

# Q3 2019

**BAKKAFROST GROUP**  
Oslo 5 November 2019

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- **SUMMARY OF Q3 2019**
- **MARKETS AND SALES**
- **SEGMENT INFORMATION**
- **GROUP FINANCIALS**
- **OUTLOOK**
- **APPENDIX**



Lambavík, East of Eysturoy, Faroe Islands

## Operation

- **Harvested** 12,938 tgw in Q3 2019 (7,217 tgw in Q3 2018)
- **Feed sales** of 33,874 tonnes in Q3 2019\* (23,468 tonnes in Q3 2018\*)
- **Raw material purchase** of 17,845 tonnes in Q3 2019 (7,496 tonnes in Q3 2018)

## Revenues and Operational EBIT

- **Revenues** of DKK 996 million in Q3 2019 (DKK 622 million in Q3 2018)
- **Operational EBIT\*\*** of DKK 303 million in Q3 2019 (DKK 168 million in Q3 2018)

## Cash Flow

- **Cash flow from operations** of DKK 779 million in Q3 2019 (DKK 324 million in Q3 2018)

## Segments

- **Positive operational EBIT** for all segments

\*) Including internal sales of 26,156 tonnes in Q3 2019 (20,783 tonnes in Q3 2018)

\*\*\*) EBIT aligned for fair value adjustments of biomass, onerous contracts provisions, income from associates and revenue tax

## SUMMARY OF THE QUARTER

### Positive margin in all segments

- Farming/VAP margin increased:  
26.25 NOK/kg in Q3 2019  
vs. 25.34 NOK/kg in Q3 2018
- VAP margin increased:  
9.23 NOK/kg in Q3 2019  
vs. 2.49 NOK/kg in Q3 2018
- Farming margin decreased:  
23.61 NOK/kg in Q3 2019  
vs. 24.85 NOK/kg in Q3 2018
- FOF margin decreased:  
19.5% in Q3 2019  
vs. 11.7% in Q3 2018

(DKK million)	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Operating revenue	996	622	2,906	2,427
Operational EBITDA	373	221	1,091	992
<b>Operational EBIT</b>	<b>303</b>	<b>168</b>	<b>910</b>	<b>844</b>
<b>Profit for the period</b>	<b>181</b>	<b>356</b>	<b>582</b>	<b>967</b>
Operational EBITDA margin	37.42%	35.61%	37.53%	40.87%
Operational EBIT margin	30.46%	27.07%	31.31%	34.79%
Operational EBIT/Kg (Farming) (NOK)	23.61	24.85	25.49	30.28
Operational EBIT/Kg (Farming and VAP) (NOK)	26.25	25.34	26.39	29.25
Operational EBIT/Kg (VAP) (NOK)	9.23	2.49	2.85	-6.01
EBITDA margin (Fishmeal, -Oil and Feed)	19.53%	11.69%	20.76%	19.77%

Group Operational EBIT was DKK 303 million in Q3 2019, compared to DKK 168 million in Q3 2018

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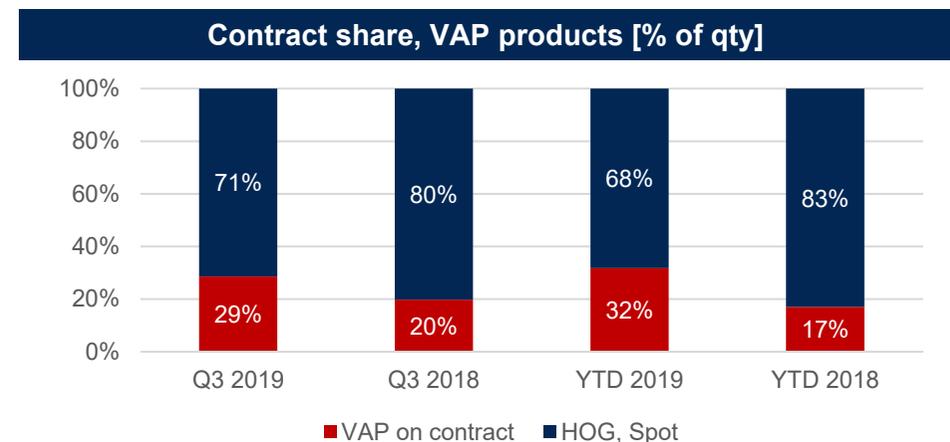
## MARKETS & SALES

### Sales to Eastern Europe decreased significantly while all other markets increased

- EU market increased from 27% in Q3 2018 to 45% in Q3 2019
- USA increased from 18% to 23%
- Asia increased from 23% to 24%
- Eastern Europe decreased from 32% to 8%
- Harvest volumes used in the VAP segment were 29% in Q3 2019, compared to 20% in Q3 2018

Total sales of salmon by markets	Q3 2019	Q3 2018	M9 2019	M9 2018
EU	45%	27%	46%	29%
USA	23%	18%	24%	16%
Asia	24%	23%	25%	23%
Eastern Europe	8%	32%	5%	32%

