



# SalMar ASA Q1 2021 Presentation

12 May 2021

CEO Gustav Witzøe

CFO & COO Trine Sæther Romuld



# PASSION FOR SALMON



# Agenda

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



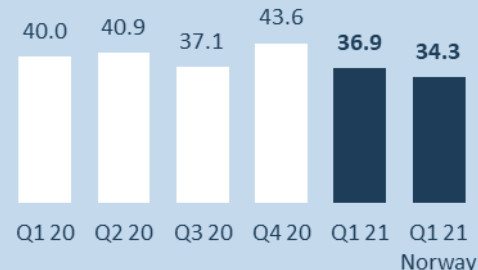
# HIGHLIGHTS

Good results due to continued solid operational performance and increasing salmon prices

- Total operational EBIT 624 MNOK from Norway, including Icelandic Salmon total operational EBIT 627 MNOK
- Central and Northern Norway with stable development and good results
- Solid operational performance from sales & industry giving a strong result
- Icelandic Salmon with significantly lower cost compared to previous year
- Volume guiding for 2021 kept unchanged
- Secured green funding for further sustainable growth
- Upgrade of Vikenco finalized, InnovaNor close to completion with expected start-up summer 2021

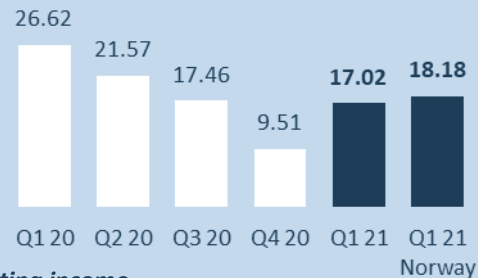
## Harvest volume

(1,000 tons gw)



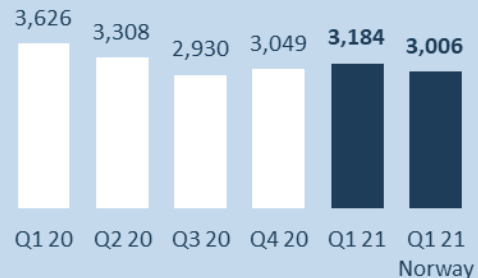
## EBIT/kg

(NOK)



## Operating income

(NOKm)



# OPERATIONAL UPDATE



# Farming Central Norway

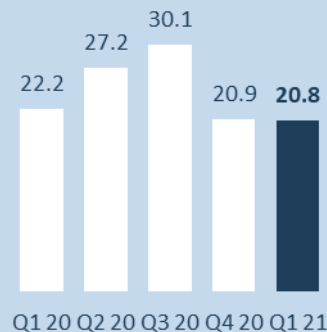
## Continuing the trend with solid results

- Autumn 19 accounted for 70% of the volume in the period, Spring 2020 30%
  - Autumn 2019 finished in the period
  - High harvest volume at the end of the period
  - Stable cost level
- Expect similar volume and costs at same level in Q2 2021
  - Will continue harvest from spring 20 generation
- Guiding kept unchanged at 107,000 tons in 2021

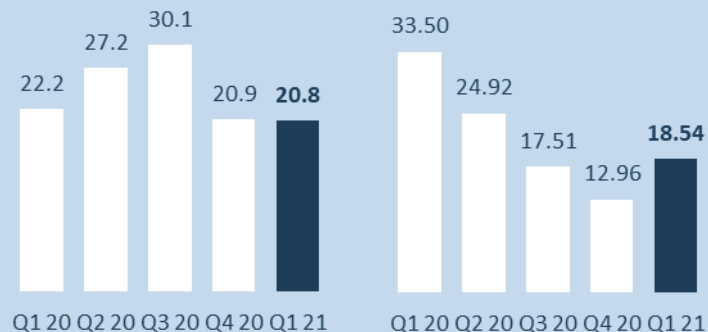
## KEY RESULTS

	Q1 2021	Q1 2020	FY 2020
Operating income (NOKm)	1,169	1,584	5,895
Operational EBIT (NOKm)	386	742	2,218
Operational EBIT %	33 %	47 %	38 %
Harvest volume (tgw)	20.8	22.2	100.4
EBIT/kg	18.54	33.50	22.10

