



SalMar ASA

Presentation Q2 2020

CEO Gustav Witzøe

CFO & COO Trine Sæther Romuld



Agenda

- Highlights
- Operational update
- Financial update
- Outlook

Passion for salmon

Fantastic employees, dedication and strong culture



Offshore Fish Farming

A new era in aquaculture

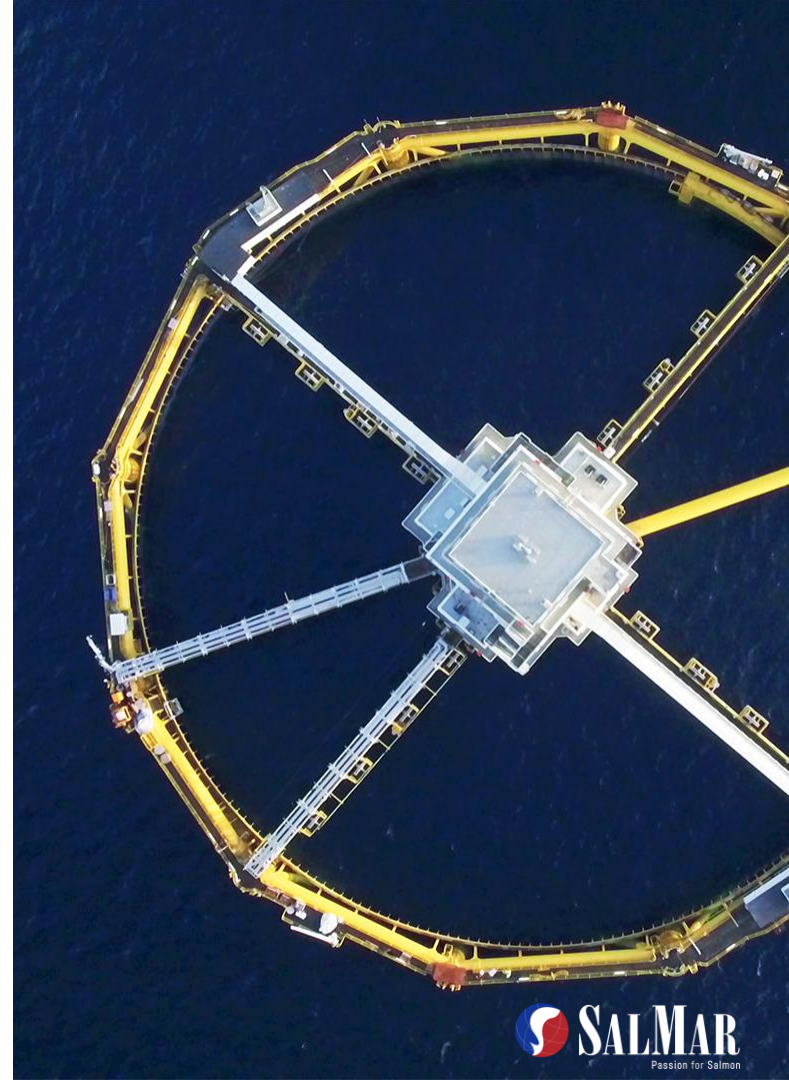
- Conversion of Ocean Farm 1 development licenses approved
- Started harvesting of 2nd production cycle
- Strong biological results increases confidence on offshore strategy

Semi-Offshore (Ocean Farm):

- Initiated project to seek possibilities for additional Ocean Farm unit

Open Ocean (Smart Fish Farm):

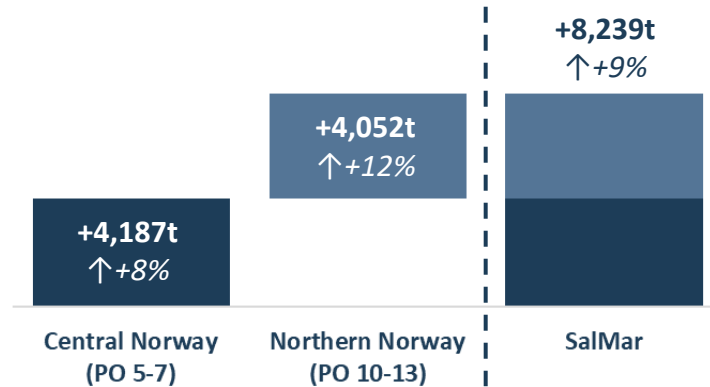
- Awarded 8 development licenses in February 2019
- Specifically designed for fish farming in the open ocean
- Good dialogue with Norwegian authorities for approval of location
- Expect investment decision of Smart Fish Farm in 2021