Fresh salmon only by markets	Q3 2019	Q3 2018	M9 2019	M9 2018
EU	24%	19%	26%	21%
USA	32%	18%	32%	16%
Asia	34%	26%	36%	26%
Eastern Europe	10%	37%	6%	37%



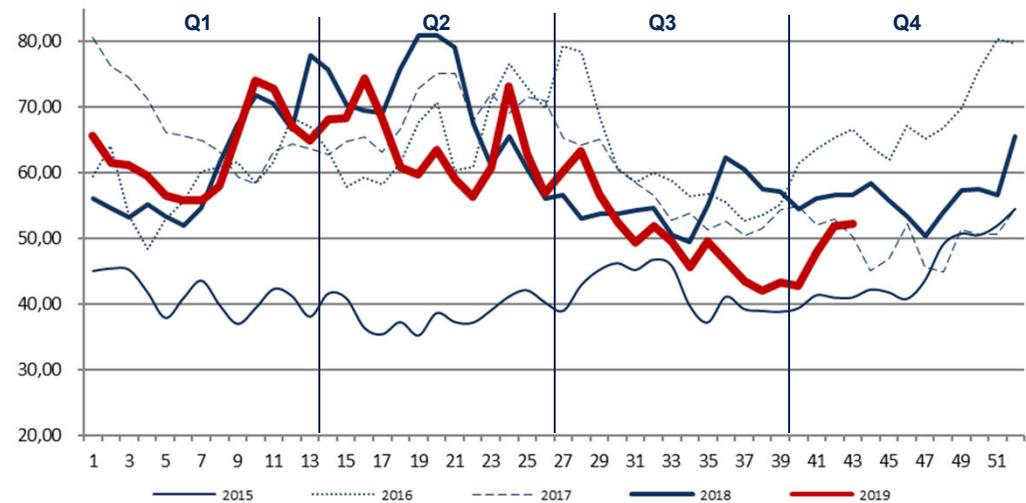
## Significantly lower prices in Q3 2019

- y/y 10% down 4.96 NOK/kg  
- from NOK 55.31 to NOK 50.35
- q/q 27% down 13.67 NOK/kg  
- from NOK 64.02 to NOK 50.35

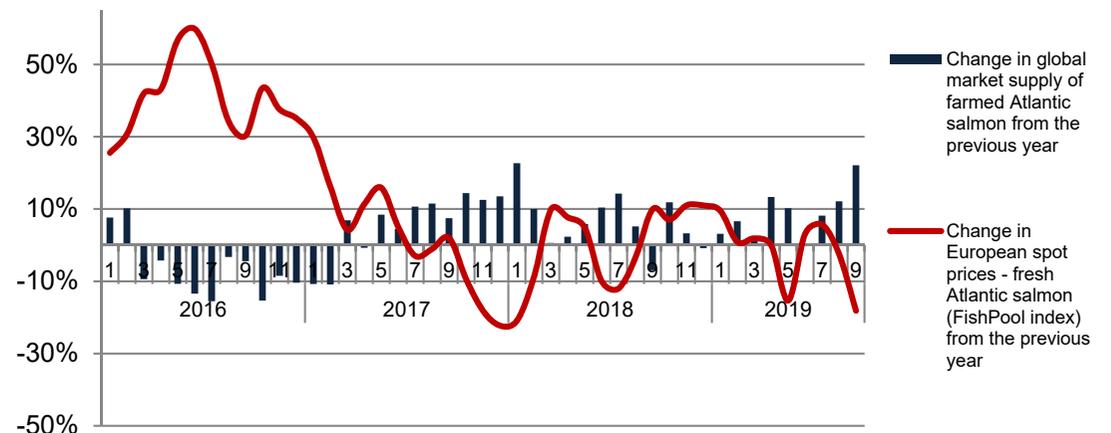
## Growth in global supply in Q3 2019

- 13% increased global supply in Q3 2019, compared with Q3 2018, corresponding to 70,000 tonnes

### Spot prices (NASDAQ) on superior 4-5 [NOK/kg HOG]



### Change in global market supply and market price



Source: Kontali

## DEVELOPMENT IN HARVESTED AND SOLD QUANTITY BY ORIGIN

### Strong supply growth in Q3 2019 vs Q3 2018

- 13% global supply growth in Q3 2019
- 15% growth in European harvest
  - Strong growth conditions in Norway
    - Enforced by advanced harvest due to biological issues
  - Strong growth and increased harvest weights in the UK
- American harvest increased by 10%
  - Chile increased harvest by 13%
    - High harvest weights, good biological performance
  - Natural variation driver for changes in North America
- Some inventory build up in Chile

