



SalMar ASA

Presentation Q3 2020

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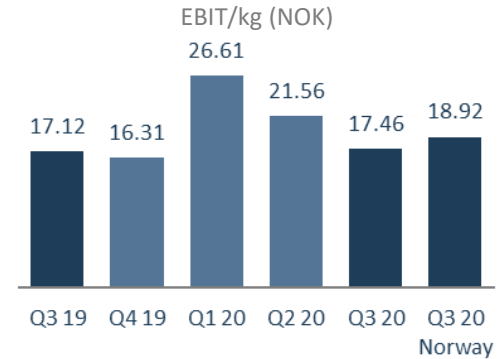
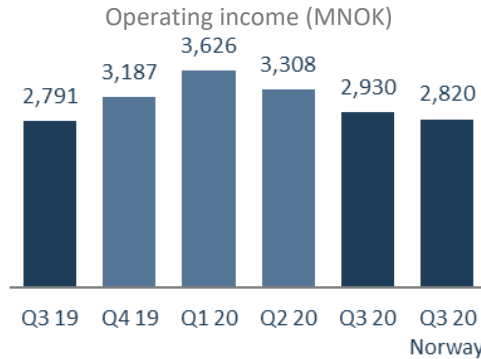
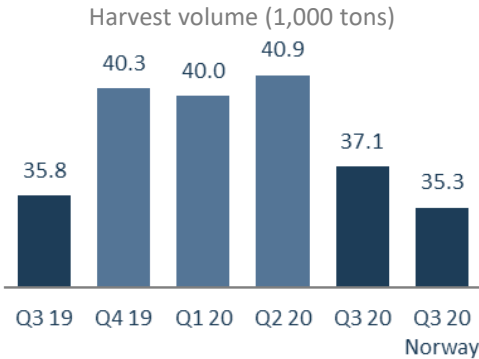


Agenda

- Highlights
- Operational update
- Financial update
- Strategic update
 - Icelandic Salmon
 - SalMar
- Outlook

Highlights

- Strict disease prevention measures due to Covid-19 – no employees infected
- Strategic and operational focus has given good biological and operational performance resulting in strong results
- Total operational EBIT 669 MNOK from Norway, including Icelandic Salmon total operational EBIT 647 MNOK
- Central and Northern Norway delivers strong results due to good biological and operational performance
- Good operational performance and positive contribution from fixed price contracts has led to strong results from Sales & Processing
- Increased MAB capacity in Norway through traffic light auction in August and conversion of 8 development licenses
- Guiding for 2020 maintained, with flexibility to optimize harvest profile
- Successful private placement and listing of Icelandic Salmon in October
- Proposed dividend of NOK 13.00 per share



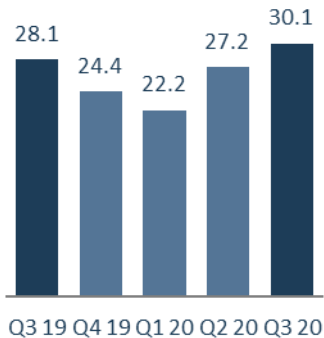


OPERATIONAL UPDATE

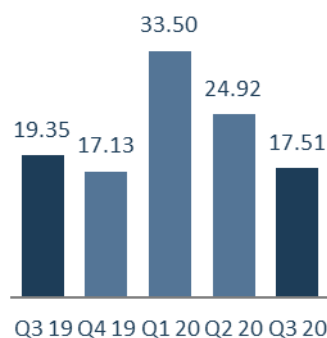
Farming Central Norway

	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Operating income (NOKm)	1,623	1,565	4,810	4,321
Operational EBIT (NOKm)	526	544	1,947	1,747
Operational EBIT %	32.4 %	34.8 %	40.5 %	40.4 %
Harvested volume (tgv)	30.1	28.1	79.5	70.9
EBIT/kg	17.51	19.35	24.51	24.63