Coastal Fish Farming

Increasing MAB capacity

- Increasing our MAB capacity through traffic light system
 - Net growth through traffic light system 8,239 MAB tonnes*
 - Representing 9% growth in total MAB
 - Purchased 44% of available capacity growth in our areas
- Increased capacity in both Central and Northern Norway
- Gives flexibility to optimize biological production and increase harvest volume

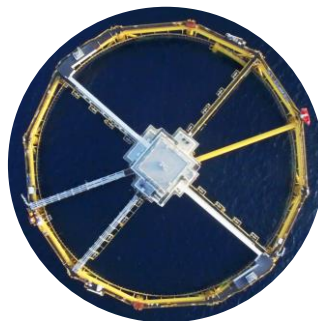


* Includes purchase in auction (8 057t), fixed price (746t) and reduction in PO 5 (-564t)



SalMar – strategic highlights

Strong strategic and operational focus through the entire value chain



Genetics & smolt

- Complete Senja 2
- Planning for new RAS facility in Tjuin, Central Norway – expect investment decision H2 2020
- Closed net pen

Farming

- Continuous improvements
- Learning from best practice
- “On the site-managers” terms
- Cost program ongoing
- New sites & zone structure
- Optimize organization in respect of production volume
- Seek attractive M&A opportunities

Offshore Farming

- SalMar Ocean established
- Build and develop an organization to handle growth ambition
- Ongoing processes continuing
- Conversion of OF1 development licenses approved

Industry & sales

Continuous improvements

Industry

- Optimize use of InnovaMar
- Complete InnovaNor
- Upgrade of Vikenco

Sales

- Optimize allocation of salmon
- Best distribution

Other

- Continue to develop Arnarlax
- Large biological and market potential

Covid-19 update

Limited impact on operational & financial performance in Q2 despite strict precautionary disease prevention measures

Safe workplace

- Implemented strict precautionary disease prevention measures
- No employees infected
- Infection tracking and preparedness plans ready to be launched if needed

Collaborating with our local communities

- Close collaboration with local authorities
- Donation of personal protective equipment to local health authorities
- Temporary employment of people who have been laid off from other businesses

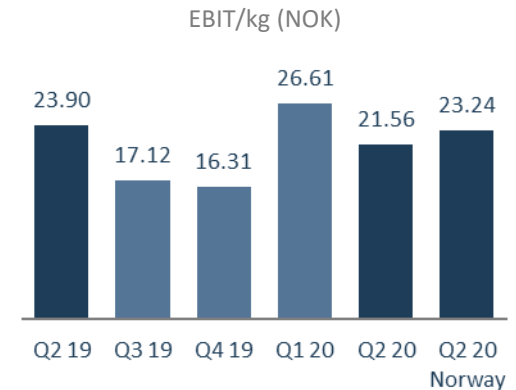
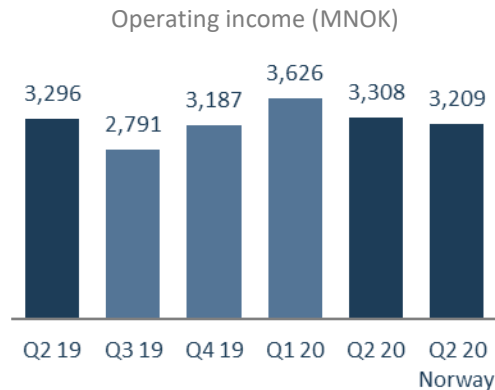
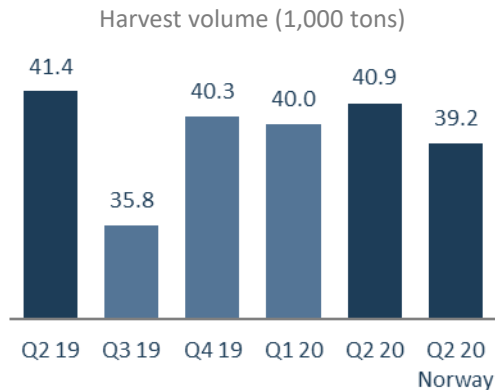
Operational & financial flexibility

