

## Iceland Seafood International hf: 2019 Results

### Good performance with normalised PBT of €11.3m, in accordance with market Outlook

- Sales for 2019: €448.2m, up 29.5% from 2018 and 4.0% from 2018 Proforma
- 2019 Net margin: €41.1m, up €12.1m on 2018 and up €0.1m on 2018 Proforma
- 2019 Normalised profit before tax (PBT): €11.3m compared to €7.2m in 2018 and €10.8m for 2018 Proforma
- Sales and profitability in Q4 in line with 2018, impacted by low availability of cod from Iceland and lower price of Argentinian shrimp. Q4 benefited from strong Christmas sales in N-Europe.
- Basic earnings per share (EPS) for 2019 were €0.2550 cents per thousand shares (2018: €0.2926 cents per thousand shares). On normalised basis earnings per share for 2019 were €0.3763 cents per thousand shares (2018: 0.3535 cents per thousand shares).
- Equity ratio: 38.3% at end of period, increased from 30.6% at year end 2018
- Successful main market listing and share capital increase of €15.2m completed in October
- The acquisition of Elba completed on February 21st 2020.

#### Financial Performance

Sales of €448.2m were 29.5% higher than 2018 and 4.0% up on 2018 Proforma. Normalised PBT for the year of €11.3m was close to the mid-point of the market outlook range, and €4.1m up on 2018. On Proforma basis Normalised PBT was €0.5m up on prior year. For Q4 2019, sales and profitability was similar to 2018 figures. The Q4 results were impacted by low availability of cod from Iceland and lower prices of Argentinian shrimp, but benefited from strong Christmas sales in N-Europe. New retail accounts in UK, which kicked off in the second half of the year, also helped the performance in Q4.

Amounts in EUR thousands	Q4 2019	Q4 2018	2019	2018
<b>Income Statement</b>				
Sales of seafood .....	116.013	113.777	448.189	345.978
Operating profit .....	4.430	4.207	14.401	9.134
Net finance costs .....	(762)	(574)	(3.126)	(1.936)
<b>Normalised PBT .....</b>	<b>3.668</b>	<b>3.633</b>	<b>11.275</b>	<b>7.198</b>
Income tax .....	(471)	(719)	(2.274)	(1.489)
<b>Normalised Profit .....</b>	<b>3.197</b>	<b>2.914</b>	<b>9.001</b>	<b>5.709</b>
Significant items .....	(1.389)	(630)	(2.901)	(1.032)
<b>Profit for the period</b>	<b>1.808</b>	<b>2.284</b>	<b>6.100</b>	<b>4.677</b>

Encouraging results from the Value-added S-Europe division in the year. The demand for lightly salted products from Iceland was strong throughout the year which helped the overall divisional margins, whilst low availability of Icelandic Cod late summer and autumn impacted sales in the 2H of the year. Sales of Argentinean shrimp decreased by 18% from prior year, due to both price decreases and lower volumes. Total divisional sales of €179.4m were €79.3m up on last year but in line with 2018 Proforma. The merger project in Spain is on track, where some of the cost reductions started to come through in the 2H of the year. The lightly salted cod production has been moved to a single location from February 2020 which is a big step in the overall synergy creation.

<b>2019</b>	<b>Value added</b>	<b>Value added</b>	<b>Sales and</b>	<b>Other and</b>	
<b>Amounts in EUR thousands</b>	<b>S-Europe</b>	<b>N-Europe</b>	<b>distribution</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Income Statement</b>					
Sales of seafood .....	179.399	96.605	194.024	(21.839)	448.189
Operating profit (loss) .....	7.889	4.889	2.179	(556)	14.401
Net finance costs .....	(1.198)	(768)	(309)	(851)	(3.126)
<b>Normalised PBT .....</b>	<b>6.691</b>	<b>4.121</b>	<b>1.870</b>	<b>(1.407)</b>	<b>11.275</b>
Income tax .....	(1.450)	(692)	(426)	294	(2.274)
<b>Normalised profit (loss) .....</b>	<b>5.241</b>	<b>3.429</b>	<b>1.444</b>	<b>(1.113)</b>	<b>9.001</b>
Significant items .....	(1.531)	(114)	(147)	(1.109)	(2.901)
<b>Profit (loss) for the period</b>	<b>3.710</b>	<b>3.315</b>	<b>1.297</b>	<b>(2.222)</b>	<b>6.100</b>

