



SalMar ASA Q2 2021 Presentation

26 August 2021

CEO Gustav Witzøe

CFO & COO Trine Sæther Romuld



**PASSION
FOR
SALMON**



SALMAR

Passion for Salmon

Agenda

- Highlights
- Operational Update
- Financial Update
- Strategic Update
- Outlook



SalMar leading the way forward

Strengthening our platform for further growth across the entire value chain in all regions



Main events in 2021

Construction ongoing of new RAS facilities in Senja and Tjuin

First production cycle completed in closed net pen

Increase of MAB capacity through strategic acquisitions, Nekton Havbruk AS and Refsnes Laks AS

Vikenco in operation from Q2 2021
InnovaNor in operation from Q4 2021

Launch of new brand
Acquired two smolt facilities, increasing smolt capacity

Increasing production capacity through acquisition of Grieg Seafood Hjaltdland UK

Sent site application for first open ocean unit, Smart Fish Farm

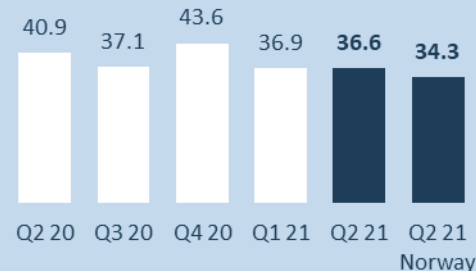
HIGHLIGHTS

Continued solid operational performance and increasing salmon prices has led to satisfactory results

- Total operational EBIT 633 MNOK from Norway, including Icelandic Salmon total operational EBIT 661 MNOK
- Central and Northern Norway with stable development and good results
- Negative contribution from fixed price contracts and increased cost due to start-up of new harvesting plants and weakens result from Sales & Industry
- Good operational performance and increased price achievement improving results from Icelandic Salmon
- Volume guiding for 2021 kept unchanged
- Upgrade of Vikenco finalized, InnovaNor close to completion with expected start-up Q4 2021
- Secured funding for further sustainable growth through successful issue of green bond and private placement

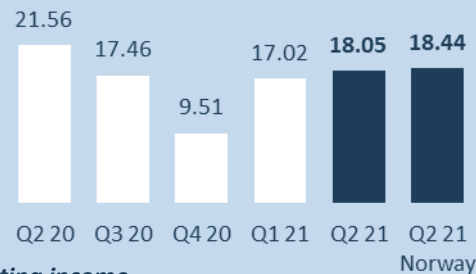
Harvest volume

(1,000 tons gw)



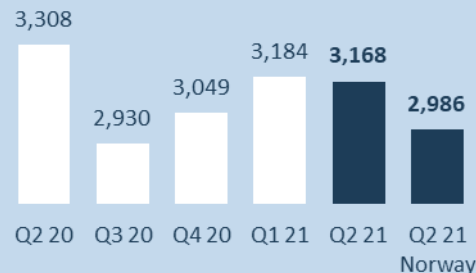
EBIT/kg

(NOK)



Operating income

(NOKm)



OPERATIONAL UPDATE



Farming Central Norway

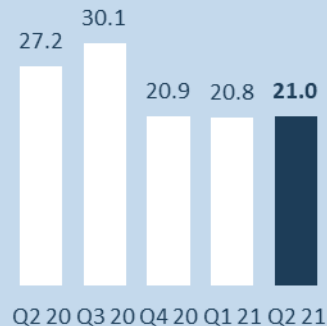
Continuing the trend with solid operational performance

- Spring 20 accounted for 84% of the volume in the period
 - Stable cost development
 - Slightly higher cost level compared to previous generations due to slightly weaker biological performance
 - Harvest of Autumn 2019 was finished in the period
- Expect higher volume and stable cost level in Q3 2021
 - Will continue harvest from spring 20 generation
 - Strong growth and biological development of biomass in sea
- Guiding kept unchanged at 107,000 tons in 2021

