
2019 Results

Presentation to
Investors and
Analysts

Forward Looking Statements

Disclaimer

This presentation is furnished and intended for European market participants and should be viewed in that manner.

Any potential forward looking statements contained in this presentation are reflective of managements current views on future events and performance, whilst the views are based on positions that management believes are reasonable there is no assurances that these events and views will be achieved. Forward looking views naturally involve uncertainties and risk and consequently actual results may differ to the statements or views expressed.



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We are Iceland Seafood



1932

The Union of Icelandic Fish Producers (SÍF)

Founded in 1932 for export of salted fish products



1935

The Herring Board

Founded in 1935 for the export of salted herring

1957

Samband of Iceland

Establishes a seafood division for export of frozen seafood



1999

Merger: SÍF and Iceland Seafood Plc.

Including the Herring Board, under the name SIF Plc.



2004

SÍF Plc founds Iceland Seafood International

To take over all export and sales of marine products



2010

IS Barraclough

Acquired in 2010 and marks the beginning of value added operations in the UK



2012

IS Havelok

Founded as a joint venture, Havelok today is a leading seafood supplier to UK foodservice



2016

First North listing

Of all shares in ISI are listed on the Nasdaq First North Iceland market



2018

Oceanpath

Purchased in 2018, Oceanpath is the largest seafood provider in the Irish retail market



2018

Solo Seafood

Purchased in 2018, creating a strong integrated company in the Southern European market



2019

Main Market listing & Management changes

A new board and CEO are appointed and ISI lists its shares on the Nasdaq Iceland Main Market



2020

Elba Seafood

Purchased in 2020, Elba is a great addition to well positioned S-European operation



Global value added seafood producer and global sales and marketing company



12

Businesses in 8 countries

Global distribution

660

Employees

Market and client expertise

+1.1m

Meals sold every day

Global Sourcing with core from Iceland

7

Value added factories

Innovation and client focus

+€450m

Annual revenues

Listed on Nasdaq
Main Market. Mcap €187m

Serving over
3,000 customers
across

45 countries

Main market listing and capital raising

Public offering of new shares completed in October

- In total 225million new shares sold at a price of 9,5 per share. Total increase in equity of €15.2m
- 90% of the issued shares were sold to investors in orderbook B, majority of that going to Icelandic institutional investors, thereof 9 pension funds
- 112 new shareholders joined through the share offering, increasing the total number of shareholders to 444 at end of October. The number of shareholders has increased further, to 452 at year end and 470 at February 20th
- Good balance between industrial and financial investors in shareholder group post issuance.

Successful main market listing

- Good liquidity in the share since listing in October, average trade of ISK 42m per day, market Cap ISK 25.4 bn at end of December
- Focus on transparency and quality reporting following the main market listing
- Two market making contracts, both providers committed to make bid and ask for a minimum of ISK 5m at market value, with maximum spread of 1.5%.



Significant steps taken to realise synergies from merger in Spain



Merger project in Spain on track

- Legal merger took place on January 1st 2020
- All production of light salted cod has been moved to a single location in Barcelona from February 2020, a big step in the overall synergy creation
- From now on we expect to see gradual synergy effects coming forward in line with our previously announced synergy plans.

The operation of Ecomsa being restructured with a focus on local distribution

- With production being moved to one place in Barcelona, the Ecomsa operation has changed and will focus on distribution within the Andalucía region
- Significant steps in restructuring taken in beginning of the year with the number of employees reduced by 53% and by 60% from 2018. Restructuring costs expensed in 2019.

January a record production month in Argentina.

- Investment in increased capacity finalized early December 2019
- Production in January 690MT, which is 55% up on same month 2019
- JV project on squid going well with one landing taking place in February and two additional landings expected, one in March and one in April. Squid prices are staying strong
- Second phase of the investment being finalized in Q2, with a 800 MT coldstore up and running from that time. Will improve flexibility in sales and reduce storage costs.

