



SalMar ASA Q3 2021 Presentation

17 November 2021

CEO Gustav Witzøe

CFO & COO Trine Sæther Romuld

COO Industry & Sales Frode Arntsen



**PASSION
FOR
SALMON**



SALMAR

Passion for Salmon

Agenda

- Highlights
- Operational Update
- Financial Update
- Strategic Update
 - Northern Norway
 - InnovaNor
 - SalMar Aker Ocean
- Outlook



HIGHLIGHTS

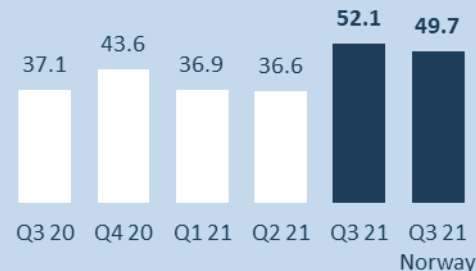
Record high harvest volume and continued solid operational performance has led to good results

- Total operational EBIT 743 MNOK from Norway, including Icelandic Salmon total operational EBIT 748 MNOK
- Northern Norway with solid results driven by strong biological performance and operational performance
- Central Norway with stable development and good results
- Record high activity at harvesting and processing facilities, but increased cost weakens results from Sales & Industry
- Stable cost development due to continue good operational performance for Icelandic Salmon, but lower spot price and one-off costs weakens results
- Increasing volume guidance with 6,000 tons to 169,000 tons for 2021 in Norway due to strong utilization of increased MAB capacity
- Expect increased volume in 2022, Norway 175,000 tons, Iceland 16,000 tons and Scotland¹ 46,000 tons
- InnovaNor, Northern Norway most efficient and modern harvesting and processing plant, in operation from Q4 2021
- Increasing MAB capacity in Central Norway through strategic acquisitions
- Entered partnership with Aker to create world leading offshore farming operations through SalMar Aker Ocean

1) Includes volume from Acquisition of Grieg Seafood Hjaltdland UK Ltd . The Transaction is subject to certain customary closing conditions. It is expected to close within Q4 2021, depending on processing time with relevant authorities.

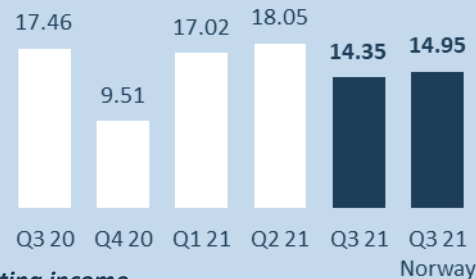
Harvest volume

(1,000 tons gw)



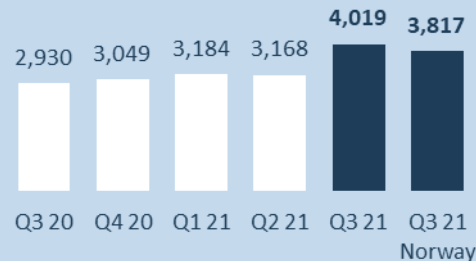
EBIT/kg

(NOK)



Operating income

(NOKm)



OPERATIONAL UPDATE



Farming Central Norway

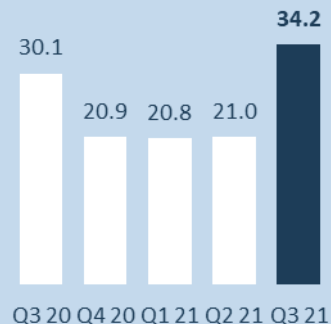
Record high harvest volume and stable cost development

- Continuing the trend with stable cost development from previous quarter
 - Due to solid operational performance despite biological challenges and increased number of sea lice treatments
- Spring 20 accounted for 89% of the volume in the period
 - Slightly higher cost level compared to previous generations due to slightly weaker biological performance
- Started harvesting of autumn 2020 generation with good biological performance
- Expect similar volume and cost level in Q4 2021
 - Will finish harvest of spring 20 generation and continue harvest of autumn 20
- Guiding for 2021 increased with 3,000 tons to 110,000 tons due to M&A and strong utilization of increased MAB capacity