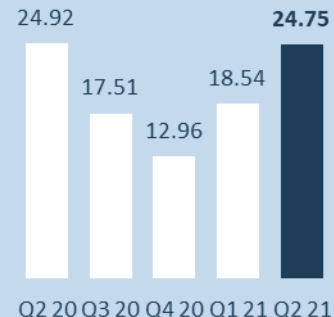
KEY RESULTS

	Q2 2021	Q2 2020	H1 2021	H1 2020
Operating income (NOKm)	1,342	1,603	2,511	3,187
Operational EBIT (NOKm)	520	679	906	1,421
Operational EBIT %	39 %	42 %	36 %	45 %
Harvest volume (tgw)	21.0	27.2	41.8	49.4
EBIT/kg	24.75	24.92	21.66	28.77

Harvest volume
(1,000 tons gw)



EBIT/kg
(NOK)



Farming Northern Norway

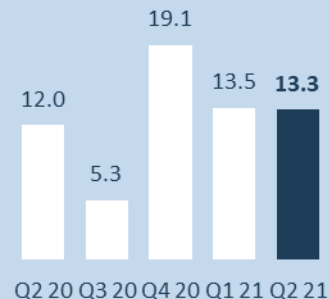
Continuing to deliver solid results

- Autumn 2019 generation accounted for 77% of the volume in the period
 - Autumn 2019 finished in the period with stable cost development
 - Autumn 2019 with slightly higher cost compared to previous generation
 - Increased average weight of the fish positively affecting price achievement
 - Started harvesting of spring 2020
- Cost affected by high harvest and well boat cost
 - Cost elements which will be reduced when InnovaNor is up and running in Q4 2021
- Expect similar volume and lower cost level in Q3 2021
 - Continue harvesting from spring 2020
 - Strong growth and biological performance of biomass in sea
- Guiding maintained at 56,000 tons in 2021

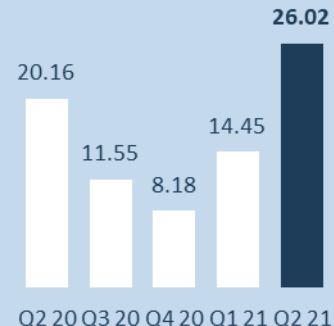
KEY RESULTS

	Q2 2021	Q2 2020	H1 2021	H1 2020
Operating income (NOKm)	836	645	1,536	1,541
Operational EBIT (NOKm)	347	242	542	631
Operational EBIT %	42 %	37 %	35 %	41 %
Harvest volume (tgw)	13.3	12.0	26.8	25.6
EBIT/kg	26.02	20.16	20.20	24.68

Harvest volume
(1,000 tons gw)



EBIT/kg
(NOK)



Sales & Industry

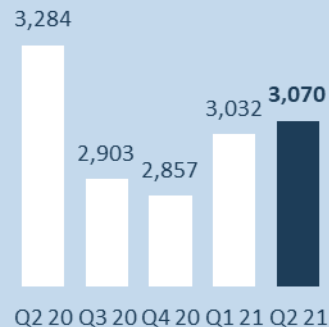
Negative contribution from contracts and higher cost weakens result

- Negative contribution from fixed price contracts due to higher spot prices
 - Contract share at 28% in the period
- Increased cost related to start-up of new harvesting plants
 - Vikenco in operation from Q2 2021
- Slightly lower capacity utilization at the harvesting plants
 - Expect higher volume in Q3
- Covid-19 underlines the importance of our strategic focus on local processing
 - Flexibility to provide the market with the right product at the right time
- Contract share currently at 25% for Q3 2021 and FY 2021
- Construction work on InnovaNor close to completion
 - In operation from Q4 2021
 - Start-up delayed due to quarantine restrictions for labor force due to Covid-19