Harvest volume (1,000 tons)



EBIT/kg (NOK)

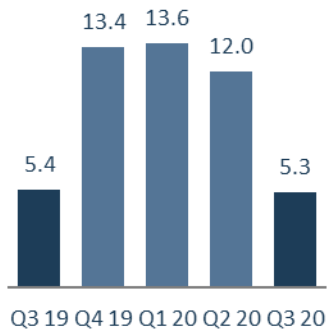


- Strategic and operational focus has given good biological and operational performance resulting in strong results
- High harvest volume in the beginning of the period combined with high average weight has given good price achievement
- Spring 19 generation accounted for 63 % of the volume and was finished in the quarter
 - Continued strong biological performance and low cost
- Autumn 19 started in in the quarter
 - Good biological performance with Ocean Farm 1 as the main contributor
- Expect significantly lower volume and costs at same level in Q4 2020
 - Continue harvest of autumn 19 generation
- Guiding for 2020 maintained at 103,000 tons harvest volume
 - Increased MAB capacity gives flexibility to optimize harvest profile

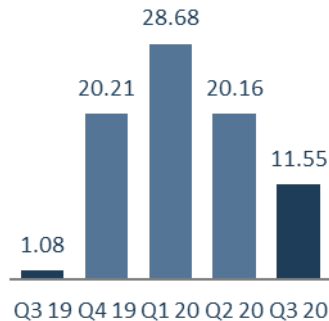
Farming Northern Norway

	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Operating income (NOKm)	250	275	1,791	2,042
Operational EBIT (NOKm)	61	6	692	661
Operational EBIT %	24.4 %	2.1 %	38.6 %	32.4 %
Harvested volume (tgv)	5.3	5.4	30.8	34.6
EBIT/kg	11.55	1.08	22.43	19.10

Harvest volume (1,000 tons)



EBIT/kg (NOK)



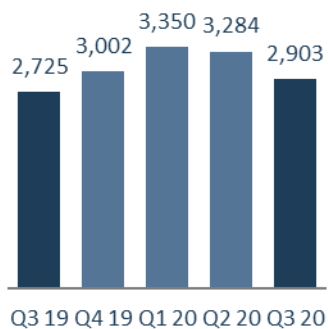
- Strategic and operational focus has given good biological and operational performance resulting in strong results
- Spring 19 has accounted for the volume with strong biological development
- Price achievement impacted by unfavorable harvest distribution in the period; partly offset by high average weight
- Expect significantly higher volume and similar cost level in Q4 2020
 - Continue harvesting from spring 2019
- Guiding for 2020 maintained at 49,000 tons harvest volume
 - Increased MAB capacity gives flexibility to optimize harvest profile

Sales & Processing

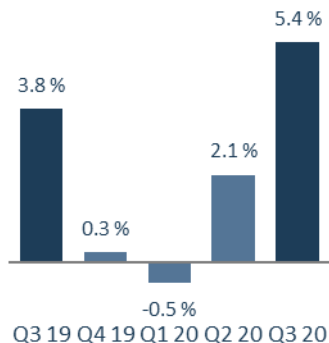
	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Operating income (NOKm)	2,903	2,725	9,536	8,697
Operational EBIT (NOKm)	156	102	209	117
Operational EBIT %	5.4 %	3.8 %	2.2 %	1.3 %

- Strong results in the period
- Good operations and increased capacity utilization from harvesting and processing activities
- Increased positive contribution from fixed price contracts due to seasonally lower spot prices
 - Contract share at 25% in the period
- Contract share currently at 25 % for Q4 2020
- Current market situation underlines the importance of our strategic focus on local processing
- Construction work on InnovaNor is progressing according to plan

Operating income (NOKm)



EBIT-margin (%)

