsecured Schuldschein loan in the German market: EUR 150m
  - Tenor 7 years (Maturity: May 2026)
  - EURIBOR + 1.70%

- Long term NIBD target EUR 1,400m

# Continued focus to improve our cost position

- Several cost reduction measures taken in recent years
- Improved cost-conscious decision-making
- 2018 cost program
  - EUR 61 million in annualised savings
  - Other opex, COGS, FTE's
- 2019 cost improvement program
  - EUR 41 million in annualised savings
- 2020 new global cost improvement program
  - Target of EUR 25 million in savings p.a.

Development of "cost in box" per kg




- Cost initiatives are important to address the underlying cost pressure
  - Biology
  - Feed
  - Regulations

# Supply development

| Suppliers | Estimated volumes Q4 2019 | Q4 2018 | Compared to Q4 2018 Volume | % | Est. volumes Q3 2019 |
|---|---|---|---|---|---|
| Norway | 335 300 | 321 000 | 14 300 | 4.5% | 320 900 |
| Scotland | 42 200 | 40 600 | 1 600 | 3.9% | 45 800 |
| Faroe Islands | 23 900 | 21 500 | 2 400 | 11.2% | 18 100 |
| Other Europe | 11 500 | 6 800 | 4 700 | 69.1% | 7 000 |
| **Total Europe** | **412 900** | **389 900** | **23 000** | **5.9%** | **391 800** |
| Chile | 162 700 | 167 700 | -5 000 | -3.0% | 159 800 |
| North America | 40 300 | 37 900 | 2 400 | 6.3% | 40 000 |
| **Total Americas** | **203 000** | **205 600** | **-2 600** | **-1.3%** | **199 800** |
| Australia | 17 600 | 17 100 | 500 | 2.9% | 14 100 |
| Other | 5 900 | 5 300 | 600 | 11.3% | 5 200 |
| **Total** | **639 400** | **617 900** | **21 500** | **3.5%** | **610 900** |

Source: Kontali

- Global supply growth modest in the quarter and in line with overall expectations
- Norway: More than expected supply driven by a higher number of fish harvested. Reduced feed consumption and biomass flat y-o-y
- Scotland: Increase more than expected due to biological conditions in the beginning of the quarter
- Chile: Supply decrease was more than expected due to social unrest issues in October and November. Logistical challenges and reduced exports



Note: Atlantic Salmon (GWT)

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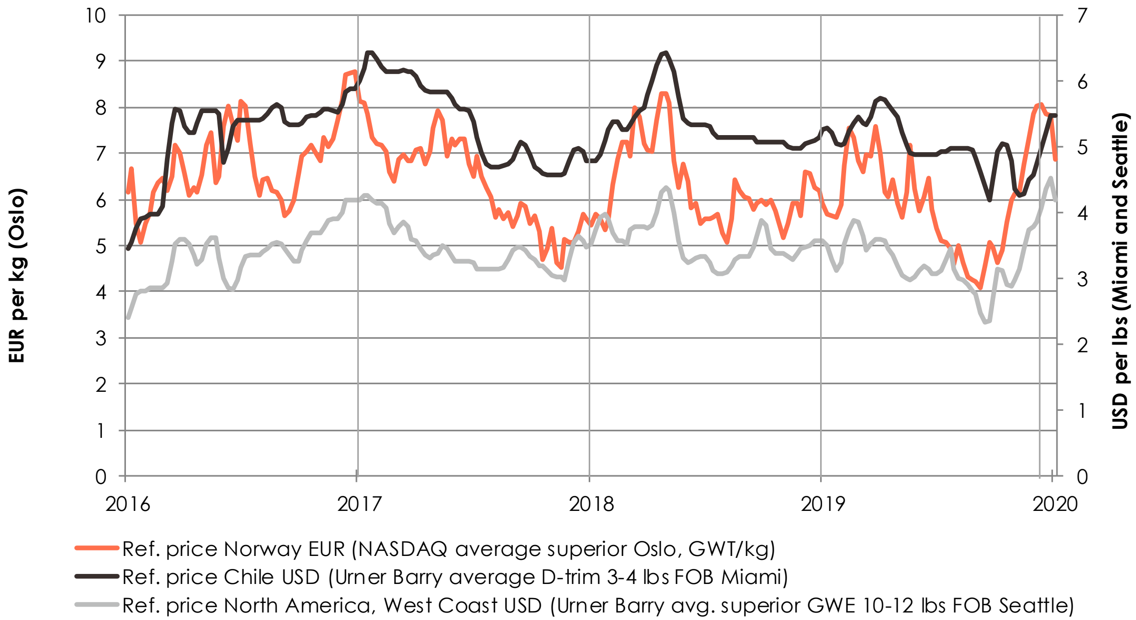
# Development in reference prices