Elba Seafood is now part of Iceland Seafood

Acquisition of Elba closed on 21 February, on the same terms as previously announced

- Elba operates a production facility in Barcelona, total annual sales volume of around 2.200MT. Focusing on processing and selling of light salted products
- Unaudited results for 2019 showing a turnover of €14.5m and EBITDA of €430k
- Key suppliers are the previous owners GPG Seafood and Icemar, which now will join Iceland Seafood shareholders group
- Apart from Iceland the company also sources part of its products from Faroe Islands, Norway and locally in Spain.

Great addition to our well positioned operation in S-Europe

- Joint management team with Iceland Seafood Iberica. The former CEO and CFO resigned prior to the acquisition
- Action plan being developed to further leverage distribution and production capabilities in the Spanish and S-European market
- The Elba brand has a strong recognition and image in the Spanish market
- GPG and Icemar will add to Iceland Seafood sourcing network, both in terms of light salted products into S-Europe and also in other key areas within the group.



Significant growth steps taken in UK, further opportunities being explored



New chilled processing line up and running from December 2019

- Investment in chilled packing line of €1.0m completed at end of November
- Innovative value chain, with full traceability from source to store, at competitive costs
- Initial chilled sales volumes higher than forecasted, good results from quality testing
- Customer valuing the flexibility and innovation focus we have shown. Further business has been awarded from Q2.

Significant business win for the patented “Batter me up” product

- Batter me up is a Foodservice product, developed to limit waste and reduce costs for the customer
- The flagship of the R&D functions at Havelok, one of few patented foodproducts in UK
- A contract with a key retailer secured, with first delivery in March 2020.

[Batter me up video](#)

Improved atmosphere with recent development on Brexit

- Uncertainty around Brexit caused significant disruptions during all last year. The atmosphere has improved after the recent political development
- Opportunities for further investments to drive sales and profit growth being explored, building on our key strengths and closer cooperation between our UK businesses.

Key Investment projects



Oceanpath
Facility extension
and filleting line
€2.9m

IS Barraclough
New listings within
retail requiring
investment €1.0m



IS Iberica
Barcelona office in
one place, all cod
production in
Barcelona from Q1
2020 - €1.0m



Achernar
Increased
production and
coldstore €1.4m



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Financial performance

Of Divisions
At Group level
Balance sheet

Strong combination of sourcing expertise and well positioned value added activities

Iceland Seafood International Executive management

Sales & Distribution

IS Iceland 

IS France 

IS Germany 

IS USA 

Value Added N-Europe

IS Barraclough 

Havelok 


Oceanpath 

Dunn's of Dublin 

Value Added S-Europe

IS Iberica 

Elba 

Ecomsa 

Achernar 

Employees

34 (5%)

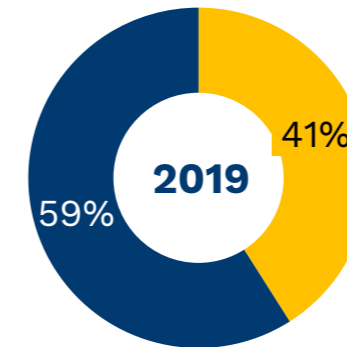
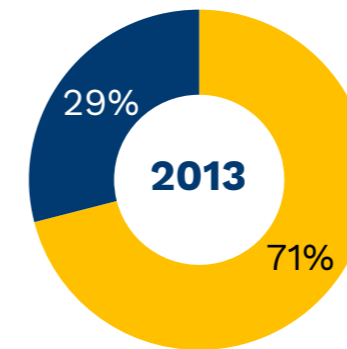
241 (36%)

386 (58%)