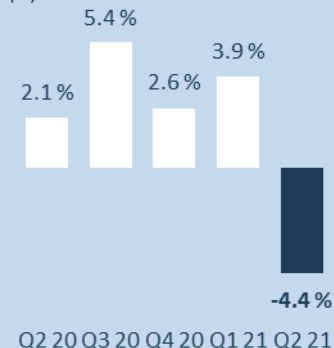
KEY RESULTS

	Q2 2021	Q2 2020	H1 2021	H1 2020
Operating income (NOKm)	3,070	3,284	6,102	6,633
Operational EBIT (NOKm)	-136	70	-18	53
Operational EBIT %	-4.4 %	2.1 %	-0.3 %	0.8 %

Operating income
(NOKm)



EBIT-margin
(%)



Icelandic Salmon

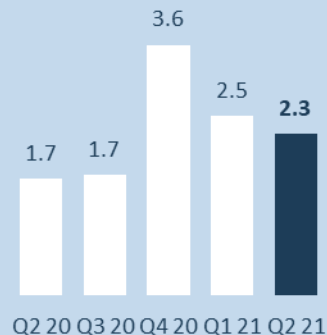
Good operational performance and increased price achievement improving results

- Improved price achievement, stable cost development and good capacity utilization at harvest plant
- 2019 generation has accounted for the volume
 - Significantly improved biological performance compared to last year
- Expect higher volume and stable cost level in Q3 2021
 - Continue harvesting from 2019 generation
 - Significantly improved biological status of fish in sea compared to last year
- Guiding maintained at 14,000 tons in 2021
- Increasing smolt capacity through acquisition of two smolt facilities
 - Strengthening the foundation for future growth
- Launch of new brand in Q3 2021
 - Arnarlax – Sustainable Icelandic Salmon

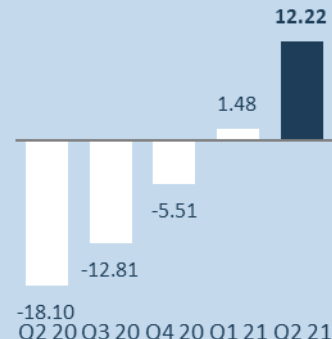
KEY RESULTS

	Q2 2021	Q2 2020	H1 2021	H1 2020
Operating income (NOKm)	182	99	360	379
Operational EBIT (NOKm)	28	-30	32	-9
Operational EBIT %	15 %	-30 %	9 %	-2 %
Harvest volume (tgw)	2.3	1.7	4.8	6.0
EBIT/kg	12.22	-18.10	6.57	-1.50

Harvest volume
(1,000 tons gw)



EBIT/kg
(NOK)



Scottish Sea Farms¹

Continuing the trend with good results

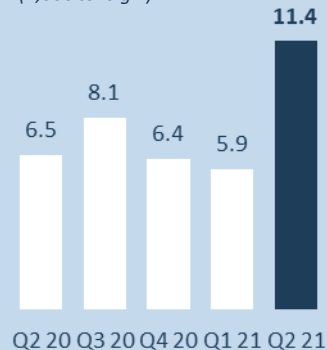
- Record high harvest volume in the quarter
 - Highest volume harvest in any quarter in SSF history
- Good biological status and low sea lice levels in all regions
- Expect lower costs in Q3 2021
- Guiding maintained at 36,000 tons harvest volume in 2021
- Strengthening the presence in UK
 - Acquisition of Grieg Seafood Hjalmland UK Ltd in June 2021²

1) Associated company through Norskott Havbruk, ownership 50%
2) The Transaction is subject to certain customary closing conditions. It is expected to close within Q4 2021, depending on processing time with relevant authorities.

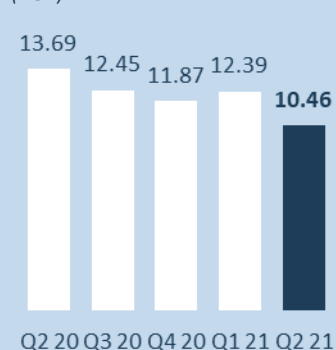
KEY RESULTS

	Q2 2021	Q2 2020	H1 2021	H1 2020
Operating income (NOKm)	793	465	1,190	729
Operational EBIT (NOKm)	119	89	193	131
Operational EBIT %	15.0 %	19.2 %	16.2 %	18.0 %
Value adjustments biomass	19	-65	67	-139
Profit before tax	135	17	251	-21
SalMar's share after tax	51	8	97	-19
Harvested volume (tgw)	11.4	6.5	17.3	9.4
EBIT/kg	10.46	13.69	11.12	13.90