| | Q4 2019 Market | Change vs Q4 2018 | Q4 2019 EUR | Change vs Q4 2018 |
|---|---|---|---|---|
| Norway (1) | EUR 5.59 | -3.3% | EUR 5.59 | -3.3% |
| Chile (2) | USD 4.57 | -9.5% | EUR 4.13 | -6.8% |
| Chile, GWT (3) | USD 5.25 | -11.8% | EUR 4.74 | -9.1% |
| North America West Coast (4) | USD 3.00 | -13.9% | EUR 2.71 | -11.3% |
| North America East Coast (5) | USD 3.35 | -9.0% | EUR 3.02 | -6.3% |
| North America, GWT (3), blended | USD 6.24 | -14.2% | EUR 5.63 | -11.6% |

**Notes:**

(1) NASDAQ average superior GWE/kg (gutted weight equivalent)
(2) Urner Barry average D trim 3-4 lbs FOB Miami
(3) Reference price converted back-to-plant equivalent in GWT/kg
(4) Urner Barry average GWE 10-12 lbs FOB Seattle
(5) Urner Barry average GWE 10-12 lbs FOB Boston/New York






Prices up to week 5 in 2020

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# Global volume by market

| Markets | Estimated volumes Q4 2019 | Q4 2018 | Compared to Q4 2018 Volume | | % | Est. volumes Q3 2019 | 12 month comparison LTM | PTM | % |
|---|---|---|---|---|---|---|---|---|---|
| EU | 280 700 | 273 600 | 7 100 | ⬆ | 2.6% | 272 100 | 1 012 300 | 951 700 | 6.4% |
| Russia | 26 600 | 24 800 | 1 800 | ⬆ | 7.3% | 22 000 | 81 700 | 89 400 | -8.6% |
| Other Europe | 27 100 | 23 800 | 3 300 | ⬆ | 13.9% | 24 600 | 93 200 | 84 800 | 9.9% |
| **Total Europe** | **334 400** | **322 200** | **12 200** | ⬆ | **3.8%** | **318 700** | **1 187 200** | **1 125 900** | **5.4%** |
| USA | 121 800 | 110 200 | 11 600 | ⬆ | 10.5% | 117 500 | 469 700 | 434 300 | 8.2% |
| Brazil | 26 600 | 24 000 | 2 600 | ⬆ | 10.8% | 23 500 | 97 400 | 89 400 | 8.9% |
| Other Americas | 33 800 | 35 600 | -1 800 | ⬇ | -5.1% | 35 800 | 129 300 | 123 400 | 4.8% |
| **Total Americas** | **182 200** | **169 800** | **12 400** | ⬆ | **7.3%** | **176 800** | **696 400** | **647 100** | **7.6%** |
| China / Hong Kong | 29 600 | 25 800 | 3 800 | ⬆ | 14.7% | 27 100 | 111 600 | 101 700 | 9.7% |
| Japan | 14 900 | 16 400 | -1 500 | ⬇ | -9.1% | 12 400 | 53 000 | 54 000 | -1.9% |
| South Korea / Taiwan | 15 000 | 15 600 | -600 | ⬇ | -3.8% | 13 500 | 55 700 | 56 100 | -0.7% |
| Other Asia | 19 700 | 22 100 | -2 400 | ⬇ | -10.9% | 19 200 | 74 400 | 73 100 | 1.8% |
| **Total Asia** | **79 200** | **79 900** | **-700** | ⬇ | **-0.9%** | **72 200** | **294 700** | **284 900** | **3.4%** |
| All other markets | 32 500 | 34 800 | -2 300 | ⬇ | -6.6% | 35 400 | 126 200 | 112 000 | 12.7% |
| **Total** | **628 300** | **606 700** | **21 600** | ⬆ | **3.6%** | **603 100** | **2 304 500** | **2 169 900** | **6.2%** |
| | | | | | | | | | |
| Inflow to US from Europe | 30 500 | 25 000 | 5 500 | ⬆ | 22.0% | 27 300 | 109 000 | 93 200 | 17.0% |
| Inflow to EU from Chile | 6 700 | 8 400 | -1 700 | ⬇ | -20.2% | 9 500 | 32 400 | 36 700 | -11.7% |