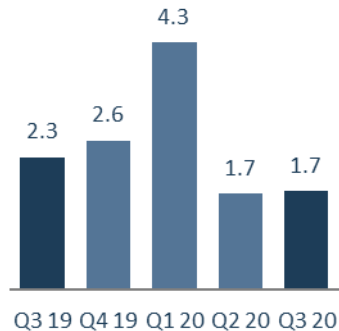


Icelandic Salmon

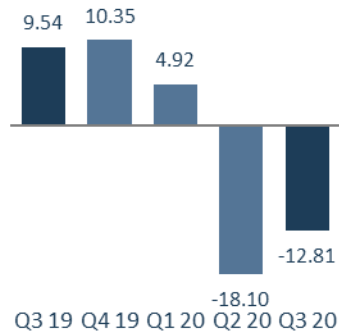
	Q3 2020	Q3 2019	YTD 2020	YTD 2019 ¹
Operating income (NOKm)	110	152	489	462
Operational EBIT (NOKm)	-22	22	-31	73
Operational EBIT %	-19.9 %	14.4 %	-6.3 %	15.9 %
Harvested volume (tgv)	1.7	2.3	7.7	7.2
EBIT/kg	-12.81	9.54	-4.02	10.16

1) Consolidated results from February 2019

Harvest volume (1,000 tons)



EBIT/kg (NOK)

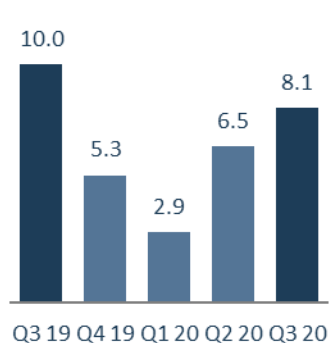


- As previously stated, weak results in Q3 2020
- Result is impacted by high costs and weak price achievement
 - Finished harvesting of 18G locations with high costs due to increased mortality earlier this year
- Expect higher volume and lower costs in Q4 2020
 - Harvest from 19G with improved biological performance and lower cost level compared with previous generations
 - Low spot price affecting Icelandic Salmon more significantly
- Guiding of 12,000 tons harvest volume in 2020 maintained
- Expect to harvest 14,000 tons in 2021
- Changed name from Arnarlax to Icelandic Salmon
- Successful private placement and listing on Merkur Market in October 2020

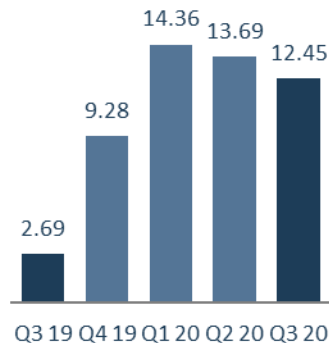
Norskott Havbruk (Scottish Sea Farms)

	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Operating income (NOKm)	543	630	1,271	1,442
Operational EBIT (NOKm)	101	27	233	243
Operational EBIT %	18.7 %	4.3 %	18.3 %	16.8 %
Value adjustments biomass	18	-125	-122	-157
Profit before tax	114	-103	93	77
SalMar's share after tax	46	-40	27	34
Harvested volume (tgw)	8.1	10.0	17.6	20.5
EBIT/kg	12.45	2.69	13.23	11.81

Harvest volume (1,000 tons)



EBIT/kg (NOK)



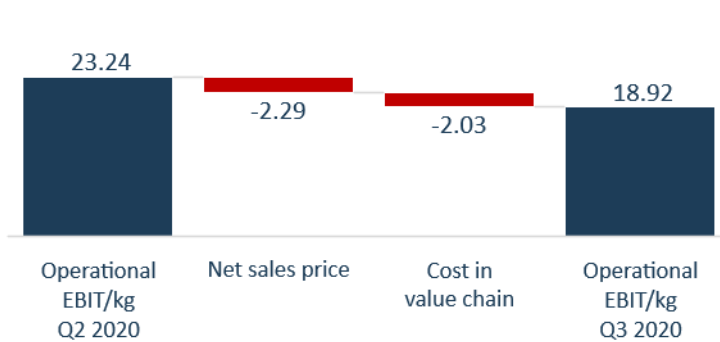
- Good results in the period
- Harvest volume in line with expectations
- Good growth and biological performance with low mortality rates in the quarter
- Costs improved from Q2 20
- Guiding of 26,000 tons harvest volume in 2020 maintained
- Expect 36,000 tons harvest volume in 2021