**Harvest volume**  
(1,000 tons gw)



**EBIT/kg**  
(NOK)



# Farming Northern Norway

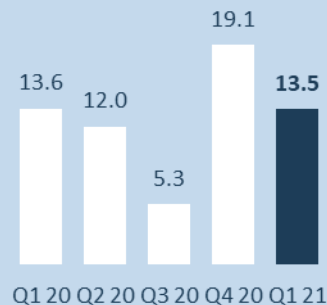
## Continuing to deliver good results

- Autumn 2019 generation accounted for the volume in the period
  - High harvest volume at the end of the period
  - Autumn 2019 with slightly higher cost compared to previous generation
- Cost affected by high harvest and well boat cost
  - Cost elements which will be reduced when InnovaNor is up and running
- Expect similar volume and slightly lower cost level in Q2 2021
  - Continue harvesting from autumn 2019 and will start with spring 2020
- Guiding maintained at 56,000 tons in 2021

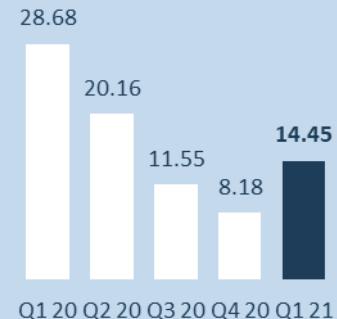
## KEY RESULTS

	Q1 2021	Q1 2020	FY 2020
Operating income (NOKm)	700	896	2,613
Operational EBIT (NOKm)	195	389	848
Operational EBIT %	28 %	43 %	32 %
Harvest volume (t <sub>gw</sub> )	13.5	13.6	49.9
EBIT/kg	14.45	28.68	16.99

**Harvest volume**  
(1,000 tons gw)



**EBIT/kg**  
(NOK)



# Sales & Industry

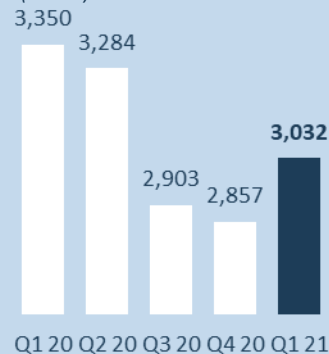
Strong results due to solid operational performance

- Good capacity utilization and solid operational performance
- Covid-19 underlines the importance of our strategic focus on local processing
- Positive contribution from fixed price contracts
  - Contract share at 24% in the period
  
- Contract share currently at 25% for Q2 2021 and FY 2021 20%
- Construction work on InnovaNor close to completion
  - First harvest in the summer of 2021

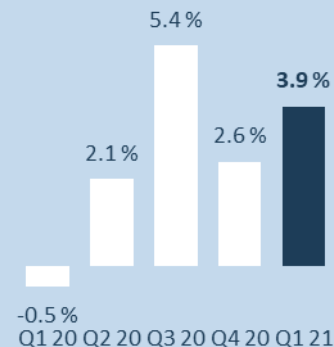
## KEY RESULTS

	Q1 2021	Q1 2020	FY 2020
Operating income (NOKm)	3,032	3,350	12,393
Operational EBIT (NOKm)	118	-17	282
Operational EBIT %	3.9 %	-0.5 %	2.3 %

**Operating income**  
(NOKm)



**EBIT-margin**  
(%)



# Icelandic Salmon

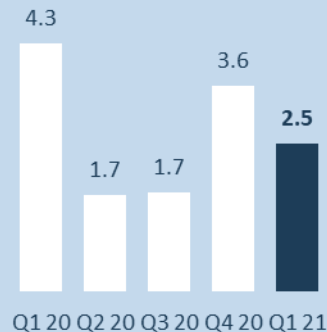
Positive results driven by improved operations and increasing salmon prices

- Improved margins driven by lower cost level, good capacity utilization at harvest plant and increasing salmon prices
- 2019 generation has accounted for the volume
  - Significantly improved biological performance compared to last year
- Expect similar volume and stable cost level in Q2 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
  - Signed agreement for two smolt facilities at Hallkelshólar and in Þorlákshöfn in May 2021
  - Expect total output of 0,8 million smolt in 2022 and 1,5 million smolt from 2023
  - Strengthening the foundation for future growth