Source: Kontali

- Europe: Strong retail demand in the core markets; Germany, UK, France, Spain and Italy
- Americas: Volume growth in the US and Brazilian markets continued
- Asia: Good developments in China/Hong Kong. Rest of Asia impacted by reduced availability of frozen salmon from Chile (sold to the USA/Brazil as fresh)



Source: Kontali
Note: Atlantic Salmon (GWT), LTM: Last Twelve Months, PTM: Previous Twelve Months"

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# Industry supply growth 2020e

| GWT (1,000) | 2016 | 2017 | 2018 | 2019 | 2020E | 2020E Low | Y/Y growth | High | Y/Y growth |
|---|---|---|---|---|---|---|---|---|---|
| Norway | 1 054 | 1 087 | 1 128 | 1 200 | 1 241 | 1 225 | 2 % | 1 256 | 5 % |
| UK | 142 | 159 | 138 | 166 | 167 | 163 | -2 % | 171 | 3 % |
| Faroe Islands | 70 | 72 | 65 | 78 | 81 | 79 | 1 % | 83 | 6 % |
| Other Europe* | 22 | 26 | 25 | 37 | 44 | 42 | 15 % | 46 | 26 % |
| **Total Europe** | **1 287** | **1 344** | **1 356** | **1 481** | **1 533** | **1 509** | **2 %** | **1 556** | **5 %** |
| Chile | 454 | 508 | 594 | 621 | 648 | 633 | 2 % | 663 | 7 % |
| North America | 152 | 143 | 149 | 148 | 138 | 134 | -9 % | 142 | -4 % |
| **Total Americas** | **606** | **651** | **743** | **769** | **786** | **767** | **0 %** | **805** | **5 %** |
| Other | 53 | 66 | 66 | 76 | 89 | 86 | 14 % | 92 | 22 % |
| **Total** | **1 946** | **2 061** | **2 165** | **2 325** | **2 408** | **2 362** | **2 %** | **2 453** | **5 %** |

| GWT (1,000) | Q1 2016 | Q1 2017 | Q1 2018 | Q1 2019 | Q1 2020E | Q1 2020E Low | Q/Q growth | High | Q/Q growth |
|---|---|---|---|---|---|---|---|---|---|
| Norway | 244 | 249 | 262 | 267 | 257 | 253 | -5 % | 260 | -2 % |
| UK | 34 | 36 | 30 | 37 | 37 | 36 | -4 % | 38 | 1 % |
| Faroe Islands | 17 | 16 | 16 | 20 | 20 | 19 | -2 % | 20 | 3 % |
| Other Europe* | 4 | 5 | 7 | 10 | 10 | 9 | -2 % | 10 | 8 % |
| **Total Europe** | **298** | **306** | **315** | **333** | **323** | **317** | **-5 %** | **329** | **-1 %** |
| Chile | 144 | 118 | 151 | 156 | 165 | 161 | 3 % | 168 | 8 % |
| North America | 34 | 30 | 31 | 30 | 32 | 31 | 4 % | 33 | 11 % |
| **Total Americas** | **178** | **148** | **182** | **186** | **197** | **192** | **3 %** | **202** | **8 %** |
| Other | 14 | 15 | 14 | 17 | 20 | 19 | 15 % | 21 | 24 % |
| **Total** | **490** | **469** | **511** | **536** | **540** | **529** | **-1 %** | **551** | **3 %** |