Operational EBIT deviation analysis (qoq)

Norway

EBIT per kg (NOK)



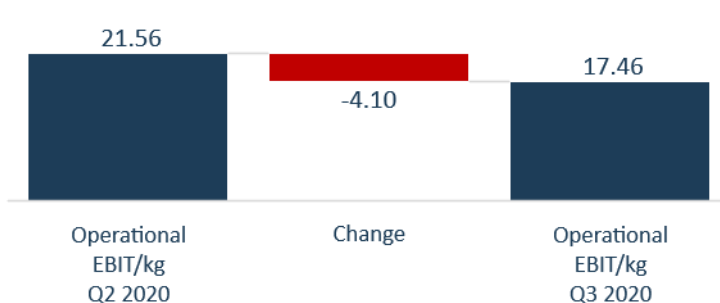
Δ QoQ
-4.32
NOK per kg



- Limited decrease in net sales price due to strong price achievement, despite lower spot prices
- Costs slightly higher due to change of harvesting generations

Group

EBIT per kg (NOK)



Δ QoQ
-4.10
NOK per kg



- Group EBIT per kg decreased QoQ
- Weak margin from Icelandic Salmon

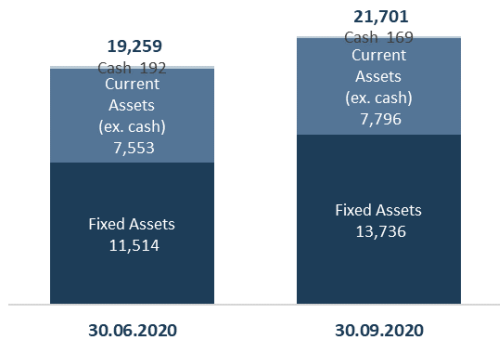
Group profit and loss

<i>NOK million</i>	Q3 2020	Q3 2019	Δ%	YTD 2020	YTD 2019	Δ%
Operating income	2,929.8	2,791.2	5 %	9,863.3	9,050.9	9 %
EBITDA	846.0	798.1	6 %	3,171.5	2,922.2	9 %
Depreciations and write-downs	199.2	184.5		577.8	512.7	
Operational EBIT	646.8	613.5	5 %	2,593.7	2,409.5	8 %
Fair value adjustment	-69.7	-254.3		149.1	-251.4	
EBIT	577.1	359.2	61 %	2,742.8	2,158.1	27 %
Income from investments in associates	48.0	-39.0		33.3	40.9	
Net financial items	-102.9	-57.1		-281.0	68.0	
<i>Net interest costs</i>	<i>-31.1</i>	<i>-42.8</i>		<i>-109.4</i>	<i>-114.9</i>	
<i>Other financial items</i>	<i>-71.7</i>	<i>-14.3</i>		<i>-171.7</i>	<i>182.9</i>	
Profit before tax	522.2	263.1	99 %	2,495.0	2,267.0	10 %
Tax	103.9	70.6		538.5	445.7	
Net profit for the period	418.3	192.4	117 %	1,956.6	1,821.3	7 %
Other comprehensive income	81.6	62.5		297.7	25.3	
Total comprehensive income	499.9	254.9	96 %	2,254.3	1,846.6	22 %
Earnings per share (NOK)	3.28	1.80	82 %	17.31	16.14	7 %
Harvested volume (t _{gw})	37.1	35.8	3 %	118.0	112.8	5 %
EBIT per kg (NOK)	17.46	17.12	2 %	21.99	21.37	3 %
Nasdaq spot price (average)	47.53	49.61	-4 %	57.91	58.08	0 %