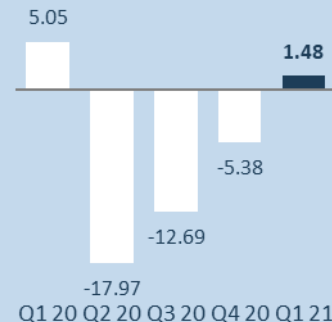
## KEY RESULTS

	Q1 2021	Q1 2020	FY 2020
Operating income (NOKm)	178	280	662
Operational EBIT (NOKm)	4	22	-49
Operational EBIT %	2 %	8 %	-7 %
Harvest volume (t <sub>gw</sub> )	2.5	4.3	11.2
EBIT/kg	1.48	5.05	-4.36

**Harvest volume**  
(1,000 tons gw)



**EBIT/kg**  
(NOK)





# Scottish Sea Farms<sup>1</sup>

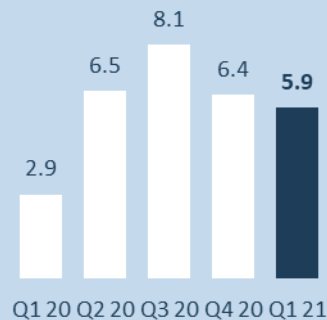
Continuing the trend with solid results

- Harvest volume increased compared to last year
- Cost improvements YoY
- Good biological status and low sea lice levels in all regions
- Guiding maintained at 36,000 tons harvest volume in 2021

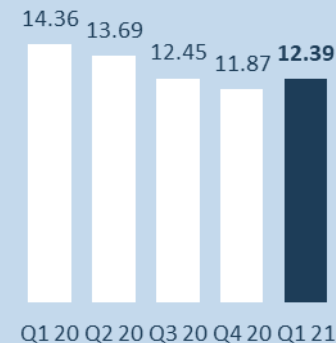
## KEY RESULTS

	Q1 2021	Q1 2020	FY 2020
Operating income (NOKm)	396	264	1,699
Operational EBIT (NOKm)	74	42	308
Operational EBIT %	18.6 %	15.9 %	18.2 %
Value adjustments biomass	47	-74	-143
Profit before tax	116	-38	143
SalMar's share after tax	46	-27	49
Harvested volume (tgv)	5.9	2.9	24.0
EBIT/kg	12.39	14.36	12.87

**Harvest volume**  
(1,000 tons gw)



**EBIT/kg**  
(NOK)



1) Associated company through Norskott Havbruk, ownership 50%

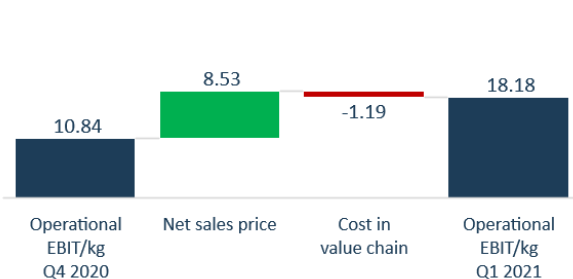
# FINANCIAL UPDATE



# Operational EBIT deviation analysis (qoq)

## Norway

EBIT per kg (NOK)



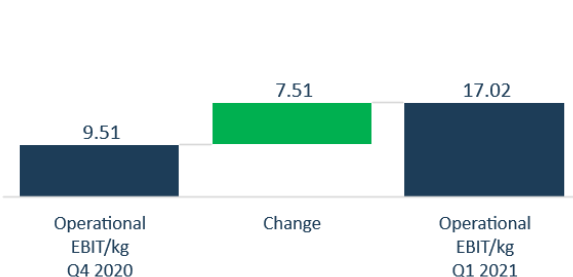
Δ QoQ  
**+7.34**  
NOK per kg



- Increase due to higher spot prices and improved price achievement within sales & processing
- Cost slightly higher due to increased cost in Northern Norway

## Group

EBIT per kg (NOK)