| GWT (1,000) | Q2-Q4 2016 | Q2-Q4 2017 | Q2-Q4 2018 | Q2-Q4 2019 | Q2-Q4 2020E | Q2-Q4 2020E Low | Q/Q growth | High | Q/Q growth |
|---|---|---|---|---|---|---|---|---|---|
| Norway | 810 | 838 | 866 | 933 | 984 | 972 | 4 % | 996 | 7 % |
| UK | 108 | 124 | 108 | 129 | 130 | 127 | -1 % | 133 | 3 % |
| Faroe Islands | 53 | 57 | 48 | 59 | 61 | 60 | 2 % | 63 | 7 % |
| Other Europe* | 18 | 21 | 18 | 27 | 34 | 33 | 21 % | 36 | 32 % |
| **Total Europe** | **989** | **1 039** | **1 041** | **1 148** | **1 209** | **1 192** | **4 %** | **1 227** | **7 %** |
| Chile | 310 | 390 | 443 | 465 | 483 | 472 | 1 % | 495 | 6 % |
| North America | 117 | 113 | 118 | 117 | 106 | 103 | -13 % | 109 | -8 % |
| **Total Americas** | **427** | **503** | **561** | **583** | **589** | **575** | **-1 %** | **603** | **4 %** |
| Other | 40 | 51 | 52 | 59 | 69 | 67 | 13 % | 71 | 21 % |
| **Total** | **1 456** | **1 593** | **1 654** | **1 789** | **1 867** | **1 833** | **2 %** | **1 902** | **6 %** |

- 2020 guidance:
  Modest global growth of 2-5%

(*) Ireland and Iceland
Actual harvest volumes will be affected by e.g. water temperatures, development in biological growth, biological challenges such as diseases, algal blooms etc. and market developments.



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# Mowi volume guidance

| Atlantic salmon<br>*GWT (1,000)* | 2018<br>*Actual* | Q1 2019<br>*Actual* | Q2 2019<br>*Actual* | Q3 2019<br>*Actual* | Q4 2019<br>*Actual* | 2019<br>*Actual* | Q1 2020<br>*Guidance* | 2020 (*)<br>*Guidance* |
|---|---|---|---|---|---|---|---|---|
| Norway | 230.5 | 56.1 | 51.4 | 63.4 | 66.0 | 236.9 | 45.0 | 260.0 |
| Scotland | 38.4 | 15.8 | 15.9 | 19.6 | 14.0 | 65.4 | 11.0 | 67.0 |
| Canada | 39.3 | 9.8 | 12.5 | 15.8 | 16.2 | 54.4 | 10.0 | 44.0 |
| Chile | 53.2 | 19.8 | 15.1 | 14.1 | 16.6 | 65.7 | 15.0 | 64.0 |
| Ireland | 6.2 | 1.4 | 2.1 | 2.0 | 1.1 | 6.7 | 1.0 | 6.0 |
| Faroes | 7.7 | 1.1 | 1.4 | 2.0 | 2.3 | 6.9 | 2.0 | 9.0 |
| Total | 375.2 | 104.1 | 98.5 | 117.0 | 116.3 | 435.9 | 84.0 | 450.0 |

- Stable number of individuals in sea year-over-year 2019 vs 2018, however, mix is different
  - Increase in Norway and decrease in Canada
- 2020 volume guidance of 450,000 GWT
  - Improved capacity utilisation in Norway
    - Limited effect from the Traffic Light System in 2020
  - Canada impacted by biological incident in Q3 2019
  - Scotland, Chile, Ireland and Faroes relatively stable

Actual harvest volumes will be affected by e.g. water temperatures, development in biological growth, biological challenges such as diseases, algal blooms etc. and market developments.



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# Outlook

- Notwithstanding short term issues with the Corona virus, sector fundamentals remain strong
  - Good demand in all key markets and modest supply outlook
  - Fish Pool forward price (12 months) at EUR 6.0/kg
- 2020 harvest volume guidance maintained at 450,000 tonnes GWT
- Strengthening leadership resources in Farming to further increase focus
  - COO Farming Norway
  - COO Farming Scotland & Ireland
  - COO Farming Americas & the Faroes
- Establishing Mowi Global Processing Excellence Team to increase productivity through scale advantages, process enhancements, automation and digitalisation
- Feed plant in Scotland finalising commissioning phase. Targeting 150,000 tonnes in 2020 (capacity 240,000 tonnes)
- Launch of the MOWI brand in France and USA in Q1 2020
- Quarterly dividend payment in Q1 2020 of NOK 2.60 per share as ordinary dividend

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# Q4 2019 presentation

## *Appendix*

# Dividend policy

- The quarterly dividend level shall reflect the present and expected future cash flow generation of the Company
- A target level for net interest-bearing debt is determined, reviewed and updated on a regular basis
- When the target is met, at least 75% of the annual free cash flow after operational and financial commitments will be distributed as dividends