- Great employees who go the extra mile
- Farming operations running as normal, good biological performance
- Large and flexible harvesting and processing capacity
- Strong balance sheet and flexible financing facilities



Second quarter highlights

- Strong biological and operational performance has given a strong result with lower costs
- Total operational EBIT 912 MNOK and harvest volume 39 200 tons from Norway, including Arnarlax total operational EBIT 882 MNOK and harvest volume 40 900 tons
- Strong results in both Central and Northern Norway with strong biological performance
- Good results from Sales & Processing in a challenging quarter
- Weak results for Arnarlax
- Guiding of 152,000 tons in Norway and 12,000 tons on Iceland maintained



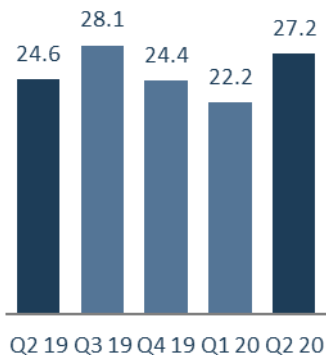
A wide-angle photograph of a salmon farming operation in a fjord. In the foreground, a large circular salmon cage is visible, constructed from metal frames and netting. The water is a deep blue. In the background, a range of rugged, snow-capped mountains rises against a clear blue sky. The text "DETAILED OPERATIONAL UPDATE" is overlaid in white, bold, sans-serif font across the center of the image.

DETAILED OPERATIONAL UPDATE

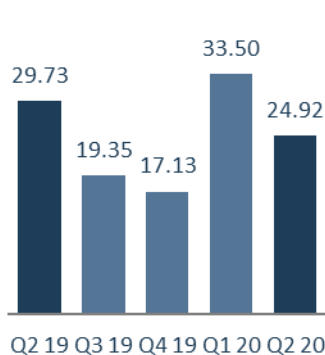
Farming Central Norway

	Q2 2020	Q2 2019	H1 2020	H1 2019
Operating income (NOKm)	1,603	1,580	3,187	2,757
Operational EBIT (NOKm)	679	730	1,421	1,203
Operational EBIT %	42.4 %	46.2 %	44.6 %	43.6 %
Harvested volume (tgv)	27.2	24.6	49.4	42.8
EBIT/kg	24.92	29.73	28.77	28.10

Harvest volume (1,000 tons)



EBIT/kg (NOK)

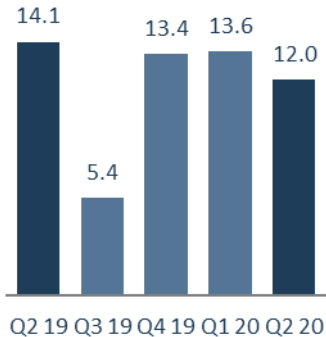


- Strong biological & operational performance has given a strong result
- Spring 19 generation accounted for 80 % of the volume with lower cost level compared with previous generations
- Autumn 18 finished in the quarter with stable performance
- Expect somewhat higher volume in Q3 2020
- Costs at same level in Q3 2020
 - Will finish harvesting of spring 19 generation in Q3 2020
 - And start harvesting of autumn 19 generation
- Guiding of 103,000 tons harvest volume in 2020 maintained
 - Flexibility to optimize biology with increased MAB capacity