Harvest volume
(1,000 tons gw)



EBIT/kg
(NOK)



FINANCIAL UPDATE



Operational EBIT deviation analysis (qoq)

Norway

EBIT per kg (NOK)



Δ QoQ
+0.26
NOK per kg



- Net sales price increased due to higher spot prices partially offset by negative effect from contracts
- Cost slightly higher due to increased cost in Central Norway and Sales & Industry

Group

EBIT per kg (NOK)



Δ QoQ
+1.03
NOK per kg



- Group EBIT per kg increased QoQ following higher spot prices
- Increased positive margin from Icelandic Salmon

Group profit and loss

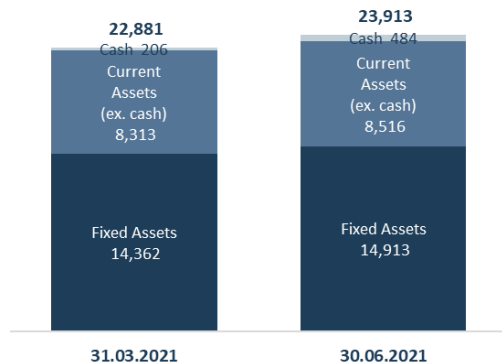
NOK million	Q2 2021	Q2 2020	Δ%	H1 2021	H1 2020	Δ%
Operating income	3 168	3 308	-4 %	6 353	6 934	-8 %
EBITDA	861	1 075	-20 %	1 682	2 325	-28 %
Depreciations and write-downs	200	194		393	379	
Operational EBIT	661	882	-25 %	1 289	1 947	-34 %
Production tax	-14,3			-28,7		
Fair value adjustment	393	699		691	219	
EBIT	1 040	1 581	-34 %	1 951	2 166	-10 %
Income from investments in associates	50	8		99	-15	
Net financial items	-46	-10		-69	-178	
<i>Net interest costs</i>	-41	-36		-76	-78	
<i>Other financial items</i>	-5	26		8	-100	
Profit before tax	1 044	1 578	-34 %	1 982	1 973	0 %
Tax	222	344		421	435	
Net profit for the period	822	1 235	-33 %	1 561	1 538	1 %
Other comprehensive income	-29	-87		-129	216	
Total comprehensive income	793	1 148	-31 %	1 431	1 754	-18 %
Earnings per share (NOK)	6,98	10,45	-33 %	13,32	14,03	-5 %
Harvested volume (t _{gw})	36,6	40,9	-10 %	73,5	80,9	-9 %
EBIT per kg (NOK)	18,05	21,56	-16 %	17,54	24,06	-27 %
Nasdaq spot price (average)	63,31	57,83	9 %	58,07	63,16	-8 %

Q2 2021 vs. Q2 2020

- Revenue decreased due to lower volume
- Operational EBIT decreased following lower volume and slightly higher cost compared to strong performing generation in Q2 2020
- Production tax included from Q1 21 at NOK 0.40 NOK/kg in Norway
 - Production tax includes resource tax in Iceland
- Fair value adjustment positive due to higher forward prices and higher biomass in fair value calculation
- Increased income from associates due to improved results in Scottish Sea Farms