<b>2018</b>	<b>Value added</b>	<b>Value added</b>	<b>Sales and</b>	<b>Other and</b>	
<b>Amounts in EUR thousands</b>	<b>S-Europe</b>	<b>N-Europe</b>	<b>distribution</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Income Statement</b>					
Sales of seafood .....	100.111	97.389	183.210	(34.731)	345.979
Operating profit (loss) .....	3.639	5.348	1.554	(1.407)	9.134
Net finance costs .....	(115)	(762)	(373)	(686)	(1.936)
<b>Normalised PBT .....</b>	<b>3.524</b>	<b>4.586</b>	<b>1.181</b>	<b>(2.093)</b>	<b>7.198</b>
Income tax .....	(876)	(694)	(317)	398	(1.489)
<b>Normalised profit (loss) .....</b>	<b>2.648</b>	<b>3.892</b>	<b>864</b>	<b>(1.695)</b>	<b>5.709</b>
Significant items .....	(2)	(163)	(107)	(760)	(1.032)
<b>Profit (loss) for the period</b>	<b>2.646</b>	<b>3.729</b>	<b>757</b>	<b>(2.455)</b>	<b>4.677</b>

The Value-added N-Europe division saw a strong recovery in the second half of the year after a challenging 1H due to external challenges. Overall divisional sales for the year of €96.6m were 7% down on prior year Proforma and normalized PBT of €4.1m was €1.1m down. UK sales were impacted by Brexit uncertainties and retailers trending to move packing from UK to Asia. The business responded to these trends and secured significant business with key retail customers which started to come through in September and December respectively. These new accounts and good Christmas sales in both UK and Ireland helped the sales and profitability in Q4, resulting in divisional Normalised PBT for the 2H of €2.5m which was just 6% down on same period 2018.

Excellent sales and profit growth in the S&D division, driven by closer cooperation with key producers in Iceland. Sales from Iceland grew by €12.0m from 2018, where increased sales of Frozen at See products were the main driver. The overall divisional sales in the year of €194.0m were 6% higher than 2018. This resulted in normalized PBT of €1.9m for the year, €0.7m up on 2018. The profitability in Q4 was €0.2m up on same period 2018 due to improved results of both Iceland and Germany.

The overall net profits were marked by significant one-off costs in the year of €3.6m. These costs were mainly related to; management changes both at HO level and in Spain, the merger of IS Spain and Icelandic Iberica and the associated restructuring costs, the cost of main market listing and share capital increase. These costs were unusually high in 2019 and we don't expect significant one-off costs in 2020. After including the one-off costs and taxes the net profit of €6.1m was €1.4m higher than 2018 but €1.4m lower than 2018 Proforma.

At end of the year total assets amounted to €209.5m, compared to €193.8m at end of 2018. The increase in assets is mainly explained by; investments in fixed assets mainly in Ireland, UK and Argentina, impact of IFRS 16 lease accounting, higher cash headroom in Spain. The equity ratio at year end was 38.4% compared to 30.6% at end of 2018. The company has reached the target equity ratio of 35%, the board will be proposing a dividend payment of €1.5m at the next Annual General Meeting.

Amounts in EUR thousands	31.12. 2019	31.12. 2018
<b>Statement of Financial Position</b>		
Non-current assets .....	68.080	61.802
Inventories .....	65.062	62.107
Trade and other receivables .....	62.306	62.452
Other assets .....	4.397	3.466
Cash and bank balances .....	9.610	3.967
<b>Total assets</b>	<b>209.455</b>	<b>193.794</b>
Equity .....	80.241	59.342
Longterm borrowings .....	10.059	6.640
Other non-current liabilities .....	2.142	1.746
Short term borrowings .....	68.016	75.828
Trade and other liabilities .....	48.997	50.238
<b>Total equity and liabilities</b>	<b>209.455</b>	<b>193.794</b>

As previously announced the Group targets a PBT of €20m in the next 3-5 years. Significant steps in that direction are expected to be taken this year, with an estimated Normalised PBT of €14.5-16.5m in the year, without impact of Elba acquisition. This increase will be driven by synergies from merger in Spain and payback from various investments in the Value-added divisions.