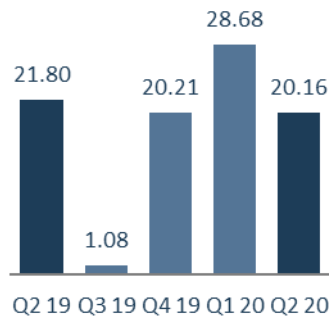
Farming Northern Norway

	Q2 2020	Q2 2019	H1 2020	H1 2019
Operating income (NOKm)	645	867	1,541	1,767
Operational EBIT (NOKm)	242	307	631	655
Operational EBIT %	37.5 %	35.4 %	40.9 %	37.1 %
Harvested volume (tgv)	12.0	14.1	25.6	29.2
EBIT/kg	20.16	21.80	24.68	22.45

Harvest volume (1,000 tons)



EBIT/kg (NOK)



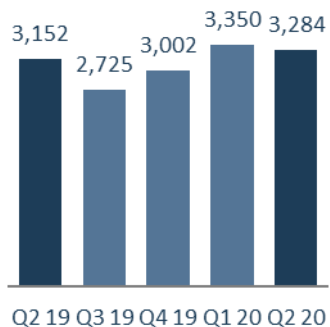
- Significant cost improvements compared to previous quarters
- Strong biological & operational performance has given a strong result
- Price achievement impacted by high volume in the beginning of the period
- Harvested from autumn 18 generation with strong biological performance and significant lower cost level
- Autumn 18 generation finished in the period
- Expect low volume and slightly higher costs in Q3 2020
 - No harvesting in July before spring 19 generation will start in late August
- Guiding of 49,000 tons harvest volume in 2020 maintained
 - Flexibility to optimize biology with increased MAB capacity

Sales & Processing

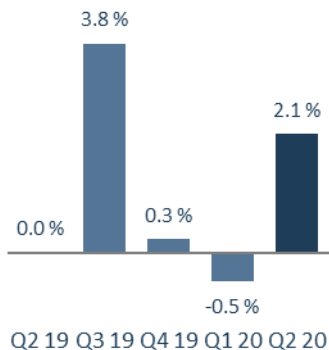
	Q2 2020	Q2 2019	H1 2020	H1 2019
Operating income (NOKm)	3,284	3,152	6,633	5,972
Operational EBIT (NOKm)	70	0	53	15
Operational EBIT %	2.1 %	0.0 %	0.8 %	0.2 %

- Strong operations and increased capacity utilization from harvesting and processing activities
- Positive contribution from fixed price contracts due to lower spot price
 - Contract share at 30 % in the period
- Contract share currently at 25 % for Q3 2020 and 25 % for FY 2020 with prices slightly up from the level in 2019
- Construction work on InnovaNor is progressing according to plan

Operating income (NOKm)



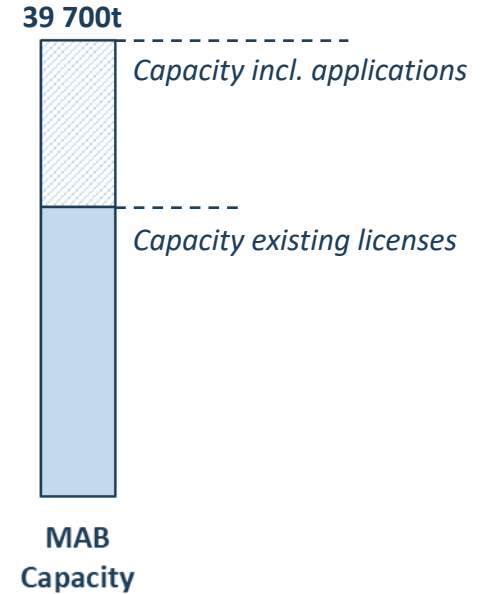
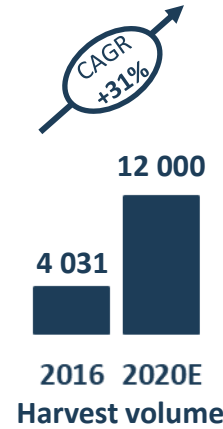
EBIT-margin (%)



Arnarlax

Leading the development of Iceland as a new farming region

- Strong track record for growth and significant growth potential
- Full control of value chain from hatchery to sales
- Applying best practices and investing in state-of-the-art equipment for further growth
- Experienced management supported by SalMar