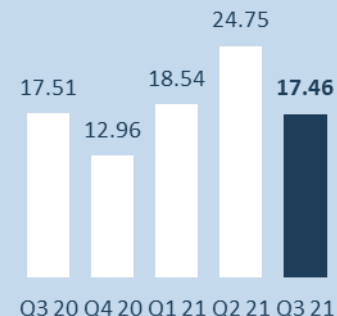
KEY RESULTS

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating income (NOKm)	1,940	1,623	4,451	4,810
Operational EBIT (NOKm)	597	526	1,503	1,947
Operational EBIT %	31 %	32 %	34 %	40 %
Harvest volume (tgw)	34.2	30.1	76.0	79.5
EBIT/kg	17.46	17.51	19.77	24.51

Harvest volume
(1,000 tons gw)



EBIT/kg
(NOK)



Farming Northern Norway

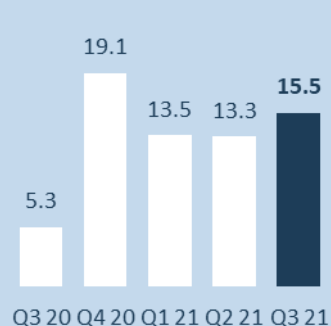
Strong biological and operational performance

- Solid results driven by reduction in cost level
 - Strong biological and operational performance resulting in strong growth and lower cost
 - Lower cost level despite costs are affected by high harvest and well boat cost, ~1 NOK/kg higher than in Central Norway
- Spring 2020 accounted for 85% of the volume in the period
 - Started harvesting of autumn 2020 with continued solid biological and operational performance
- Price achievement affected by volume harvested in August and September
 - Period of the quarter with lowest spot prices
- Expect slightly higher volume and similar cost level in Q4 2021
 - Continue harvesting from spring 20 and autumn 2020
 - Strong growth and biological performance of biomass in sea
- Guiding increased with 3,000 tons to 59,000 tons in 2021 due to strong biological performance and utilization of increased MAB capacity

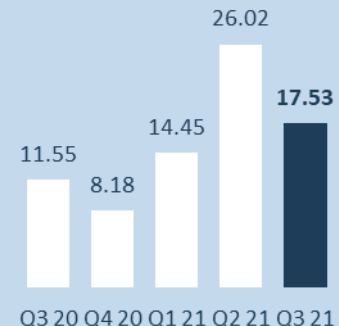
KEY RESULTS

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating income (NOKm)	785	250	2,320	1,791
Operational EBIT (NOKm)	272	61	813	692
Operational EBIT %	35 %	24 %	35 %	39 %
Harvest volume (tgv)	15.5	5.3	42.3	30.8
EBIT/kg	17.53	11.55	19.22	22.43

Harvest volume
(1,000 tons gw)



EBIT/kg
(NOK)



Sales & Industry

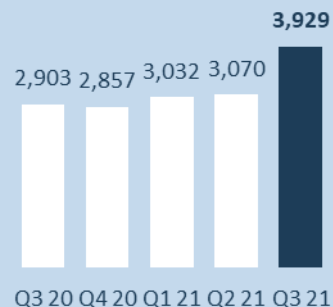
Record high volume, but increased cost weakens results

- Record high volume through our harvesting and processing plants
 - Strong capacity utilization at both InnovaMar and Vikenco
 - Expect similar volume and activity level in Q4 2021
- Increased cost affects results negatively
 - Freight costs increased due to capacity constraints especially for air freight
 - Packaging costs increased due to higher raw material prices
 - High activity level has led to more overtime
- Increased freight costs affect profitability on contracts
 - Contract share at 23% in the period
 - Improved margin on contract portfolio compared to Q2 2021
- Contract share currently at 25% for Q4 2021
- InnovaNor in operation from Q4 2021