Δ QoQ  
**+7.51**  
NOK per kg



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

# Group profit and loss

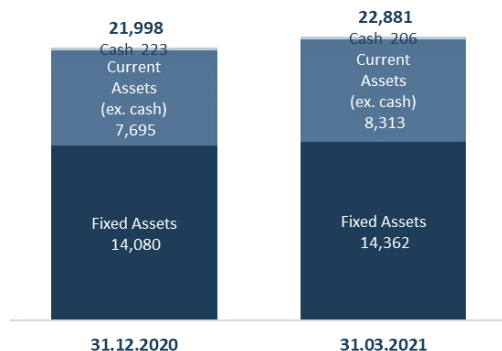
NOK million	Q1 2021	Q1 2020	Δ%	FY 2020
Operating income	3,184	3,626	-12 %	12,912
<b>EBITDA</b>	<b>820</b>	<b>1,251</b>	<b>-34 %</b>	<b>3,821</b>
Depreciations and write-downs	193	185		812
<b>Operational EBIT</b>	<b>627</b>	<b>1,066</b>	<b>-41 %</b>	<b>3,009</b>
Production tax	-14	-0.5		-1.4
Fair value adjustment	298	-480		-180
<b>EBIT</b>	<b>911</b>	<b>585</b>	<b>56 %</b>	<b>2,828</b>
Income from investments in associates	49	-22		42
Net financial items	-23	-168		-299
<i>Net interest costs</i>	-36	-42		-140
<i>Other financial items</i>	13	-125		-159
<b>Profit before tax</b>	<b>937</b>	<b>395</b>	<b>138 %</b>	<b>2,572</b>
Tax	199	91		563
<b>Net profit for the period</b>	<b>739</b>	<b>304</b>	<b>143 %</b>	<b>2,008</b>
Other comprehensive income	-101	303		212
<b>Total comprehensive income</b>	<b>638</b>	<b>607</b>	<b>5 %</b>	<b>2,220</b>
Earnings per share (NOK)	6.33	3.58	77 %	17.52
Harvested volume (tgv)	36.9	40.0	-8 %	161.5
EBIT per kg (NOK)	17.02	26.62	-36 %	18.62
Nasdaq spot price (average)	52.78	68.50	-23 %	54.34

## Q1 2021 vs. Q1 2020

- Revenue and operational EBIT decreased following lower volume and lower spot prices compared to last year
- 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
- Increased income from associates due to improved results from Scottish Sea Farms
- Other financial items positive due to lower currency movements compared to same quarter last year
- Other comprehensive income negative due to strengthening of NOK

# Group balance sheet

## Assets

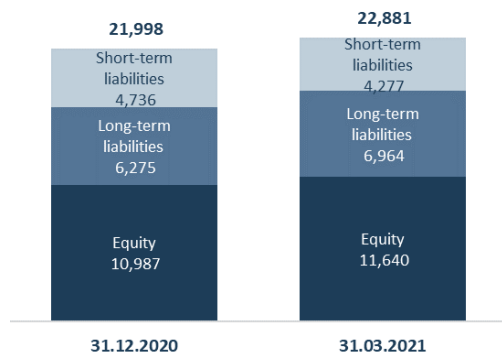


## Equity ratio

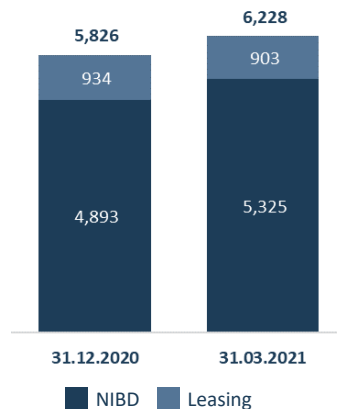


- Investments progressing according to plan
- Higher standing biomass YoY and lower QoQ
- Net Interest-bearing debt incl. leasing liabilities increased with NOK 402 million during the quarter
  - NIBD incl. leasing at NOK 6 228 million
- Solid financial position with equity ratio at 50.9% and NIBD incl. leasing/EBITDA at 1.84
  - Proposed dividend of 20 NOK/share to be approved by AGM 8<sup>th</sup> of June 2021