- Long term NIBD (excluding IFRS 16) target EUR 1,400m



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# Contract coverage and sales contract policy

| SALES CONTRACT POLICY | Min hedging rate | Max hedging rate [1] |
|---|---|---|
| Norway [2] | 0 % | 50 % |
| Scotland | 0 % | 75 % |
| Canada | 0 % | 30 % |
| Chile [2] | 0 % | 50 % |
| Ireland | 0 % | 100 % |
| Faroes | 0 % | 30 % |

**Notes:**

(1) Hedging rates for the next quarter, limits dropping over time

(2) Contract rate can be increased to 65% under special circumstances

- Q1 2020 contract shares (% of guided volume):
  - Norway 50%
  - Scotland 78%
  - Canada 0%
  - Chile 37%
  - Ireland 98%
  - Faroes 0%
- Contracts typically have a duration of 3-12 months
  - Contracts are entered into on a regular basis



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# Quarterly segment overview

| EUR million | Norway | Scotland | Canada | Chile | Ireland | Faroes | Other [1)] | Group |
|---|---|---|---|---|---|---|---|---|
| | SOURCES OF ORIGIN QTD | | | | | | | |
| **OPERATIONAL EBIT** | | | | | | | | |
| FARMING | 104.7 | 10.2 | -14.8 | 7.1 | 3.1 | 3.0 | | 113.3 |
| SALES AND MARKETING | | | | | | | | |
| Markets | 10.8 | 7.1 | 6.1 | 1.0 | 0.0 | 0.8 | -0.2 | 25.6 |
| Consumer Products | 8.6 | 0.2 | 0.0 | 5.1 | 0.7 | 0.0 | 0.5 | 15.1 |
| SUBTOTAL | **124.1** | **17.4** | **-8.7** | **13.2** | **3.8** | **3.8** | **0.3** | **153.9** |
| Feed | 15.9 | | | | | | -2.0 | 13.8 |
| Other entities [1)] | | | | | | | -2.0 | -2.0 |
| TOTAL | **139.9** | **17.4** | **-8.7** | **13.2** | **3.8** | **3.8** | **-3.7** | **165.7** |
| Harvest volume (GWT) | 65 970 | 14 003 | 16 246 | 16 623 | 1 127 | 2 345 | | 116 314 |
| Operational EBIT per kg (EUR) [1)] - total Group | 2.12 | 1.24 | -0.53 | 0.79 | 3.34 | 1.63 | | 1.42 |
| - of which Feed | 0.24 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.12 |
| - of which Markets | 0.16 | 0.51 | 0.38 | 0.06 | 0.02 | 0.34 | | 0.22 |
| - of which Consumer Products | 0.13 | 0.01 | 0.00 | 0.31 | 0.60 | 0.01 | | 0.13 |
| **ANALYTICAL DATA** | | | | | | | | |
| Price achievement/reference price (%) [1)] | 102 % | 122 % | 85 % | 100 % | na | 114 % | | 102 % |
| Contract share (%) | 38 % | 60 % | 0 % | 24 % | 98 % | 0 % | | 33 % |
| Quality - superior share (%) | 95 % | 93 % | 74 % | 88 % | 89 % | 87 % | | 90 % |
| **GUIDANCE** | | | | | | | | |
| Q1 2020 harvest volume (GWT) | 45 000 | 11 000 | 10 000 | 15 000 | 1 000 | 2 000 | | 84 000 |
| 2020 harvest volume (GWT) | 260 000 | 67 000 | 44 000 | 64 000 | 6 000 | 9 000 | | 450 000 |
| Q1 2020 contract share (%) | 50 % | 78 % | 0 % | 37 % | 98 % | 0 % | | 45 % |