Supply Development [Head On Guttet 1,000 tonnes]	Q3 2019	Q3 2018	Change %
Norway	322	290	11.2 %
UK	45	36	27.0 %
Ireland	4	3	7.9 %
Faroes	18	11	62.1 %
<b>Total Europe</b>	<b>390</b>	<b>340</b>	<b>14.5 %</b>
Chile	166	147	12.7 %
Canada	34	36	-5.3 %
USA	6	5	22.2 %
<b>Total Americas</b>	<b>206</b>	<b>188</b>	<b>9.5 %</b>
Other	23	18	30.3 %
<b>Total (Harvested quantity)</b>	<b>619</b>	<b>546</b>	<b>13.3 %</b>
Inventory movements	-7	-4	57.1 %
<b>Total (Sold Quantity)</b>	<b>612</b>	<b>542</b>	<b>12.9 %</b>

Source: Kontali

## SALMON MARKETS, SOLD QUANTITY (HEAD ON GUTTED – HOG)

### Good momentum in most markets

- Strong demand in EU and the US
- Stable development in Russia
- Greater China
  - Improved trade relations with Norway
- ASEAN
  - Strong performance in Vietnam

#### Salmon markets, sold quantity (head on gutted - HOG)

Markets	Estimated volumes		Q3 comparison		Estimated volumes		H1 comparison	
	Q3 2019 E	Q3 2018	Volume	%	H1 2019	H1 2018	Volume	%
EU	275,300	246,600	28,700 ↑	12%	457,500	431,400	26,100 ↑	6%
USA	117,500	103,900	13,600 ↑	13%	230,700	220,200	10,500 ↑	5%
Russia	23,700	22,800	900 ↑	4%	33,100	41,800	-8,700 ↓	-21%
Japan	12,800	12,800	0 →	0%	25,700	24,800	900 ↑	4%
Greater China	32,000	29,600	2,400 ↑	8%	66,200	61,800	4,400 ↑	7%
ASEAN	19,300	14,700	4,600 ↑	31%	35,000	35,300	-300 ↓	-1%
Latin America	38,500	36,900	1,600 ↑	4%	80,800	75,700	5,100 ↑	7%
Ukraine	6,000	3,900	2,100 ↑	54%	8,300	6,700	1,600 ↑	24%
Other markets	86,500	70,400	16,100 ↑	23%	136,800	123,800	13,000 ↑	11%
<b>Total all markets</b>	<b>611,600</b>	<b>541,600</b>	<b>70,000 ↑</b>	<b>12.9 %</b>	<b>1,074,100</b>	<b>1,021,500</b>	<b>52,600 ↑</b>	<b>5.1 %</b>

#### Comments:

Greater China = China / Hong Kong / Taiwan (incl. estimated re-export from Vietnam & Thailand)

ASEAN = Association of Southeast Asian Nations (estimated re-export from Vietnam & Thailand subtracted)

Latin America (including both Mexico and Caribbean + domestic consumption in Chile)

All figures above are in tonnes hog, and are rounded to the nearest 100 tonnes.

# SHORT TERM SUPPLY OUTLOOK

## Diminishing growth in global supply

- Low growth expected in Europe
  - Impact from early harvest in 2019
  - Continued high lice pressure expected in Norway
- Americas
  - Low increase in smolt release
  - Good biological performance expected



Source: Kontali

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## FARMING – HARVEST VOLUME

### Harvested volumes

- The expected harvest for 2019 is 54,500 tonnes gutted weight
- Harvested volumes increased by 79% in Q3 2019, compared with Q3 2018
- The share of harvest in Q3 2019 was 28% from the North Region and 72% from the West Region
- Average weight of harvested fish increased 0.3 kg in Q3 2019 to 5.5 kg head on gutted from 5.2 kg in Q3 2018

Harvest Volumes tonnes [HOG]	Q3 2019	Q3 2018	M9 2019	M9 2018
North Region	3,651	6,254	18,252	21,892
West Region	9,287	963	21,002	10,464
<b>Total</b>	<b>12,938</b>	<b>7,217</b>	<b>39,254</b>	<b>32,356</b>