Group balance sheet

Assets

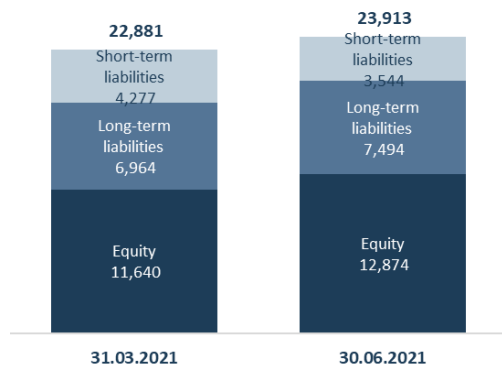


Equity ratio

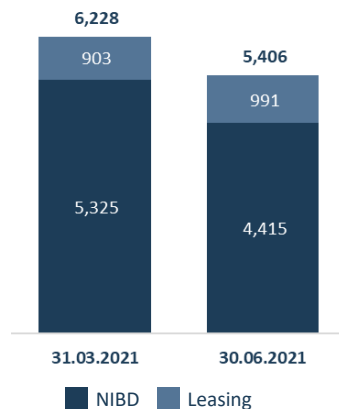


- Investments progressing according to plan
- Higher standing biomass YoY and stable QoQ
- Net Interest-bearing debt incl. leasing liabilities decreased with NOK 822 million during the quarter
 - NIBD incl. leasing at NOK 5 406 million
- Solid financial position with equity ratio at 53.8% and NIBD incl. leasing/EBITDA at 1.70
 - Dividend of 20 NOK/share paid in June
 - Raised NOK 2.7 billion in private placement in June through issue of 4.5 million new shares

Equity & liabilities

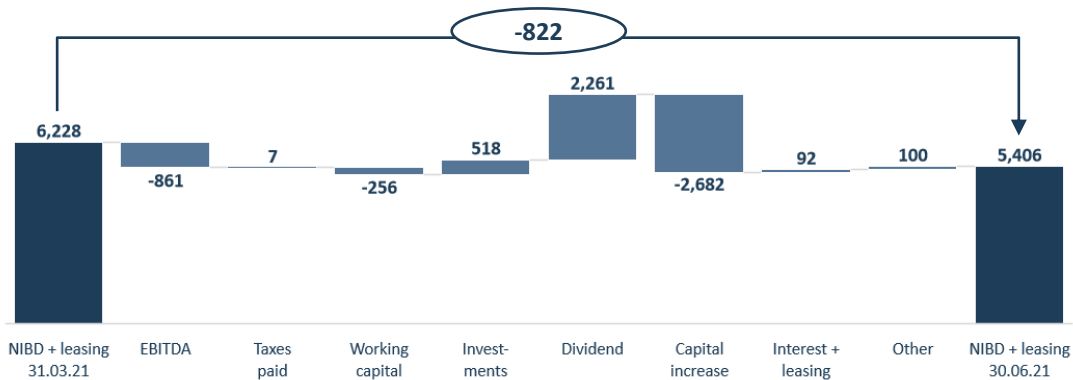


NIBD incl. leasing



*) all figures in NOK million

Movement in net interest-bearing debt



- Cash flow from operations impacted by release of working capital
 - Driven by increase of accounts payable
- Net cash flow from investments at NOK 518 million
 - Farming and Ocean NOK 86 million
 - Smolt and hatchery NOK 197 million
 - Sales & Industry NOK 169 million
 - Upgrade of Vikenco NOK 26 million
 - Capex Iceland NOK 47 million
 - Other NOK -6 million
- Dividend of 20 NOK/share paid in June
- Raised NOK 2.7 billion in private placement in June through issue of 4.5 million new shares
- NIBD incl. leasing decreased with NOK 822 million