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# YTD segment overview

| EUR million | Norway | Scotland | Canada | Chile | Ireland | Faroes | Other [1] | Group |
|---|---|---|---|---|---|---|---|---|
| | SOURCES OF ORIGIN YTD | | | | | | | |
| **OPERATIONAL EBIT** | | | | | | | | |
| FARMING | 413.5 | 93.4 | 3.1 | 66.1 | 16.8 | 9.3 | | 602.2 |
| SALES AND MARKETING | | | | | | | | |
| Markets | 31.0 | 24.3 | 12.3 | 4.9 | 0.1 | 3.0 | -0.6 | 75.2 |
| Consumer Products | 9.1 | 8.3 | 0.0 | 18.3 | 0.9 | 0.0 | 2.0 | 38.6 |
| SUBTOTAL | **453.6** | **126.0** | **15.4** | **89.4** | **17.8** | **12.3** | **1.4** | **715.9** |
| Feed | 32.2 | | | | | | -9.8 | 22.4 |
| Other entities [1] | | | | | | | -17.5 | -17.5 |
| TOTAL | **485.9** | **126.0** | **15.4** | **89.4** | **17.8** | **12.3** | **-25.9** | **720.9** |
| Harvest volume (GWT) | 236 880 | 65 365 | 54 408 | 65 688 | 6 650 | 6 913 | | 435 904 |
| Operational EBIT per kg (EUR) [1] - total Group | 2.05 | 1.93 | 0.28 | 1.36 | 2.68 | 1.79 | | 1.65 |
| - of which Feed | 0.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.05 |
| - of which Markets | 0.13 | 0.37 | 0.23 | 0.07 | 0.02 | 0.44 | | 0.17 |
| - of which Consumer Products | 0.04 | 0.13 | 0.00 | 0.28 | 0.13 | 0.00 | | 0.09 |
| **ANALYTICAL DATA** | | | | | | | | |
| Price achievement/reference price (%) [1] | 102 % | 114 % | 95 % | 101 % | na | 113 % | | 103 % |
| Contract share (%) | 37 % | 50 % | 0 % | 27 % | 96 % | 0 % | | 33 % |
| Quality - superior share (%) | 92 % | 95 % | 85 % | 90 % | 87 % | 83 % | | 91 % |



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# Development in harvest volumes

| GWT (1,000) | 2016 Total | 2017 Total | 2018 Total | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 | 2019 Total | 2020E Q1E | 2020E Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Norway | **236.0** | **210.2** | **230.5** | 56.1 | 51.4 | 63.4 | 66.0 | **236.9** | 45.0 | **260.0** |
| Scotland | **45.0** | **60.2** | **38.4** | 15.8 | 15.9 | 19.6 | 14.0 | **65.4** | 11.0 | **67.0** |
| Canada | **43.3** | **39.4** | **39.3** | 9.8 | 12.5 | 15.8 | 16.2 | **54.4** | 10.0 | **44.0** |
| Chile | **36.9** | **44.9** | **53.2** | 19.8 | 15.1 | 14.1 | 16.6 | **65.7** | 15.0 | **64.0** |
| Ireland | **8.4** | **9.7** | **6.2** | 1.4 | 2.1 | 2.0 | 1.1 | **6.7** | 1.0 | **6.0** |
| Faroes | **10.9** | **6.0** | **7.7** | 1.1 | 1.4 | 2.0 | 2.3 | **6.9** | 2.0 | **9.0** |
| **Total** | **380.6** | **370.3** | **375.2** | **104.1** | **98.5** | **117.0** | **116.3** | **435.9** | **84.0** | **450.0** |

**Growth relative to same period in previous year**

| | 2016 Total | 2017 Total | 2018 Total | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 | 2019 Total | 2020E Q1E | 2020E Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Norway | **-7 %** | **-11 %** | **10 %** | 10 % | 4 % | -11 % | 13 % | **3 %** | -20 % | **10 %** |
| Scotland | **-10 %** | **34 %** | **-36 %** | 82 % | 78 % | 118 % | 19 % | **70 %** | -30 % | **3 %** |
| Canada | **8 %** | **-9 %** | **0 %** | 49 % | 56 % | 27 % | 33 % | **39 %** | 2 % | **-19 %** |
| Chile | **-41 %** | **22 %** | **18 %** | 60 % | 53 % | 3 % | -3 % | **24 %** | -24 % | **-3 %** |
| Ireland | **-13 %** | **15 %** | **-36 %** | -2 % | 69 % | 4 % | -30 % | **7 %** | -30 % | **-10 %** |
| Faroes | **273 %** | **-45 %** | **29 %** | 9 % | 84 % | 31 % | -46 % | **-10 %** | 78 % | **30 %** |
| **Total** | **-9 %** | **-3 %** | **1 %** | **28 %** | **26 %** | **6 %** | **10 %** | **16 %** | **-19 %** | **3 %** |