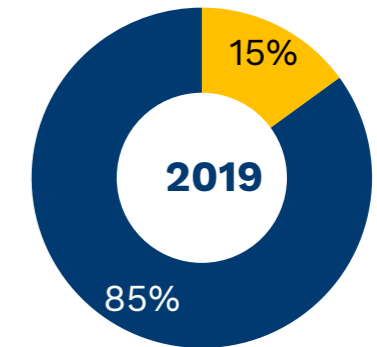
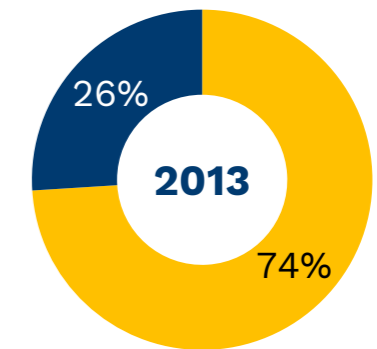
Executive management & Group reporting



3 (0.5%)

Turnover



Profit before tax



 Sales & Distribution  Value Added

Encouraging results given external challenges

- > VA S-Europe
- > VA N-Europe
- > Sales & Distribution

€ m 's	2019	2018	2018P
Sales	179.4	100.1	179.5
Net margin	20.7	10.4	21.1
Normalised EBITDA	9.2	4.1	8.3
Normalised PBT*	6.7	3.5	6.7

* Normalised PBT represents Profits before tax before allowing for significant items and discontinued operations



Division incorporates three manufacturing sites in Barcelona, Malaga and Argentina

Servicing the foodservice and retail markets in Southern Europe

Annual sales at similar level as last year

- Strong demand of light salted the whole year, but low supply during the summer impacted sales
- Sales of Argentinan shrimp down 18% from last year, impacted by both lower volume and lower price
- Sales of salted impacted by low availability.

Normalised PBT €3.2m up from prior year, in line with proforma 2018

- Strong margins from lightsalted products, driven by strong demand
- Challenging environment in Argentina. Prices decreased from a strong level in 2018. Negative FX impact also affected EBITDA and overall results. Strong start of 2020 where investment in increased capacity is starting to pay off
- Cost reduction related to the merger in Spain started to pay off at end of the year
- Normalised PBT in Q4 down €0.2m from prior year, as a result of lower sales and lower production in Argentina.

Key projects driving strong recovery in the 2H of the year

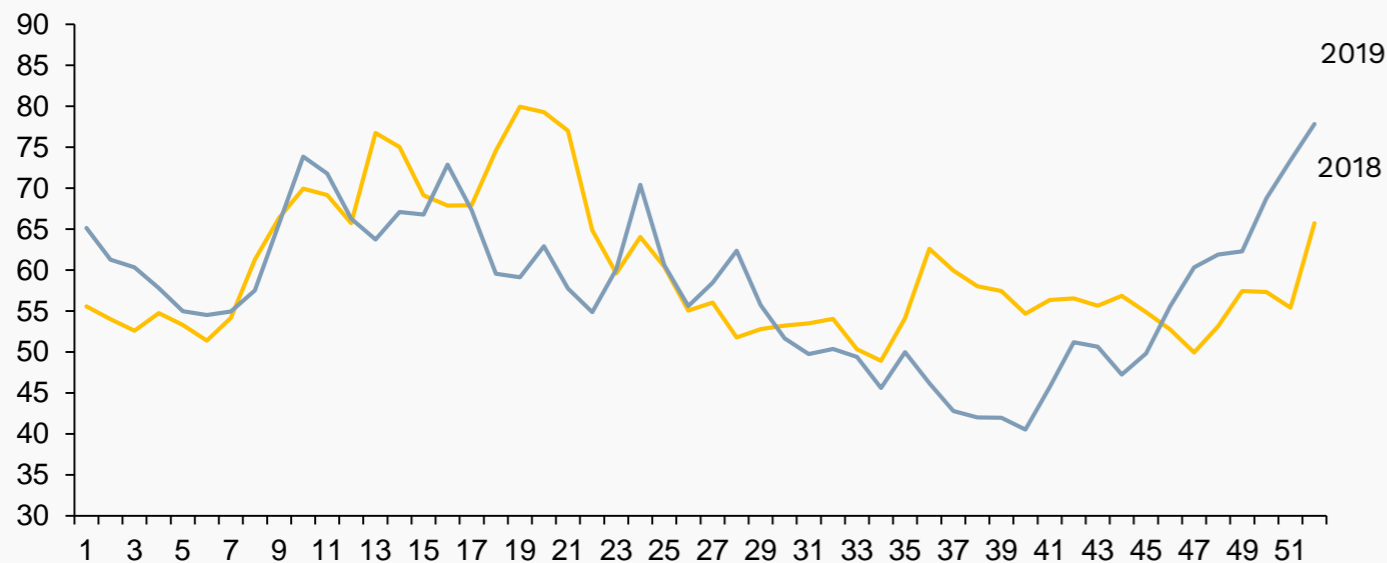
- > VA S-Europe
- > VA N-Europe
- > Sales & Distribution