Strong financial flexibility for further sustainable growth

Secured green funding and completed successful private placement



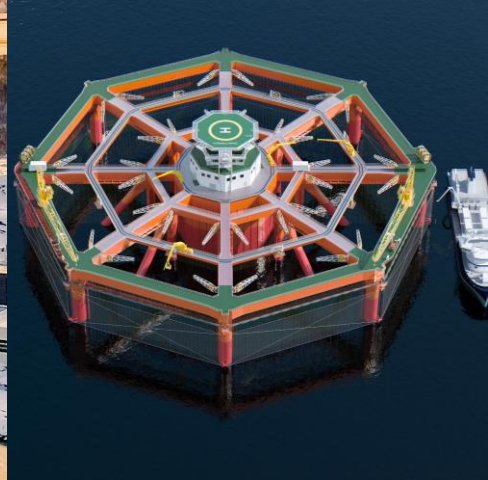
Green shading



CICERO
Medium Green

- A- Credit rating with stable outlook received from Nordic Credit Rating
- Secured 7,500 MNOK in green financing in 2021
 - Successful placement of first green bond in April
 - Senior unsecured green bond at NOK 3,500 million priced at NIBOR 3m + 135 bps with maturity in January 2027
 - Green bond listed on Oslo Stock Exchange in July 2021
 - Secured financial flexibility by strengthening our credit facilities
 - Completed refinancing of existing credit facilities in February
 - New Sustainability linked revolving credit facility of NOK 4,000 million
 - 4 ESG KPI's linked to the RCF
 - Overdraft facility of NOK 1,000 million
- Successful private placement completed in June 2021
 - Raised NOK 2.7 billion in private placement in June through issue of 4.5 million new shares

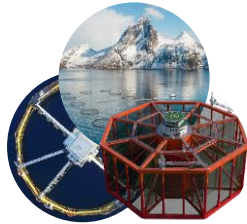
STRATEGIC UPDATE



Strong strategic and operational focus throughout the value chain

Always on the terms of the salmon

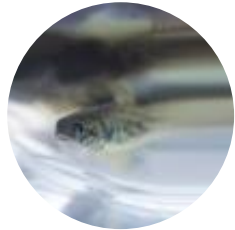
Flexibility and capacity to deliver the **right smolt** at the **right time** ...



... to deliver the **best fish** through good fish welfare...



... for local processing with the **right capacity** at strategic locations...



... for production at the **optimal locations** with minimal footprint...



... with **flexibility** to handle the volume when the fish is ready for harvest...



... to **maximize value creation** of the salmon...

... all handled by **fantastic dedicated employees** with **strong competence & culture** and a **passion for salmon**



Increasing our smolt capacity

Construction ongoing for new RAS facilities in both Central and Northern Norway



Gives flexibility and capacity to deliver the right smolt with the right size and quality

- Foundation for future growth in production
- Increased flexibility for production of the right smolt size
- Construction work at Tjuin started in 2021 in operation from 2024
 - Investment 1,100 MNOK, production capacity 4,000 tons or around 20 million smolt
- Construction work at Senja 2 started in 2020 in operation from 2022
 - Investment 850 MNOK, production capacity 2,500 tons or around 13 million smolt

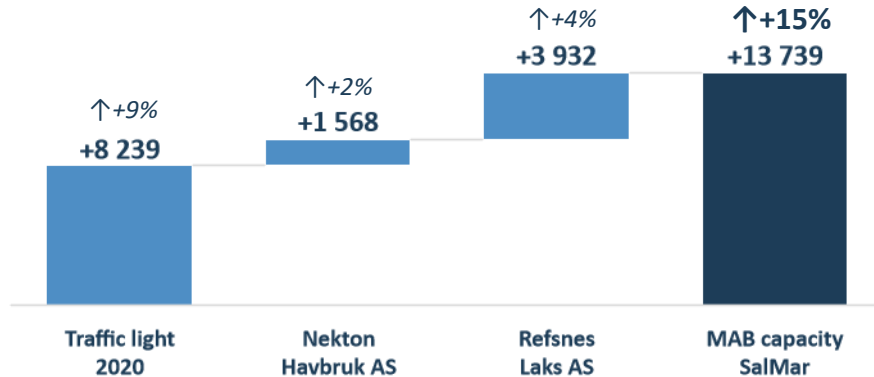
Reducing environmental footprint by use of RAS technology and handling of sludge

- Reducing freshwater consumption with more than 97% compared to flow-through facilities
- Ensuring circular economy - all sludge collected for use in fertilizer- or biogas production

Strengthening our farming operations

Increasing our MAB capacity in Norway

- Increasing our MAB capacity through strategic acquisitions
 - Nekton Havbruk AS, 1,568 MAB tonnes
 - Refsnes Laks AS, 3,932 MAB tonnes
 - Increasing consolidated harvest volume with ~8,000 tonnes annually
 - Strong synergies with existing operations
- The last 12 months, SalMar has increased its MAB capacity with 15% corresponding to an increase in harvest volume of ~20,000 tonnes