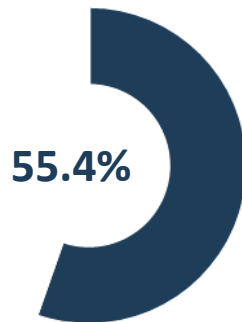
- Revenue increased following higher volume and stronger price achievement
- Operational EBIT improved due to lower cost
- Increased income from associates

Group balance sheet

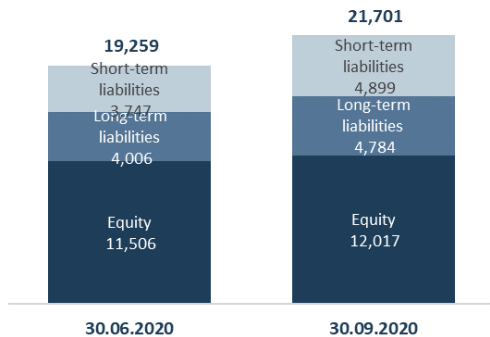
Assets



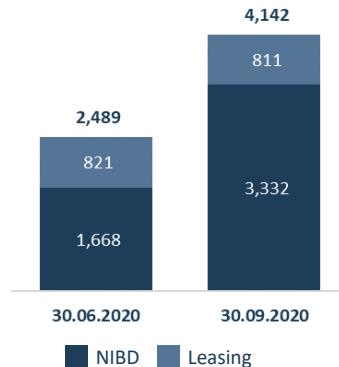
Equity ratio



Equity & liabilities

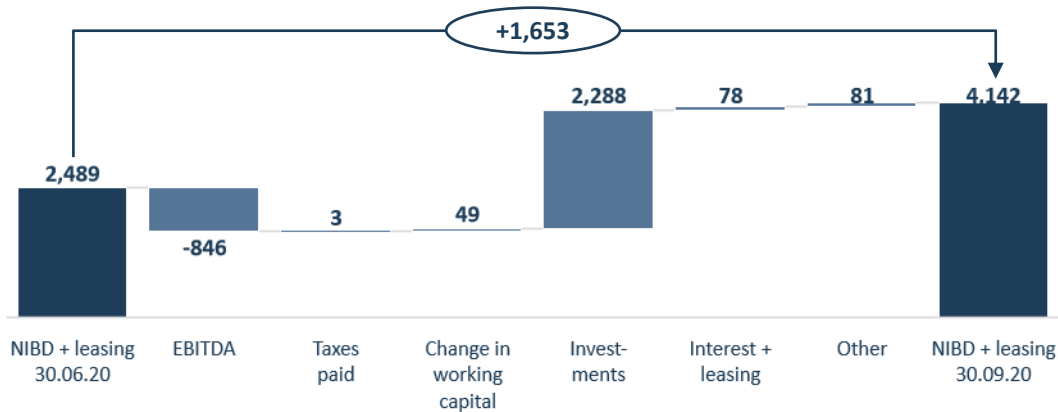


NIBD incl. leasing



- Invested NOK 1,859 million in the quarter in increased MAB capacity through traffic light auction and conversion of development licenses
- Other investments progressing according to plan
- Higher standing biomass YoY and QoQ
- Net Interest-bearing debt incl. leasing liabilities increased with NOK 1,653 million during the quarter
 - NIBD at NOK 3,332 million at the end of the quarter
 - NIBD incl. leasing at NOK 4,142 million
- Solid financial position with equity ratio at 55.4% and NIBD incl. leasing /EBITDA at 1.03
 - Flexible credit facilities
- Successful private placement for Icelandic Salmon in October, increasing equity with NOK 500 million from Q4 2020