€ m 's	2019	2018	2018P
Sales	96.6	97.4	103.4
Net margin	12.4	11.2	12.6
Normalised EBITDA	6.6	6.1	6.9
Normalised PBT*	4.1	4.6	5.2

*Normalised PBT represents Profits before tax before allowing for significant items and discontinued operations.

**2018 Proforma numbers based on 12mth operation of the acquired subsidiaries and include finance cost in HO related to the acquisitions.

Salmon weekly price development 2019 v.s. 2018 (NOK/kg)



Division incorporates manufacturing sites in Grimsby, Bradford and two in Dublin

Servicing the retail and foodservice markets in the UK and Ireland

Sales down 7% on prior year

- UK sales impacted by Brexit uncertainty during the year and retail trend to packed at source
- Sales in Ireland growing by 8% yoy, but high raw material price especially in 1H of the year impacted profits.

After a difficult 1H of the year, the performance in 2H was in line with the good 2018

- New listings within UK retail in the 2H, strong start of the Aldi Chilled account at end of the year
- Good performance of UK Foodservice, following operational restructuring mid year
- Good Christmas sales in Ireland, profit in 2H helped by benefits from the new investments
- Salmon prices came down in 2H of the year from a high level in 1H 2019.

Excellent sales and profit growth driven by closer cooperation with key producers

- > VA S-Europe
- > VA N-Europe
- > Sales & Distribution

€ m's	2019	2018	2018P
Sales	194.0	183.2	183.2
Net margin	8.1	7.3	7.3
Normalised EBITDA	2.4	1.7	1.7
Normalised PBT*	1.9	1.2	1.2

* Normalised PBT represents Profits before tax before allowing for significant items and discontinued operations



The Sales & Distribution division incorporates subsidiaries in Iceland, France, Germany and the USA

Division sells to over 45 countries

Sales growth driven by higher sales from Iceland

- Benefiting from stronger cooperation with key producers in Iceland
- Significant increase in sales of sea-frozen products.

Normalised PBT €0.7m up from 2018

- Sales increase from Iceland a key driver for increased profitability
- Profitability in Q4 €0.2m up on prior year, with improved results in Iceland and Germany.

Further strengthening of the sourcing network in Iceland

- Stronger cooperation with GPG and Icemar after the Elba acquisition.

Good performance with normalized PBT up 5% yoy

Iceland Seafood Group

€ m's	2019	2018	2018P
Sales	448.2	346.0	431.3
Net margin	41.1	29.0	41.0
Normalised EBITDA	17.4	10.5	15.5
Normalised PBT*	11.3	7.2	10.8
Net Profit	6.1	4.7	7.5

*Normalised PBT represents Profit before tax before allowing for significant items and discontinued operations.

**2018 Proforma numbers based on 12mth operation of the acquired subsidiaries and include finance cost in HO related to the acquisitions.

Sales growth of €16.9m (4%) from 2018 proforma

- Significant sales growth from S&D division
- Strong sales in S-Europe, especially of light salted products.
- Slight 2% sales growth in Q4 compared to last year, driven by good sales at end of the year

Normalised PBT up 5% from 2018 Proforma

- Strong sales and profit growth in S&D division a key driver
- Reduction in Group overhead costs
- Depreciation of leased assets (IFRS 16) €0.8m in 2019, within EBITDA 2018
- Key projects in Value added divisions started to pay off in the 2H of the year.