Increasing our local processing capacity

Upgraded Vikenco in operation from Q2 2021 and InnovaNor in operation from Q4 2021



InnovaNor - Largest and most modern processing facility in northern Norway

- 20,000 square meters with a capacity of 75,000 tons harvest volume of salmon per year per shift
- Rigged with the latest technology for value added processing built with scalability in mind with both post and pre-rigor capacity
- Incorporates landing, harvesting, processing, packaging, freezing and storage capabilities including an office wing
- Box-factory built in connection with the facility

Local processing is a key factor for sustainable growth

- Strengthening our flexibility to provide the market with the right product at the right time
- Significant local value creation in the local community through jobs created
- Large harvesting capacity in close proximity to farming operations reduces biological risk in sea and optimizes biological production
- Local processing reduces weight of volume transported thereby reducing climate gas emissions

Potential to realize significant synergies through acquisition of NRS

Overlapping industrial interests in Northern Norway, West Fjords of Iceland and offshore

Voluntary cash offer to acquire all outstanding shares in Norway Royal Salmon

- SalMar announced 20 of August 2021 intention to launch a voluntary cash offer at NOK 270 per share

Potential for significant synergies across the value chain

- Increased utilization of MAB and sites
- Improved biological performance and cost synergies
- Optimized structure within sales and logistics

Combined large industrial potential

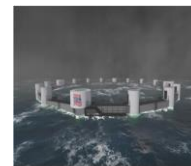
- Strengthened competence and capacity for further sustainable growth
- Potential for over 100,000 tons in Northern Norway
- More than 50,000 tons on Iceland



Farming Norway



Arctic Fish



Arctic Offshore



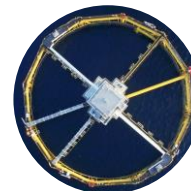
Farming Northern Norway



Icelandic Salmon



SalMar Ocean



Strengthening our presence in UK

Acquisition of Grieg Seafood Hjaltland UK Ltd

- Acquired 100% of the shares in Grieg Seafood Hjaltland UK Ltd (GSHU)
 - Purchase price GBP 164 million
 - The company has currently 21 active seawater sites, a freshwater facility, a processing facility, and harvested approximately 16,000 tonnes (HOG) of Atlantic salmon in 2020
- An acquisition of GSHU is expected to improve biological and operational performance as a result of improved biological control and realization of combination synergies between the two companies
- The transaction will be funded with external debt and new equity
 - SalMar to contribute with approximately 300 MNOK



● Scottish Sea Farms

● GSF Shetland

**) The Transaction is subject to certain customary closing conditions. It is expected to close within Q4 2021, depending on processing time with relevant authorities.*

OUTLOOK





Outlook

- SalMar has strong operational and financial flexibility and is well equipped to build an even more robust platform for further sustainable growth
 - Continued strong strategic and operational focus
 - Dedicated employees and strong corporate culture set for growth
 - InnovaNor in operation from Q4 2021
 - Increased production capacity through strategic acquisitions, annual harvest volume ~+16 000 tons¹
 - Leading the way offshore through SalMar Ocean
- Volume guiding for 2021 maintained
 - Expect higher volume and slightly lower cost level in Q3 2021
 - Contract share for Q3 2021 and FY 2021 25%
- Expect low to moderate increase in global supply in 2021
 - Covid-19 has led to significant market uncertainties, but the demand for salmon during the pandemic and in the first half of 2021 has shown the strengths of the salmon market
- Optimistic outlook for the future of the aquaculture industry

1) Nektun Havbruk AS, Refsnes Laks AS, 50% Grieg Seafood Hjalmland UK Ltd



**THANK YOU
FOR YOUR
ATTENTION**

Next event
Q3 2021 presentation
17 November 2021

For more information see
www.salmar.no

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SALMON**