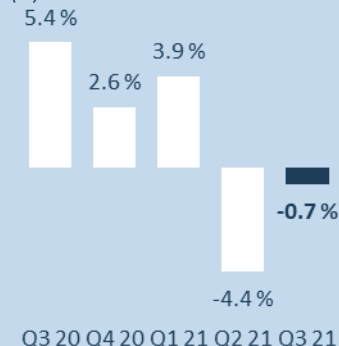
KEY RESULTS

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating income (NOKm)	3,929	2,903	10,031	9,536
Operational EBIT (NOKm)	-28	156	-46	209
Operational EBIT %	-0.7 %	5.4 %	-0.5 %	2.2 %

Operating income
(NOKm)



EBIT-margin
(%)



Icelandic Salmon

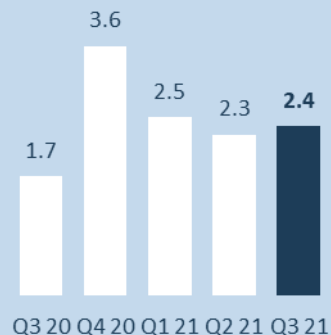
Stable cost development, but lower spot price and one-off costs weakens results

- 2019 generation has accounted for the volume
 - Significantly improved biological performance compared to previous generations
 - Stable cost development
- Launch of new brand in August: Arnarlax – Sustainable Icelandic Salmon
 - Improved price achievement already starting to materialize
 - One-off costs mainly related to branding reduces margin in Q3 with 2,6 NOK/kg
- Expect higher volume and stable cost level in Q4 2021
 - Will finish harvest of 2019 generation and start harvest of 2020 generation
- Guiding reduced with 2,000 tons to 12,000 tons in 2021
 - Due to weaker biological performance resulting in slightly slower growth and higher mortality in 2021
 - To optimize biological performance moving part of the volume to 2022
- Expect 16,000 tons harvest volume in 2022

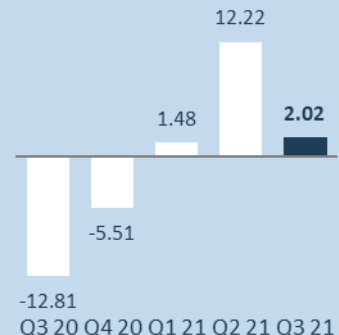
KEY RESULTS

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating income (NOKm)	202	110	562	489
Operational EBIT (NOKm)	5	-22	37	-31
Operational EBIT %	2 %	-20 %	7 %	-6 %
Harvest volume (tgv)	2.4	1.7	7.3	7.7
EBIT/kg	2.02	-12.81	5.06	-4.02

Harvest volume
(1,000 tons gw)



EBIT/kg
(NOK)



Scottish Sea Farms¹

Biological challenges affecting results

- Biological challenges due to gill health affecting results negatively
 - Early harvest of fish impacting both cost and price achievement
 - Higher mortality costs in the quarter
- Volume guidance for 2021 reduced with 3,000 tons to 33,000 tons

- Expect closure of Shetland acquisition in Q4 2021
 - Acquisition of Grieg Seafood Hjalmland UK Ltd in June 2021²
 - Transaction approved by EU competition authorities
 - Expect verdict from UK competition authorities in December 2021

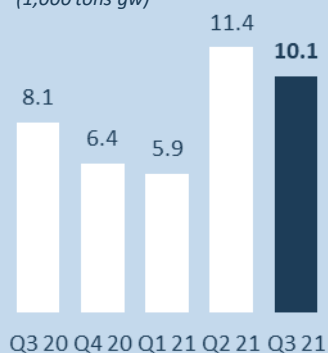
- Expect 46,000 tons harvest volume in 2022
 - 33,000 tons from Scottish Sea Farms
 - 13,000 tons from Shetland acquisition

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.