Net Profit of €6.1m impacted by one off costs:

One off costs	€'m
Changes in key management of the Group and in Spain	1.0
Restructuring cost of merger in Spain	1.9
Cost of Nasdaq main market listing	0.4
Cost related to restructuring in UK and in Iceland	0.3
Total	3.6



Increase in total equity of €21m resulting in equity ratio of 38%

€ m's	31.12.2019	31.12.2018	Variance
Fixed assets	17.6	14.4	3.2
Leased assets	2.7	-	2.7
Intangible assets	44.7	44.7	-
Deferred tax/other	3.1	2.7	0.4
Non Current Assets	68.1	61.8	6.3
Inventory	65.1	62.1	3.0
Trade and other receivables	62.3	62.4	(0.2)
Other assets	4.4	3.5	0.9
Bank deposits and cash	9.6	4.0	5.6
Current Assets	141.4	132.0	9.4
Total Assets	209.5	193.8	15.7

Increase in assets during the year driven by, investments in fixed assets, adaption of IFRS 16 on leased assets and stronger cash position in Spain

Net debt of €65.5m at year end, €13m lower than year beginning, mainly explained by equity increase in October

€ m's	31.12.2019	31.12.2018	Variance
Total Equity	80.2	59.3	20.9
Thereof minority interest	3.8	2.9	0.9
Long term borrowings	8.0	6.7	1.4
Lease liabilities	2.1	-	2.1
Obligations/Deferred tax	2.1	1.7	0.4
Non Current Liabilities	12.2	8.3	3.9
Short term borrowings	67.2	75.8	(8.6)
Trade and other payables	42.2	44.9	(2.7)
Other current liabilities	7.7	5.4	2.2
Current liabilities	117.1	126.1	(9.0)
Total Equity and Liabilities	209.5	193.8	15.7

Equity ratio of 38% at end of the period. Net debt to EBITDA (normalized) 3.8x

S-Europe division fully funded with Spanish banks at year end, around 50% of Group funding. Total Group funding headroom of €29.1m at year end



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Outlook



Expected Normalised PBT increase of 28-46% v.s. 2019

Outlook for 2020

- Full year Normalised PBT estimated at €14.5-16.5m in 2020, compared to €11.3m in 2019.
- The increase is driven by synergies from merger in Spain and payback from investments in various regions
- The Group targets €20m PBT in the next 3-5 years, primarily via synergy effects and increased profitability from current investments
- Majority of synergies in Spain are expected to be realized in 2020, but will fully materialize in 2021
- Results from Elba are not included in the forecast

*Normalised PBT represents Profits before tax before allowing for significant items and discontinued operations