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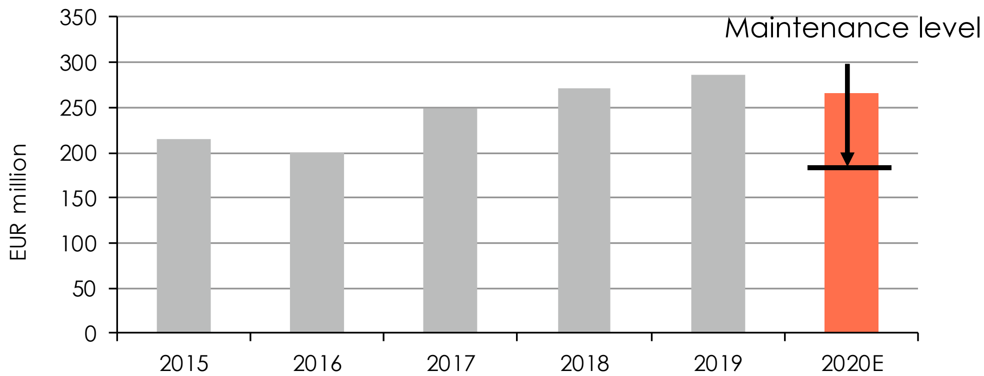
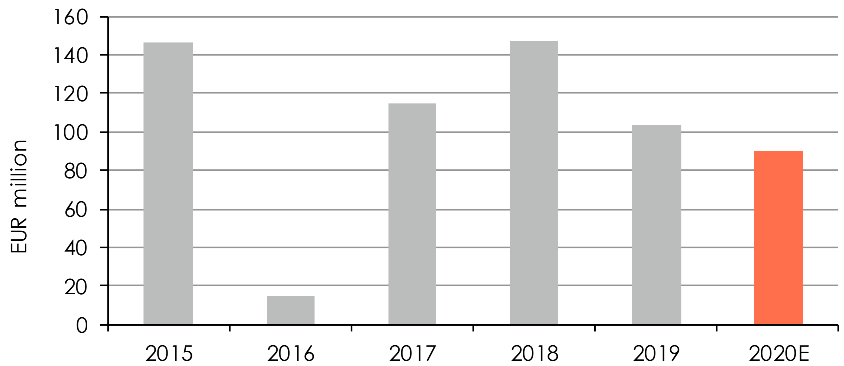
# Cash flow guidance and historic developments

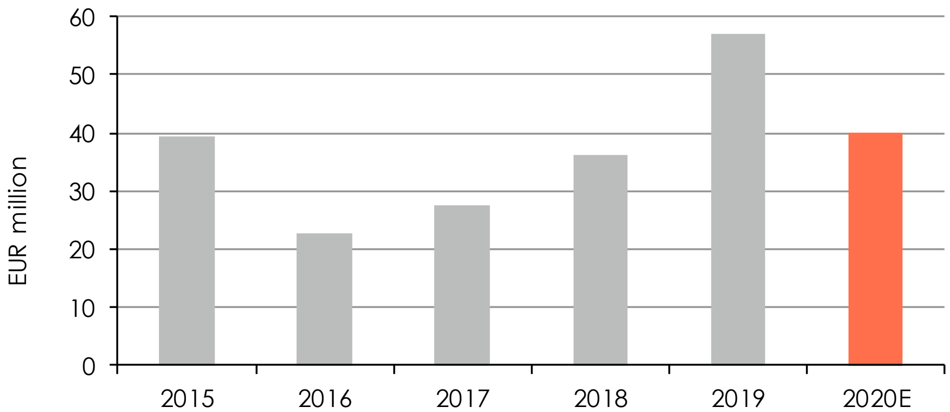
## Net capital expenditure (*)




## Net working capital




## Financial commitments and cost of debt (*)






(*) Excludes any potential Traffic Light System growth in Norway
(**) Excludes effects of IFRS 16

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# Nova Sea

| | Ownership % | Harvest volume (GWT) 2018 | 2019 | Q4 2018 | Q4 2019 | EBIT per kg 2018 | 2019 | Q4 2018 | Q4 2019 | NIBD EURm Q3 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Nova Sea** | 48 % | 37 879 | 45 962 | 5 636 | 9 987 | 2.66 | 2.30 | 1.72 | 2.10 | -49.8 |