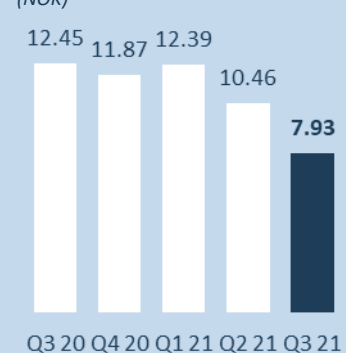
KEY RESULTS

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating income (NOKm)	773	543	1,963	1,271
Operational EBIT (NOKm)	80	101	273	233
Operational EBIT %	10.4 %	18.7 %	13.9 %	18.3 %
Value adjustments biomass	-58	18	8	-122
Profit before tax	17	114	269	94
SalMar's share after tax	7	46	104	27
Harvested volume (tgv)	10.1	8.1	27.4	17.6
EBIT/kg	7.93	12.45	9.94	13.23

Harvest volume
(1,000 tons gw)



EBIT/kg
(NOK)



FINANCIAL UPDATE



Operational EBIT deviation analysis (qoq)

Norway

EBIT per kg (NOK)



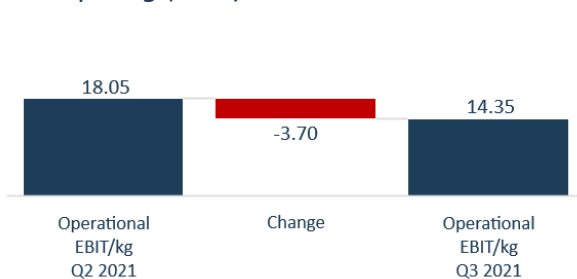
Δ QoQ
-3.49
NOK per kg



- Net sales price decreased due to lower spot prices partially offset by positive effect from contracts
- Cost reduced due to lower cost in Northern Norway

Group

EBIT per kg (NOK)



Δ QoQ
-3.70
NOK per kg



- Group EBIT per kg decreased QoQ following lower spot prices
- Lower margin from Icelandic Salmon

Group profit and loss

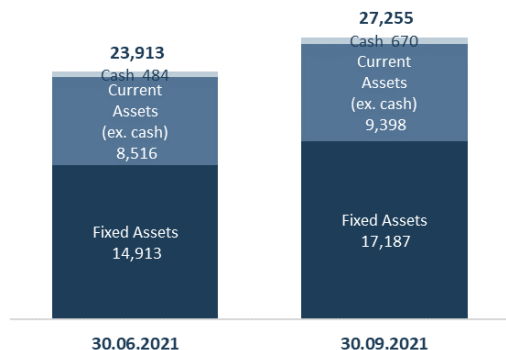
<i>NOK million</i>	Q3 2021	Q3 2020	Δ%	YTD 2021	YTD 2020	Δ%
Operating income	4,019	2,930	37 %	10,371	9,863	5 %
EBITDA	947	846	12 %	2,628	3,172	-17 %
Depreciations and write-downs	199	199		592	578	
Operational EBIT	748	647	16 %	2,037	2,594	-21 %
Production tax	-20.6			-49.3		
Fair value adjustment	225	-70		916	149	
EBIT	952	577	65 %	2,903	2,743	6 %
Income from investments in associates	4	48		103	33	
Net financial items	-44	-103		-113	-281	
<i>Net interest costs</i>	-45	-31		-121	-109	
<i>Other financial items</i>	1	-72		8	-172	
Profit before tax	912	522	75 %	2,894	2,495	16 %
Tax	201	104		622	538	
Net profit for the period	711	418	70 %	2,272	1,957	16 %
Other comprehensive income	-33	82		-162	298	
Total comprehensive income	678	500	36 %	2,110	2,254	-6 %
Earnings per share (NOK)	5.87	3.28	79 %	19.17	17.31	11 %
Harvested volume (t _{gw})	52.1	37.1	41 %	125.6	118.0	6 %
EBIT per kg (NOK)	14.35	17.46	-18 %	16.21	21.99	-26 %
Nasdaq spot price (average)	55.48	47.53	17 %	57.20	57.91	-1 %