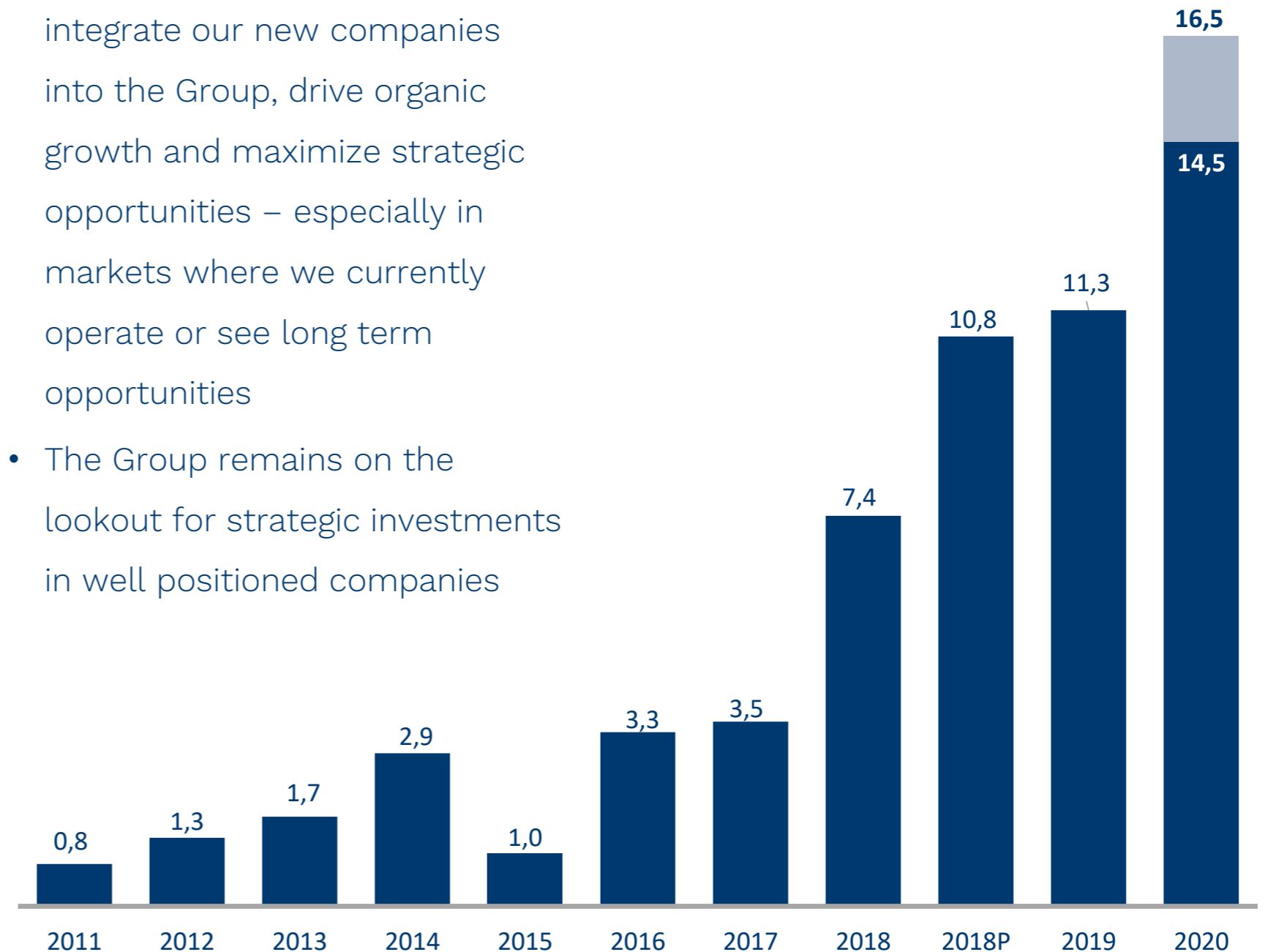
Uncertainty

- Group’s results are influenced by fishing and quota changes as well as price development in key markets
- Changes in underlying global economic conditions, currency rates, import duty rates, competition and consumer behaviors all generate uncertainty
- Among these uncertainties are Brexit, USA related tariffs, Covid-19 and political uncertainty in Argentina
- Outlook range will be narrowed during the year, as uncertainty around 2020 outcome decreases

Focus and growth

- Iceland Seafood’s priority is to integrate our new companies into the Group, drive organic growth and maximize strategic opportunities – especially in markets where we currently operate or see long term opportunities
- The Group remains on the lookout for strategic investments in well positioned companies

Full year 2019 Normalised PBT* (m’s)



Annual General Meeting to be held on March 19 2020

Board Proposals for the meeting will include the following:

- That a dividend of €1.5m will be paid to shareholders, to be paid in ISK at end of March
- Election of five board members and one alternate member
- Updated remuneration policy and stock option plan
- Authorisation to increase the Company's share capital in accordance with revised Stock Option Plan
- Extension of the Authorisation to the Board of Directors to increase the Company's share capital in relation to acquisition of new companies



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