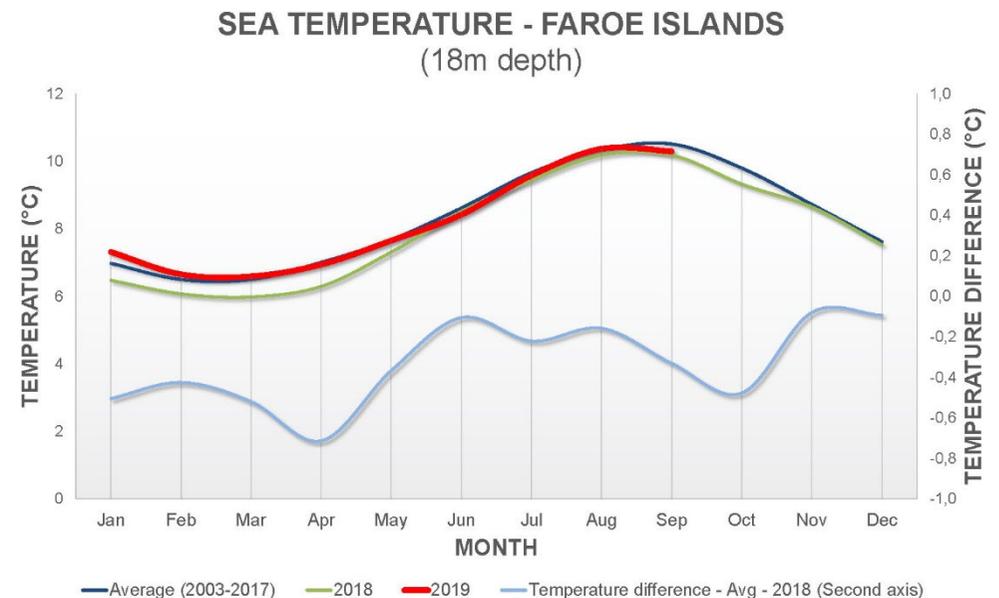
### Smolt transfer

- Bakkafrøst transferred 2.4 million smolts in Q3 2019 (3.3 million smolts in Q3 2018)

### Seawater temperatures in the Faroe Islands

- Average temperatures increased 0.15 °C in Q3 2019 – from 9.93 °C in Q3 2018 to 10.08 °C in Q3 2019

### Seawater Temperatures in the Faroe Islands 2003 – 2019 [°C]



## FARMING – OPERATIONAL PERFORMANCE

### Operational EBIT 65% up

- Operational EBIT increased 65% from DKK 140 million in Q3 2018 to DKK 231 million in Q3 2019
- Operational EBIT margin was 33% in Q3 2019, compared to 31% in Q3 2018
- Operating revenue increased from DKK 445 million in Q3 2018 to DKK 693 million in Q3 2019

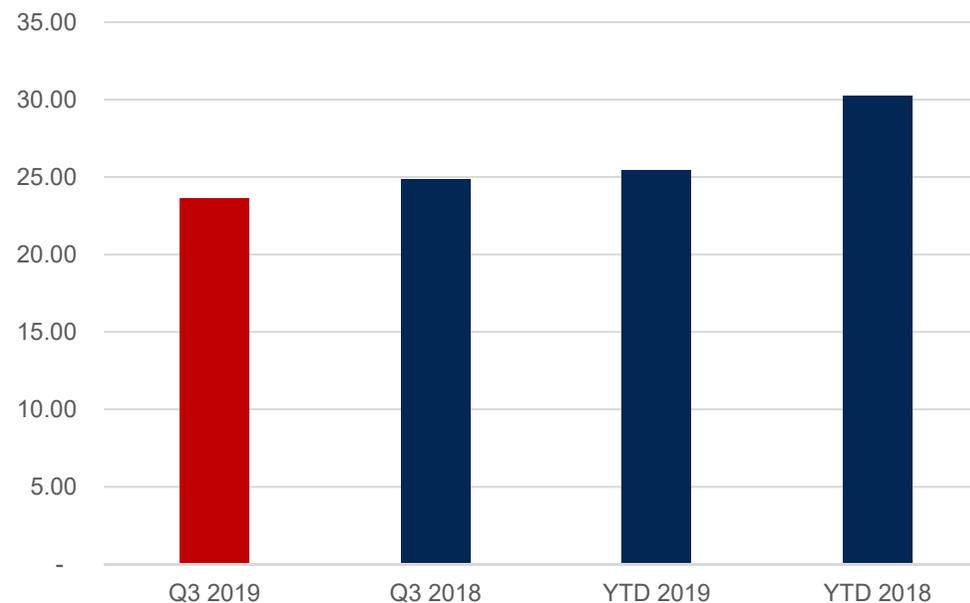
(DKK million)	Q3 2019	Q3 2018	M9 2019	M9 2018
Operating revenue	693	445	2,207	1,887
Operational EBIT	231	140	765	761
Operational EBIT margin	33%	31%	35%	40%



## Operation

- Farming operational EBIT decreased by NOK 1.24 per kg from NOK 24.85 in Q3 2018 to NOK 23.61 in Q3 2019
- Average weight West 5.79 kg and North 4.90 kg HOG
- Operational EBIT per kg in the West Region was NOK 26.24 and in the North Region NOK 16.93 in Q3 2019
- The biological performance on harvested fish was very good from West Region

### Margin - EBIT per kg total harvested quantity [NOK/kg]



(NOK/kg)	Q3 2019		
	North Region	West Region	Farming
Operational EBIT/kg gw	16.93	26.24	23.61