Q3 2021 vs. Q3 2020

- Revenue increased following higher volume and higher spot prices
- Operational EBIT with a slightly lower increase due to slightly higher cost compared to strong performing generation in Q3 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
- Income from associates reduced due to weaker results from Scottish Sea Farms
- Net interest costs increased driven by successful placement of green bond in Q2 2021
 - Other financial costs lower due to less currency fluctuations

Group balance sheet

Assets

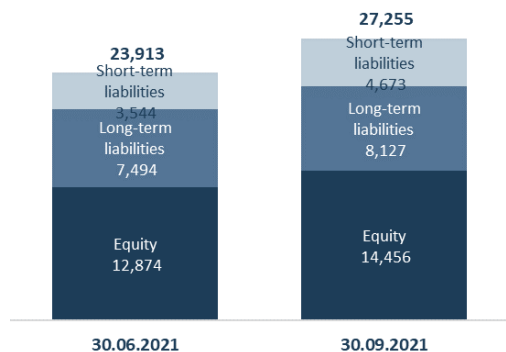


Equity ratio

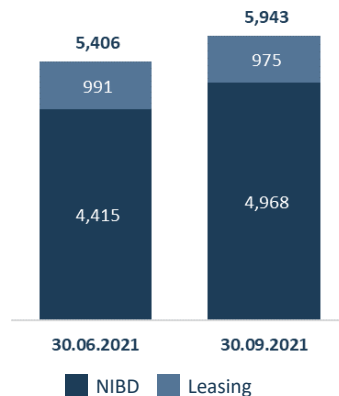


- Acquisition of Nekton Havbruk AS and Refsnes Laks AS consolidated from Q3 2021
 - Increasing total assets with 2,5 billion NOK
- Investments in the value chain progressing according to plan
- Higher standing biomass YoY and QoQ
- Net Interest-bearing debt incl. leasing liabilities increased with 537 million during the quarter
 - NIBD incl. leasing at NOK 5,943 million
- Solid financial position with equity ratio at 53.0% and NIBD incl. leasing/EBITDA at 1.81

Equity & liabilities

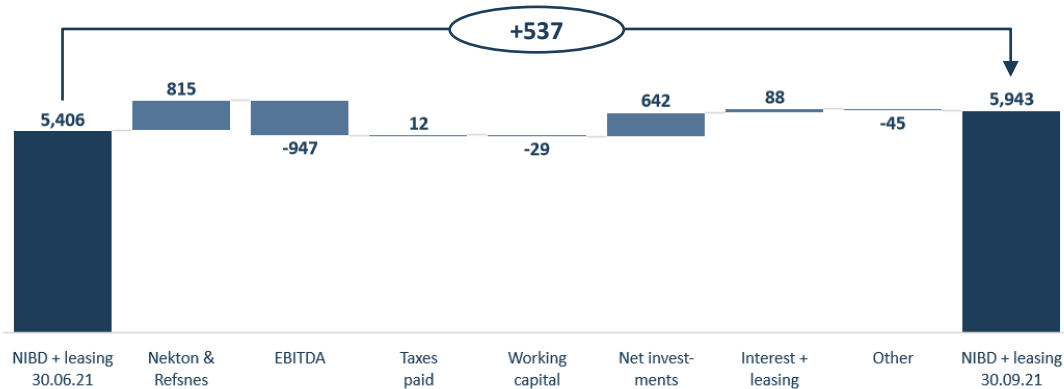


NIBD incl. leasing



*) all figures in NOK million

Movement in net interest-bearing debt



- Acquisition of Nekton Havbruk AS and Refsnes Laks AS included from Q3 2021
 - Investment NOK 745 million
 - NIBD + leasing NOK 70 million
- Net other investments at NOK 642 million
 - Farming and Ocean NOK 215 million
 - Smolt and hatchery NOK 299 million
 - Sales & Industry NOK 93 million
 - Vikenco NOK 6 million
 - Icelandic Salmon NOK 43 million
 - Other NOK -14 million, due to sale of smaller smolt facilities
- NIBD incl. leasing increased with NOK 537 million