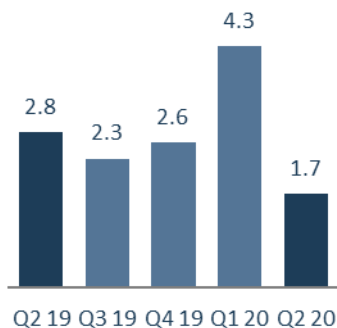


Arnarlax (Iceland)

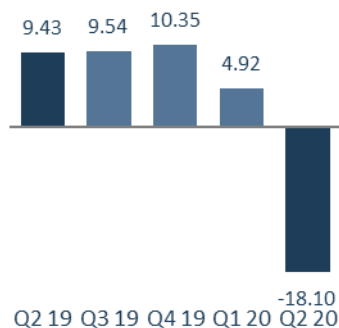
	Q2 2020	Q2 2019	H1 2020	H1 2019
Operating income (NOKm)	99	177	379	310
Operational EBIT (NOKm)	-30	26	-9	51
Operational EBIT %	-30.5 %	14.8 %	-2.4 %	16.6 %
Harvested volume (tgw)	1.7	2.8	6.0	4.9
EBIT/kg	-18.10	9.43	-1.50	10.45

1) Consolidated results from February 2019

Harvest volume (1,000 tons)



EBIT/kg (NOK)



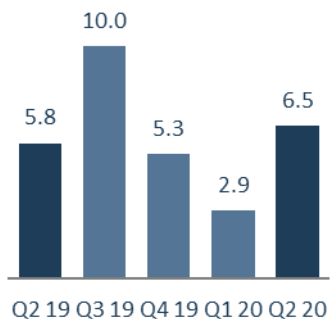
- Challenging quarter for Arnarlax resulting in a weak result
- Result is impacted by high costs and weak price achievement
 - Harvesting of 18G locations with increased mortality caused by winter wounds earlier this year
 - Low capacity utilization at harvesting plant
 - 90% of volume sold in April and May where prices were lowest
- Expect slightly higher volume in Q3 2020
- Expect slightly lower costs in Q3 2020
 - Will finish 18G from locations who have not been affected by increased mortality
 - Start harvesting of 19G with improved biological performance and lower cost level compared with previous generations
 - Lower spot price affecting Arnarlax more significantly
- Guiding of 12,000 tons harvest volume in 2020 maintained

Norskott Havbruk (Scottish Sea Farms)

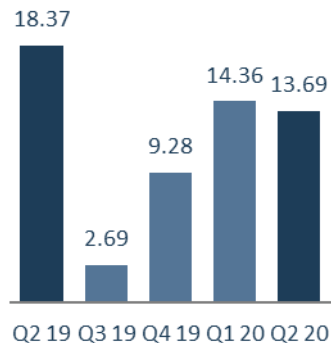
	Q2 2020	Q2 2019	H1 2020	H1 2019
Operating income (NOKm)	465	407	729	813
Operational EBIT (NOKm)	89	106	131	216
Operational EBIT %	19.2 %	26.1 %	18.0 %	26.6 %
Value adjustments biomass	-65	21	-139	-32
Profit before tax	17	124	-21	180
SalMar's share after tax	8	49	-19	74
Harvested volume (tgv)	6.5	5.8	9.4	10.6
EBIT/kg	13.69	18.37	13.90	20.36

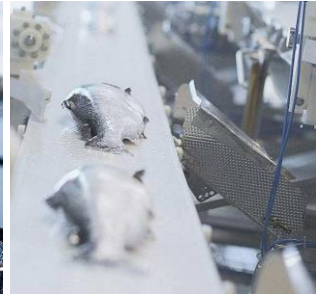
- Harvested from all regions in the quarter with good results
- Good growth and biological performance with low mortality rates in the quarter
- Costs improved from Q1 20
- Guiding of 26,000 tons harvest volume in 2020 maintained

Harvest volume (1,000 tons)



EBIT/kg (NOK)