- Leading integrated salmon producer in Northern Norway
  - 33.33 wholly owned licenses
  - 4 partly owned licenses
- Mowi has an ownership in Nova Sea of ~48% through direct and indirect shareholdings
- Dividends
  - Paid dividends of NOK 300m in Q1 2019, NOK 300m in Q2 2019 and NOK 275m in Q4 2019 (Mowi's share NOK 406m)
- Proportion of income after tax reported as income from associated companies in Mowi Norway
  - EUR 18.5m in Q4 2019



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# Debt distribution and interest rate hedging

| CURRENCY | DEBT 31/12/2019[2] | 2019-2020 Nominal value | 2019-2020 Fixed rate[3] | 2020-2021 Nominal value | 2020-2021 Fixed rate[3] | 2021-2022 Nominal value | 2021-2022 Fixed rate[3] | 2022-2023 Nominal value | 2022-2023 Fixed rate[3] |
|---|---|---|---|---|---|---|---|---|---|
| EUR m | 1 283.4 | 970.5 | 3.27 % | 380.0 | 2.13 % | 380.0 | 2.20 % | - | 0.00 % |
| USD m | 60.0 | 167.5 | 2.93 % | 78.3 | 2.31 % | 78.3 | 2.31 % | 60.0 | 4.13 % |
| GBP m | 40.0 | 34.0 | 3.13 % | 23.5 | 2.83 % | 23.5 | 2.83 % | - | 0.00 % |
| Other (EUR m) | 81.3 | | | | | | | | |

| | | |
|---|---|---|
| Market value of IRS contracts (31/12/19): | MEUR | -29.8 |
| Change in market value due to market movements in Q4[4]: | MEUR | 4.5 |
| Change in market value due to interest settled on IRS contracts in Q4[5]: | MEUR | 9.4 |

**Notes:**
(1) March is the starting month for all interest hedging contracts
(2) Debt at book value after taking cross currency swaps into account
(3) Financing margin not included
(4) Quarterly change in market value booked against P/L
(5) Net amount of interest on IRS contracts settled quarterly in cash

- External interest bearing debt is distributed as follows: EUR 91%, USD 3%, GBP 5%, other currencies 1%
- Policy: Mowi ASA shall over time hedge 0%-35% of the Group’s long-term interest-bearing debt by currency with fixed interest or interest rate derivatives for the first 5 years, and 0% fixed rates thereafter. Interest-bearing debt includes external interest-bearing debt and leasing in the parent company or subsidiaries. The interest rate hedges shall be based on the targeted currency composition. Interest rate exposure in other currencies than EUR, USD, GBP and NOK shall not be hedged



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# Hedging and long term currency exposure - policies

- EUR/NOK
  - Mowi shall hedge between 0% and 30% of its assumed annual expenses in NOK against the EUR with a horizon of two years. The annual hedging shall be evenly distributed across the months of the year
- USD/CAD
  - Mowi shall hedge between 0% and 30% of its assumed annual expenses in CAD against the USD with a horizon of two years. The annual hedging shall be evenly distributed across the months of the year
- USD/CLP
  - Mowi shall not hedge the USD/CLP exposure
- Internal transaction hedging relating to bilateral sales contracts
  - All bilateral sales contracts are subject to internal currency hedging of the exposure between the invoicing currency and EUR
  - The operating entities hedge this exposure towards the parent company. In accordance with the general hedging policy, this exposure is not hedged towards external counterparties
  - The purpose of the internal hedging is to allow for a more accurate comparison between the Mowi Farming entities (including contribution from Sales) and peers with respect to price achievement and operational EBIT

# Strategic currency hedging

| STRATEGIC CURRENCY HEDGING | EUR/NOK | | USD/CAD | |
|---|---|---|---|---|
| | MEUR | Rate | MUSD | Rate |
| 2020 | 199.2 | 9.95 | 28.8 | 1.31 |
| 2021 | 199.2 | 10.28 | 26.4 | 1.32 |
| **P/L effect of contracts realized in Q4 (MEUR)** | **-1.2** | | | |
| | MEUR | | | |
| **Market value 30/09/2019** | **-6.2** | | | |
| Change | 7.8 | | | |
| **Market value 31/12/2019** | **1.6** | | | |

| DESIGNATED MARKET CURRENCIES | |
|---|---|
| Norway | EUR |
| Chile | USD |
| Canada | USD |
| Scotland | GBP |
| Ireland | EUR |
| Faroe Islands | EUR |
| Consumer Products Europe | EUR |
| Asia | USD |
| Feed | EUR |



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# Thank you