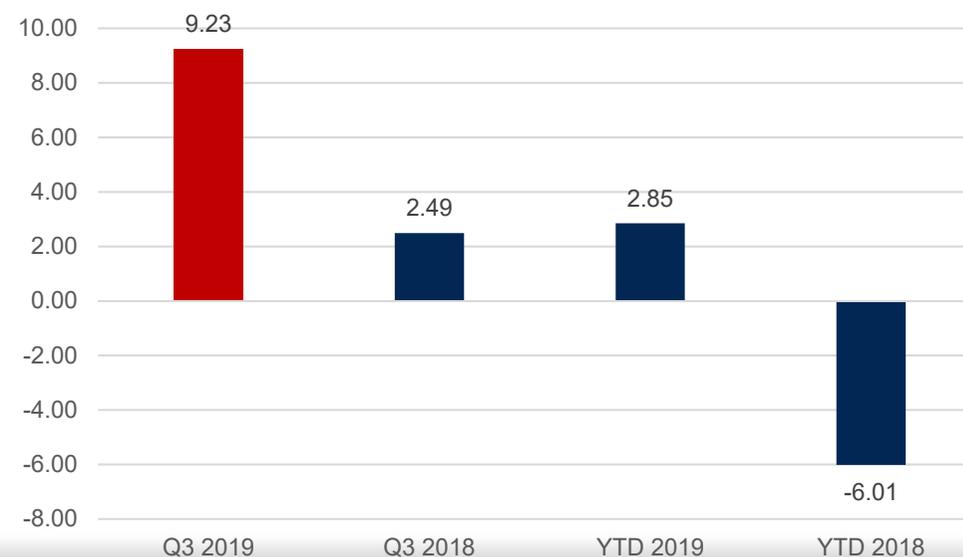
## VALUE ADDED PRODUCTS (VAP)

### Strong quarter from VAP

- Higher volumes in Q3 2019, compared to Q3 2018
- Revenue increased to DKK 217 million in Q3 2019, from DKK 69 million in Q3 2018
- Operating EBIT in Q3 2019 was DKK 26 million, compared with DKK 3 million in Q3 2018
- Operational EBIT per kg was NOK 9.23 in Q3 2019, compared to NOK 2.49 in Q3 2018
- Higher ratio of total harvested volumes used in VAP (29% in Q3 2019 vs 20% in Q3 2018)

(DKK million)	Q3 2019	Q3 2018	M9 2019	M9 2018
Operating revenue	217	69	716	256
Operational EBIT	26	3	27	-26
Operational EBIT margin	12%	4%	4%	-10%
VAP produced volumes (tgv)	3,694	1,425	12,471	5,510

### Margin - EBIT per kg total VAP produced [NOK/kg]



## Strong quarter in FOF segment

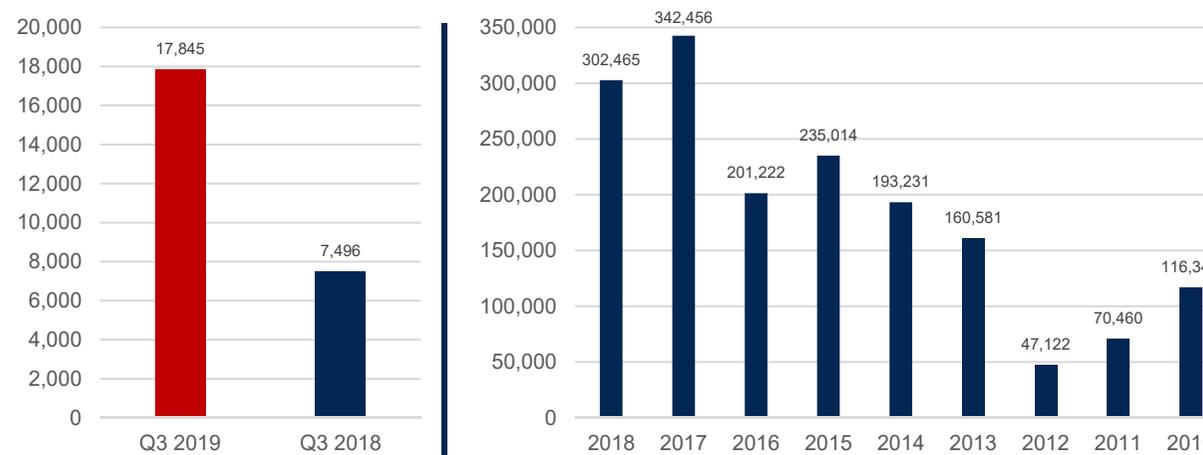
- EBITDA more than doubled to DKK 94 million in Q3 2019, compared with DKK 41 million in Q3 2018
- EBITDA margin increased to 19.5% in Q3 2019, compared with 11.7% in Q3 2018
- External fishmeal sales decreased by 12% in Q3 2019, compared to Q3 2018

(DKK million)	Q3 2019	Q3 2018	M9 2019	M9 2018
Operating revenue	484	354	1,050	981
EBITDA	94	41	218	194
EBITDA margin	19.5%	11.7%	20.8%	19.8%
Feed sold (tonnes)*	33,874	23,468	69,010	53,064
Fishmeal sold external (tonnes)	10,288	11,648	27,646	39,453

## Good raw material sourcing in the quarter

- Havsbrún sourced 17,845 tonnes of raw material in Q3 2019, compared to 7,496 tonnes in Q3 2018
- 2018 was the second highest raw material sourcing year, since Havsbrún became part of the Bakkafrost Group