## Equity & liabilities

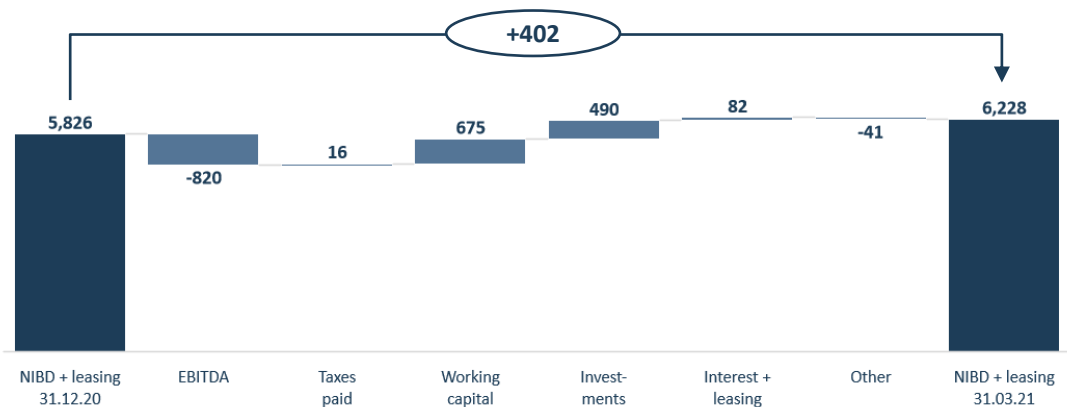


## NIBD incl. leasing



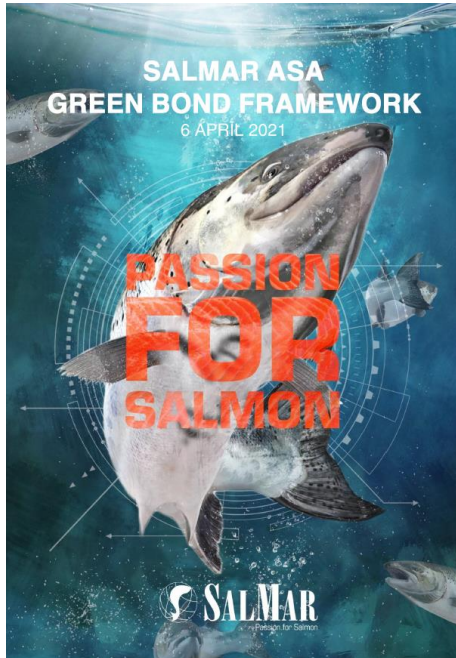
\*) all figures in NOK million

# Movement in net interest-bearing debt



- Cash flow from operations impacted by increase of working capital
  - Driven by reduction in accounts payable
- Net cash flow from investments at NOK 490 million
  - Farming and Ocean NOK 145 million
  - Smolt and hatchery NOK 122 million
  - Sales & Industry NOK 170 million
  - Upgrade of Vikenco NOK 34 million
  - Capex Iceland NOK 7 million
  - Other NOK 12 million
- NIBD incl. leasing increased with NOK 402 million

# Secured green funding for further sustainable growth



Green shading



CICERO  
Medium Green

Governance score



- Secured 7,500 MNOK in green financing in the beginning of 2021
- A- Credit rating with stable outlook received from Nordic Credit Rating
- 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
  - Representing largest green bond issue in NOK from a Norwegian company
  - Green funding to be allocated to projects across the entire value chain from roe to plate
  - Green bond framework rated with a “Medium Green” shading and with a governance score of “Excellent” from second party opinion provider CICERO
- 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

# STRATEGIC UPDATE





# Sustainability in everything we do

Has been a key postulate for SalMar for over 20 years



## FISH

Good fish welfare is the foundation of SalMar's business. We work systematically to create an environment in which the salmon thrives and remains healthy.



## ENVIRONMENT & TECHNOLOGY

SalMar believes in preserving the seas and environment for future generations. We minimize our biological footprint with measures and routines throughout the entire value chain.






## PEOPLE & SOCIETY

SalMar acts as a responsible corporate citizen. We believe in creating local value, safe workplaces and support the communities in which we operate.

# SalMar's commitment to sustainability is showcased in our KPIs

Where our ambitious targets are leading us in an even more sustainable direction

## Selected reported KPIs<sup>1</sup>

	KPI	Target	2020	2019	2018		
	<b>Fish</b>	Survival rate <sup>2</sup>	>97%	95.6%	95.3%	94.1%	
		Economic FCR	<1.13	1.16	1.19	1.18	
	<b>Environment &amp; technology</b>	GHG emissions	<i>tCO2e - Scope 1+2</i>	35% reduction from 2018 to 2030 <sup>3</sup>	16,306	15,141	16,173
			<i>Intensity - Scope 1+2</i>		87	90	96
			<i>tCO2e - Scope 3</i>	35% reduction from 2020 to 2030 <sup>3</sup>	619,805	n.a.	n.a.
	Share of local processing	>42.5%	42.0%	39.3%	37.6%		
	<b>People &amp; society</b>	H-factor	<6	9.1	7.7	11.9	
		Sickness absence rate	<4.5%	5.3%	5.3%	5.5%	