Movement in net interest-bearing debt



- Net cash flow from investments at NOK 2,288 million
 - Licenses NOK 1,859 million
 - Farming and Ocean NOK 87 million
 - Smolt and hatchery NOK 117 million
 - Sales & Processing NOK 141 million
 - Upgrade of Vikenco NOK 69 million
 - Capex Iceland NOK 13 million
- NIBD incl. leasing increased with NOK 1,653 million
- Expect to invest approx. NOK 1,6 billion in the Norwegian operations in 2021
 - Maintenance investments NOK 0,3 billion
 - Capacity investments NOK 1,3 billion
 - Other potential investments will be announced when final investment decision is taken
- Expect to invest approx. NOK 170 million in Icelandic Salmon in 2021

Proposed dividend and updated dividend policy

UPDATED DIVIDEND POLICY

“SalMar ASA aim to provide shareholders with a competitive return on invested capital. This return shall be achieved through a combination of share price increase and the payment of a dividend by the group.

SalMar ASA’s dividend policy is based on the company at all times having a solid balance sheet and liquidity reserve that is sufficient to handle future liabilities.

The company has set long-term financing targets related to NIBD/EBITDA level in the range 1,0-2,5. Provided that the company is within this range and also taking account future investments, the intention is to pay out its surplus liquidity, in the form of cash dividends and/or in the form of share buybacks”*

**NIBD includes leasing according to IFRS 16 and EBITDA is without fair value adjustment*

- Results in 2020 shows that SalMar is well positioned to handle a demanding market
- Strong operational and financial results
- Solid financial position

- The Board of Directors proposes dividend of NOK 13.00 per share for the financial year 2019
- Dividend policy updated
 - Long-term financing targets (NIBD/EBITDA* 1,0-2,5)
 - Surplus liquidity to paid in the form of cash dividends and/or share buybacks
- Extraordinary general meeting 4th of December 2020

A wide-angle photograph of a fjord in a snowy, mountainous region. The water is a deep, clear blue, reflecting the sky and the surrounding landscape. In the distance, a long, low structure, likely a salmon farm, stretches across the water. The mountains are covered in snow, with some rocky outcrops visible. The sky is a clear, bright blue with a few wispy clouds.

STRATEGIC UPDATE

**Icelandic
Salmon** 

SalMar targets growth where it can be done sustainable on the salmons' terms

Iceland has the potential to become an important farming region

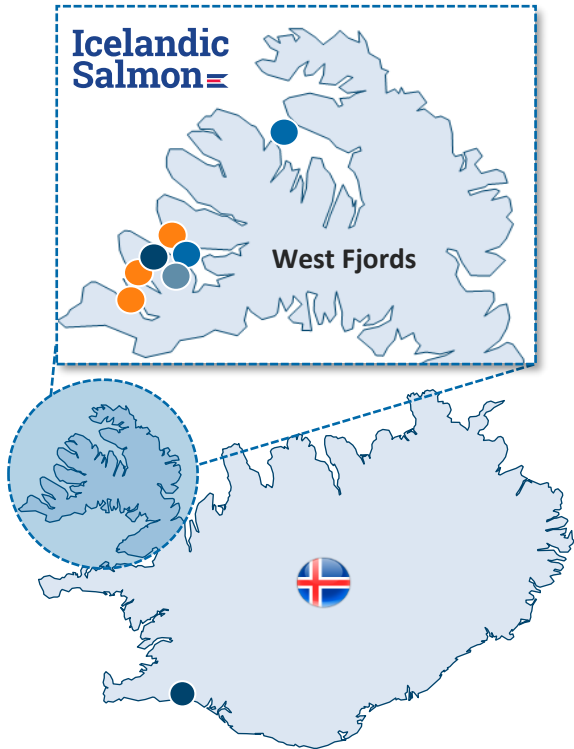


- Favourable natural biological conditions
 - Natural habitat of the Atlantic salmon
 - Similar conditions as in Finnmark in Northern Norway
 - Sea currents, temperature regimes
- Strong seafood heritage
 - Coastal and fishery culture
 - Competence and courage
 - Willingness to build an industry
- Framework conditions supports growth
 - Wanted industry