## Sourcing of raw material (tonnes)



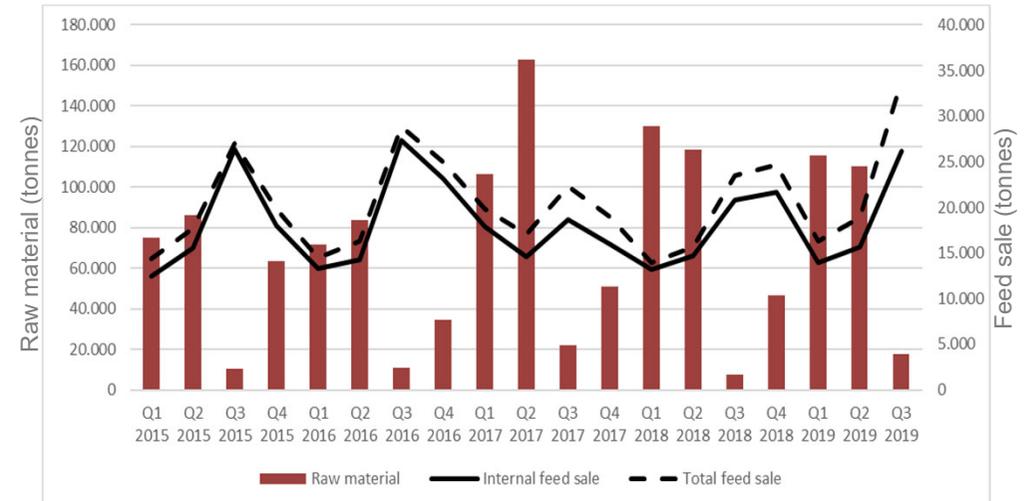
\* Including sales to Bakkafrost, corresponding to 77% of feed volumes in Q3 2019 (Q3 2018: 89%)

## MARKET CONDITIONS FEED

### 44% Increased feed sales

- Quantity of feed sold was 33,874 tonnes in Q3 2019, compared to 23,468 tonnes in Q3 2018
- External feed sales 187% higher in Q3 2019, compared to Q3 2018

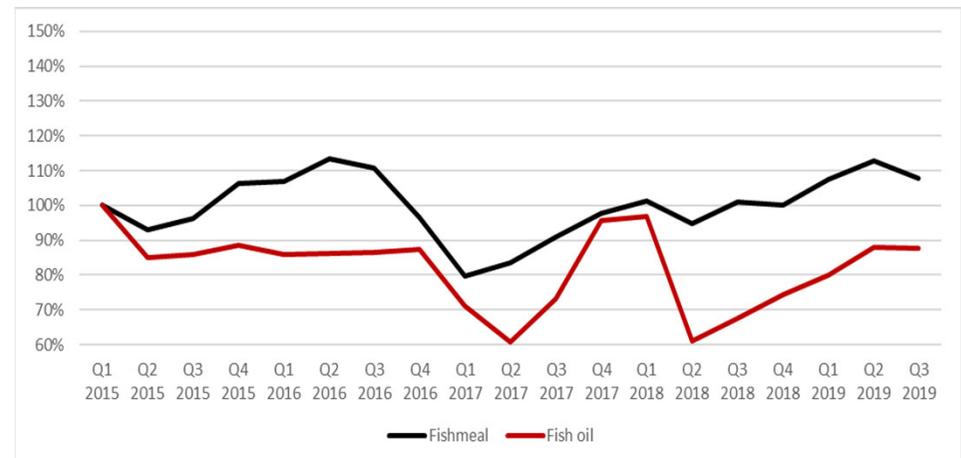
### Volumes of raw material purchase and feed sale [tonnes]



### Market fluctuations

- Both fishmeal and fish oil prices decreased in Q3 2019, compared to previous quarter

### Fishmeal and fish oil price index in DKK (Q1 2015 = 100)



Source: Holtermann

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## GROUP PROFIT AND LOSS

- Revenue in Q3 2019 amounted to DKK 996 million, compared to DKK 622 million in Q3 2018
- Operational EBIT in Q3 2019 was higher, compared with Q3 2018, amounting to DKK 303 million (DKK 168 million)
- Fair value of biomass decreased due to lower salmon prices
- Revenue tax, recognized as cost, amounted to DKK -21 million in Q3 2019, compared to DKK -14 million in Q3 2018 (tax rate was raised from 4.5% to 5.0% from Jan 1 2019)
- Financial items amounted to DKK 2 million and taxes amounted to DKK -42 million in Q3 2019
- Profit after tax for Q3 2019 was DKK 181 million, compared to DKK 356 million in Q3 2018