Normalised return on equity for the year 2019 was 16% compared to 20% in 2018. Based on an outlook for the year 2020 of normalised PBT in the range of EUR 14.5-16.5 million. Normalised return on equity is estimated to be 17% - 19%.

Return on Equity	Estimated *		Actual	
	2020	2020	2019	2018
Normalised profit for the year .....	11.600	13.200	9.001	5.709
Weighted shareholders equity .....	68.760	68.760	55.757	28.506
<b>Normalised return on equity</b>	<b>16,87%</b>	<b>19,20%</b>	<b>16,14%</b>	<b>20,03%</b>
Profit for the year .....			6.100	4.677
Weighted shareholders equity .....			55.757	28.506
<b>Return on equity</b>			<b>10,94%</b>	<b>16,41%</b>

\* Estimated profit for the year 2020 is based on an outlook range for normalised PBT of EUR 14.5 - 16.5 million.

### Bjarni Ármannsson, CEO

“We are pleased with the financial results for 2019 and consider them satisfactory as they were according to our budget and within the range that was communicated to the market in March 2019. Strategically we have also advanced significantly, and we have reached the targets we set us for the year as well.

Close cooperation with suppliers is very important to us and we see benefits from closer cooperation in the 2019 results. We believe that we can add value – especially long term – with strategic co-operation with our suppliers. That is one of the main proposition which we have in the market and towards our customers: Strong supply chain, quality products and reliability.

Main market listing was a target we announced in December 2018 and reiterated in March 2019. That we achieved in October last year along with fresh capital. This both strengthens the balance sheet, which is important, but more importantly supports us in our growth phase, primarily with investments that we believe will deliver returns greater than the cost of capital. We are both humble and appreciative to our investors for believing in us.

Now we have also reached our financial strength targets and on those grounds propose dividend payment to the annual meeting of Iceland Seafood to take place on the 19<sup>th</sup> of March. We hope the shareholders can attend the meeting to review and discuss the company’s performance and future outlook.

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Our most important market segment is S-Europe and last year was very much about preparing to move all production in one place – in Barcelona and make the necessary preparation for a consolidated company Iceland Seafood Ibérica. That company started formally on January 1<sup>st</sup> and we are confident that from now on we'll start to see the synergies and benefits of a combined entity coming through. The acquisition of Elba further strengthens our position and we are proud of our long term Salted cod heritage as well as the product development of light salted cod during the last quarter of a century and now being able to intertwine other species into our strong sales and distribution network in Spain and elsewhere in S-Europe.

2019 was marked by high one-off costs. Because of the merger in Spain, changes in top management and Main market listing in particular. In the long run we believe we are creating a bigger and stronger company that has more relevance for the future and can make strong returns based on its position and quality products and service.

Our strong belief in the future is also further cemented in our outlook for the year, but we plan to increase Normalised profits before tax by 28-46% year on year, excluding impact of Elba. Finally; I'm extremely proud of the people who work for Iceland Seafood and are captains of our brand and identity every day. They make it all happen."

#### **Investor meeting**

On February 26<sup>th</sup> at 8.30 am, Iceland Seafood International hf will host a meeting for market participants and investors, where management will present and discuss the 2019 results. The meeting will be held at the Company's premises at Köllunarklettsvegur 2 in Reykjavík. The meeting will be also be webcasted live on <https://livestream.com/accounts/11153656/events/9006102/player?> and recording will be available after the meeting on [www.Icelandseafood.com/investors](http://www.Icelandseafood.com/investors)

#### **Disclaimer**

This announcement is furnished and intended for European market participants and should be viewed in that light.

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