Operational EBIT deviation analysis (qoq)

Norway

EBIT per kg (NOK)



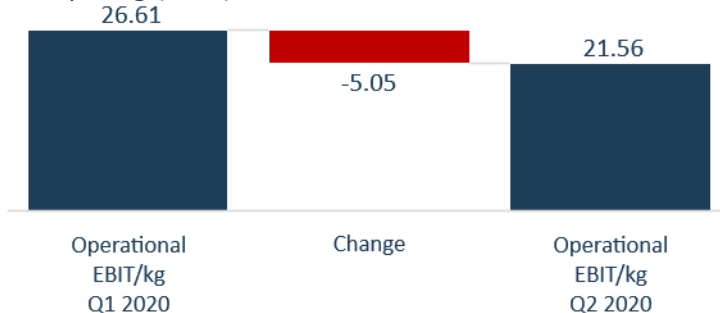
Δ QoQ
-5.98
NOK per kg



- Net sales price decreased following lower spot prices
- Positive cost development driven by both Central and Northern Norway

Group

EBIT per kg (NOK)



Δ QoQ
-5.05
NOK per kg



- Group EBIT per kg decreased QoQ due to lower spot prices
- Weaker margin from Arnarlax compared with previous quarters

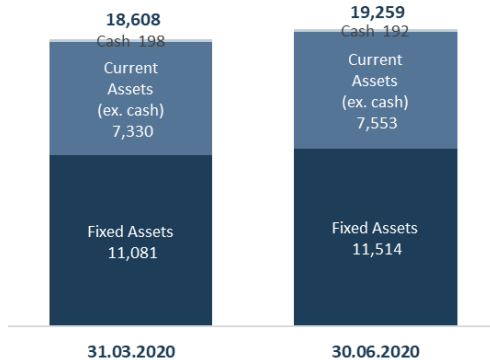
Group profit and loss

NOK million	Q2 2020	Q2 2019	Δ%	YTD 2020	YTD 2019	Δ%
Operating income	3,307.9	3,296.3	0 %	6,933.5	6,259.7	11 %
EBITDA	1,075.4	1,153.9	-7 %	2,325.5	2,124.1	9 %
Depreciations and write-downs	-193.6	-164.2		-378.6	-328.2	
Operational EBIT	881.9	989.8	-11 %	1,946.9	1,795.9	8 %
Fair value adjustment	698.8	175.8		218.8	2.9	
EBIT	1,580.6	1,165.6	36 %	2,165.7	1,798.9	20 %
Income from investments in associates	7.8	51.2		-14.7	79.9	
Net financial items	-10.3	-64.4		-178.2	125.1	
<i>Net interest costs</i>	<i>-35.8</i>	<i>-35.0</i>		<i>-78.2</i>	<i>-72.1</i>	
<i>Other financial items</i>	<i>25.5</i>	<i>-29.3</i>		<i>-99.9</i>	<i>197.2</i>	
Profit before tax	1,578.2	1,152.5	37 %	1,972.8	2,003.9	-2 %
Tax	343.7	235.9		434.5	375.1	
Net profit for the period	1,234.5	916.5	35 %	1,538.3	1,628.9	-6 %
Other comprehensive income	-87.0	-27.8		216.1	-37.2	
Total comprehensive income	1,147.5	888.7	29 %	1,754.4	1,591.7	10 %
Earnings per share (NOK)	10.45	7.96	31 %	14.03	14.34	-2 %
Harvested volume (t _{gw})	40.9	41.4	-1 %	80.9	76.9	5 %
EBIT per kg (NOK)	21.56	23.90	-10 %	24.06	23.35	3 %
Nasdaq spot price (average)	57.83	62.68	-8 %	63.16	62.39	1 %

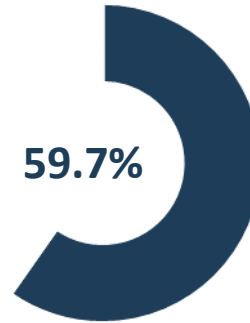
- Stable revenue YoY
- Operational EBIT decreased following lower spot price and somewhat lower volume
- Positive fair value adjustment due to positive currency effects compared to end of previous quarter and higher biomass in fair value calculations