1) *Nekton & Refsnes = Investment in Nekton & Refsnes + NIBD & Leasing*
 2) *Net investments = Investments excluding investment in Nekton & Refsnes*

STRATEGIC UPDATE



VIDEO FROM NORTHERN NORWAY



SalMar the leading salmon farmer in Northern Norway

Strong platform for further sustainable growth across the entire value chain built on a strong historic fundament in the region

Smolt

Senja 1 in operation
Senja 2 ready from 2022

*Capacity 33 million smolts with
average weight of 150 grams*



Farming

Farming sites in
production area 10,11,12 & 13

*MAB capacity 38,251 tons
Harvest volume 2021E – 59,000 tons*



Harvesting & processing

InnovaNor in operation from Q4 2021

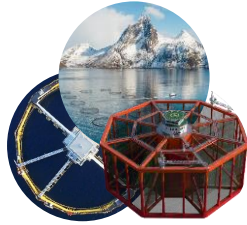
*Harvest capacity 75,000 tons
VAP capacity 30,000 tons*



Strong strategic and operational focus throughout the value chain

Always on the terms of the salmon

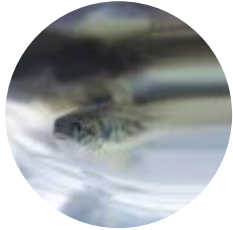
Flexibility and capacity to deliver the **right smolt** at the **right time** ...



... 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**



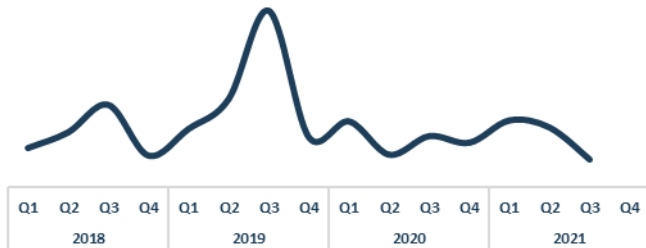
Improved performance from Northern Norway

Showcasing the importance of operational focus on the terms of the salmon

Farming Northern Norway

	Q3 2019	Q3 2021	Δ
Harvest volume (tgv)	5.4	15.5	
EBIT per kg	1.1	17.5	
Harvest volume (last 12 months)	46.8	61.4	+31 %
MAB capacity	34,199	38,251	+12 %
eFCR² (last 12 months)	1.16	1.15	-0.01
Survival rate³ (last 12 months)	95.6 %	97.1 %	+1.6 %

Cost per kg



1) $Cost\ per\ kg = (Revenue - operational\ EBIT) / harvest\ volume$

2) $eFCR = economic\ feed\ conversion\ ratio$

3) 12 month rolling survival rate measured in accordance with the Global Salmon Initiatives methodology

- Over the last years our employees have showcased a fantastic effort to turnaround weaker results from Northern Norway 2 years ago
 - In Q3 2019, Northern Norway delivered very weak results
 - To address the situation the organization has handled challenges across the entire value chain
 - All to regain the position where SalMar wants to be – the cost leader in the industry and the best on biological production
- Key metrics are now all pointing in a more sustainable direction
 - Improved fish welfare through increased survival rate
 - Improved resource efficiency through reduced feed conversion ratio
 - Increased harvest volume due to improved capacity utilization
 - Including strict focus on cost this contributes to reduced cost level
 - Cost level reduced with 33% compared to Q3 2019
- Results showcasing the strong foundation for further growth in the region
 - Backed by the strong competence & culture our fantastic dedicated employees showcase – *passion for salmon*

InnovaNor – from concept to reality

The largest and most modern processing facility in Northern Norway



Largest and most modern processing facility in Northern Norway

Built with scalability in mind

- 20,000 square meters with a capacity of 75,000 tons harvest volume of salmon per year per shift
 - Incorporates landing, harvesting, processing, packaging, freezing and storage capabilities including an office wing
 - Box-factory built in connection with the facility
- Rigged with the latest technology for value added processing built with scalability in mind with both post and pre-rigor capacity
 - 30,000 tons in VAP capacity from the beginning
 - Strengthening our product portfolio and offering to customers in all markets
- InnovaNor the new headquarter for all our activities in Northern Norway