(DKK million)	Q3 2019	Q3 2018	M9 2019	M9 2018
Operating revenue	996	622	2,906	2,427
<b>Operational EBITDA*</b>	<b>373</b>	<b>221</b>	<b>1,091</b>	<b>992</b>
<b>Operational EBIT*</b>	<b>303</b>	<b>168</b>	<b>910</b>	<b>844</b>
Fair value adjustment of biological assets	-70	293	-117	435
Onerous contracts	0	-11	0	-17
Income from associates	8	-2	10	-2
Revenue tax	-21	-14	-85	-72
<b>EBIT</b>	<b>221</b>	<b>434</b>	<b>718</b>	<b>1,189</b>
Net Financial items	2	-1	-7	-10
<b>EBT</b>	<b>223</b>	<b>434</b>	<b>711</b>	<b>1,179</b>
Taxes	-42	-78	-129	-212
<b>Profit for the period</b>	<b>181</b>	<b>356</b>	<b>582</b>	<b>967</b>
<b>Operational EBITDA margin</b>	<b>37.4%</b>	<b>35.6%</b>	<b>37.5%</b>	<b>40.9%</b>
<b>Operational EBIT margin</b>	<b>30.5%</b>	<b>27.1%</b>	<b>31.3%</b>	<b>34.8%</b>
<b>Operational EBIT/kg (Farming and VAP) (NOK)</b>	<b>26.25</b>	<b>25.34</b>	<b>26.39</b>	<b>29.25</b>
<b>EBITDA margin (fishmeal, oil and feed)</b>	<b>19.5%</b>	<b>11.7%</b>	<b>20.8%</b>	<b>19.8%</b>

\* Operational EBITDA and EBIT aligned for fair value adjustment of biomass, onerous contracts provisions, income from associates and revenue tax.

# OPERATIONAL EBIT\* AND EARNINGS PER SHARE

## Operational EBIT\* (DKK million)



## Earnings per share (DKK)



\*) Operational EBIT is EBIT before fair value adjustments of biomass, onerous contracts provisions, income from associates and revenue tax

## BALANCE SHEET

- Intangible assets amounts to DKK 390 million at the end of Q3 2019
- Investments in PPE of DKK 173 million in Q3 2019 and PPE amounts to DKK 3.2 billion
- Financial assets amount to DKK 494 million an increase of 375 million, relating to the acquisition of SSC 9.2%
- The carrying amount of biological assets amounts to DKK 1,269 million, whereof fair value adjustment amounts to DKK 265.3 million
- Inventory amounts to DKK 534 million at the end of Q3 2019
- Changes in equity consist primarily of the positive results in and paid out dividend but also affected by the emission amounting to DKK 1,716.8 million. Equity ratio is 68% at the end of Q3 2019
- NIBD is positive DKK -1,271 million at the end of Q3 2019, compared with DKK 495 million at the end of 2018

(DKK million)	Q3 2019	End 2018
Intangible assets	390	390
Property, plant and equipment	3,216	2,884
Financial assets	494	113
Long-term receivables	3	9
Biological assets	1,269	1,358
Inventory	534	439
Receivables	356	269
Other receivables	37	23
Cash and cash equivalents	2,612	317
<b>Total Assets</b>	<b>8,911</b>	<b>5,803</b>
Equity	6,038	4,077
Deferred tax and other taxes	673	534
Long-term interest-bearing debt	1,340	812
Other debt	71	0
Financial derivatives	0	0
Short-term interest-bearing debt	0	1
Accounts and other payables	789	379
<b>Total Equity and Liabilities</b>	<b>8,911</b>	<b>5,803</b>

## CASH FLOW

- Cash flow from operations amounted to DKK 779 million in Q3 2019, compared to DKK 324 million in Q3 2018
- Cash flow from investments amounted to DKK -544 million in Q3 2019, compared to DKK -164 million in Q3 2018
- Cash flow from financing is affected by paying out dividend and by the increase in share capital amounting to DKK 1,716.8 million

(DKK million)	Q3 2019	Q3 2018	M9 2019	M9 2018
Cash flow from operations	779	324	1,182	972
Cash flow from investments	-544	-164	-806	-384
Cash flow from financing	2,053	-138	1,919	-591
Net change in cash	2,289	22	2,295	-3
Cash at the end of the period	2,612	306	2,612	306
Undrawn facilities	1,481	1,205	1,481	1,205