Group balance sheet

Assets

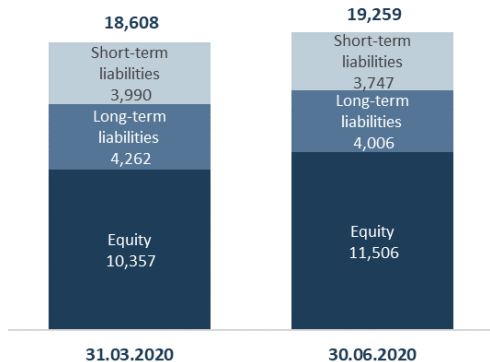


Equity ratio

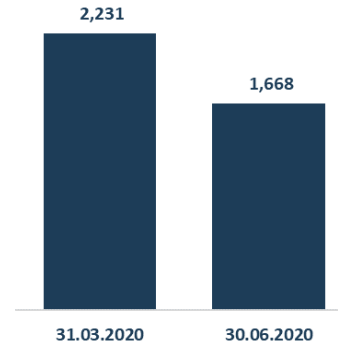


- Investments in line with ongoing investment programs
- Higher standing biomass YoY and lower QoQ
- Net Interest-bearing debt decreased with NOK 564 million during the quarter
 - NIBD at NOK 1,668 million at the end of the quarter
- Solid financial position with equity ratio increased to 59.7% and NIBD/EBITDA lowered to 0.42
 - Flexible credit facilities

Equity & liabilities

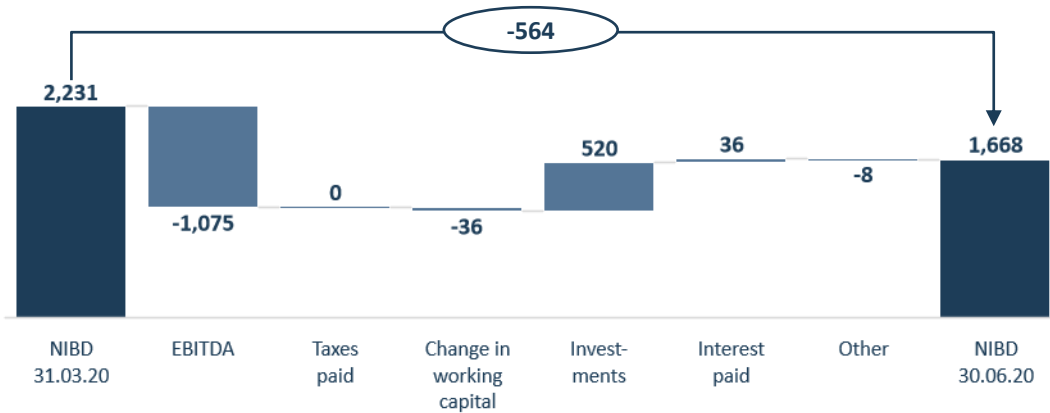


NIBD



1) NIBD does not include IFRS 16 leasing liabilities

Movement in net interest-bearing debt



- Net cash flow from investments at NOK -520 million
 - Farming and Ocean NOK 86 million
 - Smolt and hatchery NOK 136 million
 - Sales & Processing NOK 178 million
 - Upgrade of Vikenco NOK 58 million
 - Capex Iceland NOK 63 million
- Net interest-bearing debt decreased with NOK 564 million



OUTLOOK

Outlook



- Continued strong strategic and operational focus
- Flexibility to optimize biological production
- Expect lower volume and similar cost level in Q3 2020
- Contract share for Q3 2020 and FY 2020 currently around 25% with prices slightly up from level in 2019
- Guiding of 152,000 tons in Norway and 12,000 tons on Iceland maintained.
- Expect moderate increase in global supply in 2020
- Covid-19 has led to significant market uncertainties
- SalMar is well positioned to handle a demanding market with strong operational and financial flexibility

**THANK YOU
FOR YOUR ATTENTION**

www.salmar.no