InnovaNor a key factor for further sustainable growth

Securing a robust platform for further sustainable development of Northern Norway



- Reducing biological risk
 - Large harvesting capacity in close proximity to farming operations reduces biological risk in sea and optimizes biological production
- Optimizing logistics
 - InnovaNor reduces logistical challenges for both inbound well-boat transportation and outbound transportation to the market
 - Box-factory built in connection with the facility, reducing need for inbound transport
- Strengthening our product portfolio
 - Covid-19 has underlined the importance of our strategic focus on local processing
 - InnovaNor strengthens our flexibility to provide the market with the right product at the right time to increased processing capacity.
- Reducing climate gas emissions
 - Local processing reduces weight of volume transported thereby reducing climate gas emissions. In 2020 SalMar reduced its emissions with 46,000 tons CO₂e due to local processing, InnovaNor further strengthen the possibility to reduce emissions¹
- Increasing the utilization of raw materials
 - All offcuts and excess raw material from harvesting and processing activities are sent directly to Nutrimar for further use in the circular economy

1) For further details see page 39 in SalMar annual report for 2020

Significant local value creation to the local community

SalMar will be one of the largest employers on Senja with prospects for further growth in the region

- Attractive, exciting and sustainable jobs
 - Together with the expansion of Senja smolt facility significant amount jobs created in the region.
 - Already more than 100 people newly employed on InnovaNor
 - 330 employees in region north with outlook for significant growth
 - Utilizing local suppliers to provide a wide range of services for the facility
- Strengthening the support to our local communities
 - Cooperation with educational and R&D institutions to further grow the knowledge for aquaculture industry in the region
 - Strengthening our support to local culture, sports and leisure activities making sure our employees not only thrives at the workplace, but also during their spare time



SalMar Aker Ocean

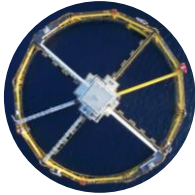


Creating a world leading offshore farming company

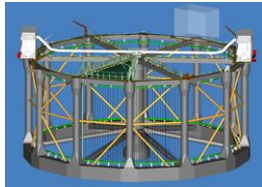
SalMar Aker Ocean has an ambition to build a series of units for offshore production

EXPOSED

Ocean Farm (OF)



NEW SEMI-OFFSHORE UNIT



OPEN OCEAN

Smart Fish Farm (SFF)



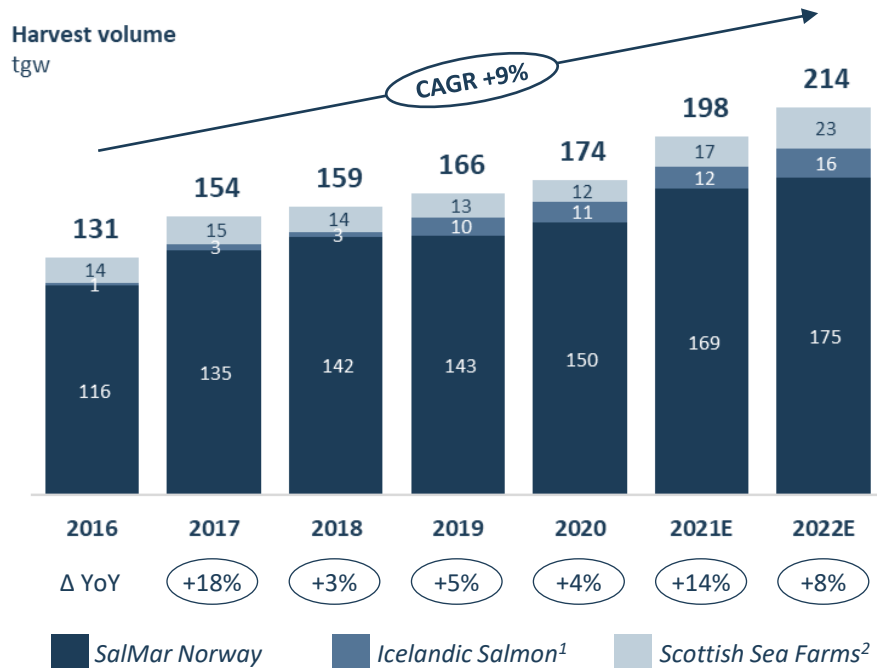
- **SalMar Aker Ocean established in November**
 - Joint ownership between SalMar (66,6%) and Aker (33,4%)
 - Closing completed earlier than previously announced showcasing the commitment from both parties
- **Together SalMar and Aker have the strengths to realize the potential offshore**
 - Complementary competence from SalMar and Aker with world leading expertise
 - Together in a unique position with leading expertise within aquaculture, biology, sustainability, technology and offshore competence
 - Both parties committed to contribute with competence, resources, and capital
- **SalMar Aker Ocean ready for the next steps offshore**
 - Ambition to make investment decision for a new semi-offshore unit as soon as possible
 - Site application for first open ocean unit, Smart Fish Farm, sent to the authorities
- **Committed to new offshore investments as soon as the regulatory framework is in place**
 - Significant positive ripple effects to the entire value chain and supplier industry
 - Immediate effect on employment, exports and sustainability
 - Global market potential