Icelandic Salmon is the leading salmon farmer in Iceland

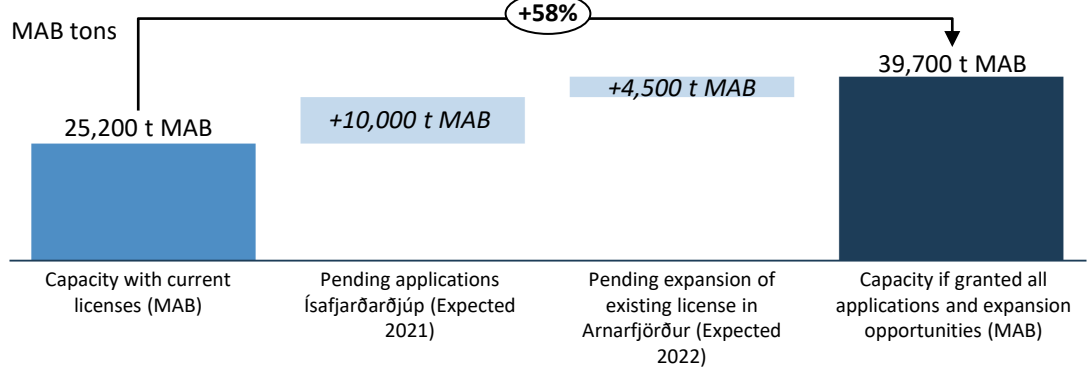
Attractive license portfolio, with ample room to grow harvest volumes

- x2 Hatcheries (smolt)
- x1 Processing plant
- x3 Production fjords
- x2 Application fjords

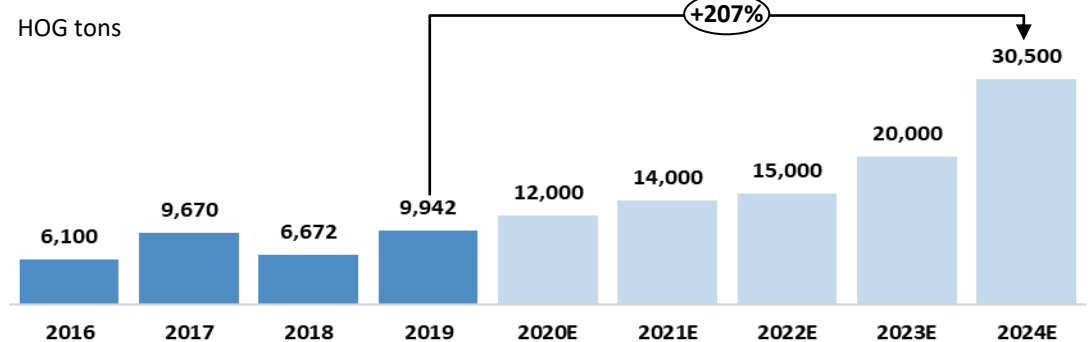


Room to double 2020 production within existing licenses

Licenses



Harvest volume



Integrated value chain from hatchery to sales

Applying best-practice and investment in state-of-the-art equipment

Vertical integration

Freshwater (smolt)



- 2 freshwater facilities –combined capacity of 3.2m smolts in 2019
 - Bæjarvík: 100% owned, located in the West Fjords
 - Ísthor: 50% owned
 - Stocking for 2020 at 3.9m smolt (20G)
 - Additional outsourcing of smolt to third parties, ~10%

Seawater



- Strategically located sites in Arnarfjörður, Tálknafjörður and Patreksfjörður with 25,200 tonnes combined capacity
 - Outstanding applications and expansion opportunities for 14,500 tonnes in Arnarfjörður (4,500t) and Ísafjarðar djúp (10,000t)