More details in sustainability report

Report for 2020 published  
23<sup>rd</sup> of April 2021

Available at [www.salmar.no](http://www.salmar.no)

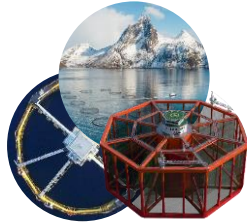
- Ambitious targets for our key biological KPIs
  - Results improved the last years
  - More ambitious targets set showcasing our focus – what we do today we do better than yesterday
- SalMar has pledged to reduce our GHG emissions
  - Target set in accordance with Science Based Targets Initiative methodology, 35% reduction until 2030<sup>3</sup>
  - Ensuring transparency, Scope 3 included in our GHG reporting
- Already contributing to reduced GHG emissions
  - 46,000 tonnes CO<sub>2</sub>e reduced due to our local processing activities, corresponding to emissions from 10,000 cars

1) SalMar only, excl. Icelandic Salmon 2) According to Global Salmon Initiatives' methodology, 12 months rollig survival rate 3) Pending approval from Science Based Targets Initiative

# Strong strategic and operational focus throughout the value chain

Always on the terms of the salmon

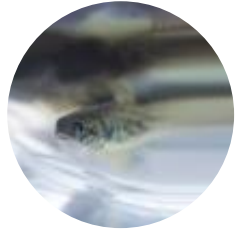
Flexibility and capacity to deliver the **right smolt** at the **right time** ...



... 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**



# Investing in a robust platform for further sustainable growth



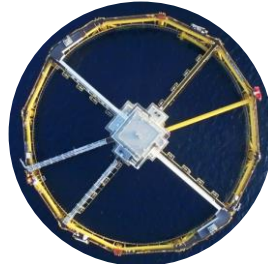
## GENETICS & SMOLT

- Complete Senja 2
- Closed net pen
- Planning for new RAS facility in Tjuin, Central Norway



## COASTAL FARMING

- Continuous improvements
- Learning from best practice
- “On the site-managers” terms
- Maintain cost focus
- Seek attractive M&A & growth opportunities



## OFFSHORE FARMING

- Build and develop SalMar Ocean organization to handle growth ambition
- Ongoing processes continuing



## INDUSTRY & SALES

- Continuous improvements
- Industry*
- Right fish to the right product
  - Complete InnovaNor
  - Upgrade of Vikenco finalized
- Sales*
- Right product to right customer
  - Optimize logistics



## ICELANDIC SALMON

- Continuing development and improvements
- Significant potential for future growth

## PEOPLE & CULTURE



- Disease prevention measures related to Covid-19
- Corporate social responsibility
- WE@SalMar – holistic culture project for all employees
  - Focus on contribution from each individual
  - Goals, ambitions and values
- SalMar school and leadership training
- Employee satisfaction survey

# Planning for a new state-of-the-art RAS smolt facility

Located in Tjuin, Central Norway, expanding around our strong competence cluster at Follafoss



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

- Foundation for future growth in production
- Expected annual production capacity 4,000 tons or around 20 mill smolt
- Increased flexibility for production of the right smolt size

## 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

# Vikenco – upgrade of facility completed in 2021

Increasing our local processing capacity



- Vikenco strategically located in Aukra in the southern part of central Norway
- Facility rigged with the latest technology for value added processing
- Strengthening our flexibility to provide the market with the right product at the right time



# InnovaNor – a new cutting edge harvesting and processing facility

In operation from summer 2021 and venue for our next quarterly presentation



## 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

- 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

# OUTLOOK







## Outlook

- Continued strong strategic and operational focus to build an even more robust platform for further sustainable growth
  - InnovaNor in operation from summer 2021
  - Dedicated employees and strong corporate culture set for growth
  - SalMar pioneering and leading the way both coastal and offshore
- Volume guiding for 2021 maintained
  - Expect similar volume and stable cost level in Q2 2021
  - Contract share for Q2 2021 25% and FY 2021 20%
- Expect low to moderate increase in global supply in 2021
- Covid-19 has led to significant market uncertainties, but the success of vaccination programs around the world gives an optimistic outlook
- SalMar is well positioned to handle changing market conditions with strong operational and financial flexibility



# SALMAR

Passion for Salmon

**THANK YOU  
FOR YOUR  
ATTENTION**

**Next event**  
Q2 2021 presentation  
26 August 2021

For more information  
see [www.salmar.no](http://www.salmar.no)