OUTLOOK



SalMar has a solid track record for growth

Strong utilization of existing production capacity with further growth potential in all regions



- Volume guiding for 2021 increased with 6,000 tons in Norway
 - Strong utilization of increased MAB capacity and M&A
 - Solid biological performance especially in Northern Norway
- Expect increased volume in all regions in 2022
- Norway 175,000 tons (+6,000 tons/ +4%)
 - Utilization of increased production capacity already materializing in 2021
 - Further improving utilization of production capacity in 2022
- Icelandic Salmon 16,000 tons (+ 4,000 tons/ +33%)
 - Improving utilization of existing production capacity
 - Significant further growth potential within existing licenses
- Scottish Sea Farms 46,000 tons (+13,000 tons / +39%)
 - Solid growth following expected closure of Shetland acquisition in Q4 2021³
 - Continuing the trend with strong utilization of existing production capacity

1) Icelandic Salmon – Ownership 51%, harvest volumes fully consolidated from 2019. Harvest volume in graph depicts SalMar relative share prior to 2019

2) Scottish Sea Farms – Associated company through Norskott Havbruk, ownership 50%. Harvest volume in graph depicts SalMar share.

3) 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

- 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
- Leading and pioneering the way offshore
 - Creating world leading offshore farming operations through SalMar Aker Ocean
- Volume guiding for 2021 increased in Norway
 - 169,000 tons in Norway, Iceland 12,000 tons and Scotland 33,000 tons
 - Expect higher volume and similar cost level in Q4 2021
 - Contract share for Q4 2021 around 25%
- Expect increased volume in all regions in 2022
 - Norway 175,000 tons, Iceland 16,000 tons and Scotland¹ 46,000 tons
- Optimistic outlook for the future of the aquaculture industry
 - Expect low to moderate increase in global supply in 2022

1) Includes volume from Acquisition of Grieg Seafood Hjaltdland UK Ltd. The Transaction is subject to certain customary closing conditions. It is expected to close within Q4 2021, depending on processing time with relevant authorities.

Capital Market Day 2022

22nd and 23rd of June 2022

- We are looking forward to welcome you to a capital markets day in June 2022
 - You will get the opportunity to visit our state-of-the-art facilities across the entire value chain
 - In addition, the executive management will give insights into the strategic ambitions going forward
- Save the date and more information and link for registration will be communicated at a later notice

Smolt



Coastal Farming



Offshore Farming



Harvesting & Processing





**THANK YOU
FOR YOUR
ATTENTION**

Next event
Q4 2021 presentation
18 February 2022

For more information see
www.salmar.no

**PASSION
FOR
SALMON**