Processing



- Processing plant located in the port of Bildudalur, within sight of the farming cages
- Processing capacity of 30,000 tonnes after 2020 expansion

Sales




- All sales conducted by Icelandic Salmon and marketed as a natural and sustainable product

First re-branding step taken towards long-term branding strategy

Considerable potential to be branded as a premium salmon product

Icelandic Salmon



Seafood heritage



Sustainability



Wild fish stocks
management



Cultural
connection to
premium seafood



Pristine waters/
environment



Low density for
farmed salmon



Support local
communities



Respect
nature

Icelandic Salmon – positioned for long-term value creation



1

Icelandic Salmon is the leading salmon farmer in Iceland in terms of size, operational history and integration

2

Attractive license portfolio, with ample room to grow harvest volumes considerably

3

Full control of value chain by being integrated from hatchery to sales channel

4

Strong focus on sustainability and operating in harmony with nature

5

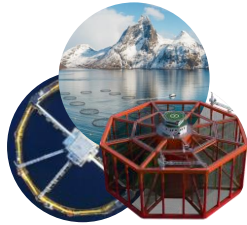
Dedicated and experienced management team building up the organization – backed by SalMar



Strong strategic and operational focus throughout the value chain

Always on the terms of the salmon

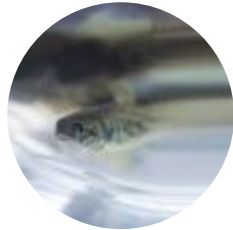
Flexibility and capacity to deliver the **right smolt** at the **right time** ...



... 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 growth



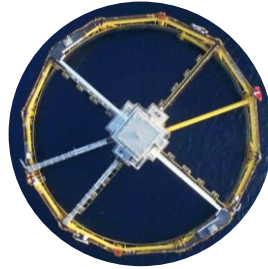
GENETICS & SMOLT

- 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
- Cost program ongoing
- New sites & zone structure
- Optimize organization in respect of production volume
- Seek attractive M&A opportunities



OFFSHORE FARMING

- Build and develop SalMar Ocean organization to handle growth ambition
- Conversion of OF1 development licenses approved
- Ongoing processes continuing
 - 3rd cycle OF1
 - Ocean Farm 2
 - Smart Fish Farm



INDUSTRY & SALES

- Continuous improvements
- Industry*
 - Optimize use of InnovaMar
 - Complete InnovaNor
 - Upgrade of Vikenco
- Sales*
 - Optimize allocation of salmon
 - Best distribution



ICELANDIC SALMON

- Continue to develop Icelandic Salmon
- Large biological and market potential

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

A wide-angle landscape photograph showing a rugged coastline. In the foreground, dark, wet rocks are partially submerged in the ocean, with white foam from the waves washing over them. The ocean is a deep blue, extending to a clear horizon. In the background, steep, rocky mountains rise on both sides, their peaks and upper slopes covered in snow. The sky is a pale, clear blue with a few wispy clouds. The overall scene is bright and clear, suggesting a sunny day.

OUTLOOK

Outlook



- Continued strong strategic and operational focus to build an even more robust platform for further growth
 - Dedicated employees and strong corporate culture set for growth
 - Offshore projects continues according to plan
 - Expect to invest NOK 1,6 billion in the Norwegian operations and NOK 170 million in the Icelandic Salmon in 2021
- Proposed dividend NOK 13.00 per share
- Guiding for 2020 maintained, with flexibility to optimize harvest profile
 - Expect slightly higher volume and similar cost level in Q4 2020
 - Contract share for Q4 2020 currently around 25%
- Expect an increase in harvest volume in 2021
 - Norway 163,000 tons (+7%)
 - Iceland 14,000 tons (+17%)
 - Scotland 36,000 tons (+38%) – associated company
- Expect moderate increase in global supply in 2021
- 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



SALMAR

Passion for Salmon