## NET INTEREST-BEARING DEBT (NIBD)

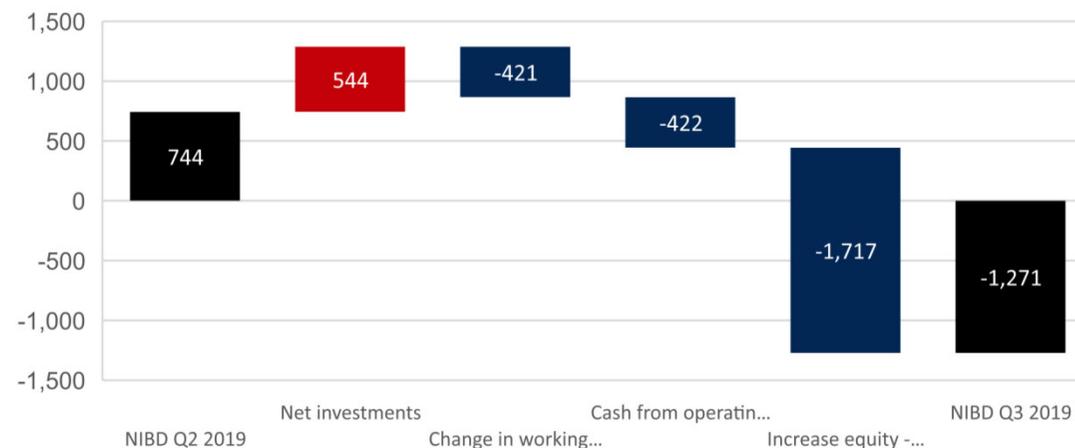
### Net interest-bearing debt

- Cash flow from operating activities decreased the NIBD with DKK 422 million in Q3 2019
- Net investments increased the NIBD with DKK 544 million in Q3 2019, whereof DKK 375 million was due to acquisition of shares in The Scottish Salmon Company.
- Change in working capital in Q3 2019 decreased the NIBD with DKK 421 million
- Cash flow from capital raise was DKK 1,717 million.

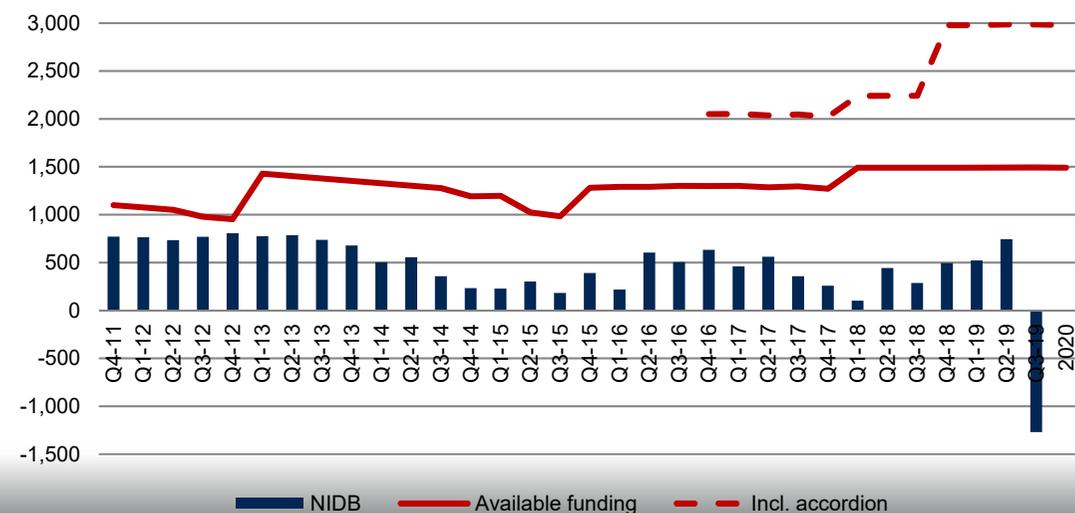
### Financing end Q3 2019

- Bank facilities of EUR 200 million
- NIBD: positive DKK -1,271 million
- Undrawn loan facilities: DKK 1,481 million

### Development in NIBD in DKK millions



### NIBD and available funding



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Funningsfjørður, North of Eysturoy, Faroe Islands

## OUTLOOK

### Market

- Global supply in Q3 2019 increased around 13%, compared to Q3 2018
- Global harvest in Q4 2019 is expected to increase 3%, compared to Q4 2018
- Global supply growth in Q4 2019 is expected to be around 3%. For 2020 the global supply growth is expected to be around 4% compared to 2019

### Farming

- Bakkafrost expects to harvest 54,500 tonnes HOG in 2019
- Bakkafrost expects to harvest 57,000 tonnes HOG in 2020
- Bakkafrost has postponed release of 0.8 million smolts from 2019 to Q1 2020. Expected smolt release for 2019 will therefore be 12.7 million smolts, compared with 12.6 million smolts in 2018 and 9.9 million smolts in 2017
- Bakkafrost expect to release 15.0 million smolts in 2020

### VAP

- Contracted around 40% of expected harvest volume for Q4 2019 and 26% of 2020 harvest volume
- Bakkafrost's long-term strategy is to sell 40-50% of the harvested volumes as VAP products at fixed price contracts

### Fishmeal, Oil and Feed

- Feed sales are expected to be around 98,000 tonnes in 2019 and around 110,000 tonnes in 2020

### Business development / Investment program

- Pursuing sustainable organic growth in the Faroes
- For the remaining period 2019 – 2022 of the investment program ~ DKK 2.5 billion will be invested
- Financial flexibility enables M&A like the recent acquisition of SSC
- Bakkafrost intends to acquire 100% of SSC during Q4 2019 – financed by issue of new shares in Bakkafrost

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# ENTERING SCOTLAND

## Strategic rationale

1. Provides **access** to the attractive Scotland farming region
  - **Niche** and differentiated region
  - **High quality** salmon from Scottish Provenance priced at a premium
2. Creating a differentiated **global leader in premium salmon**
  - Exposure to **two geographies** Faroe Island and Scotland
  - **Premium brands**



Gravir, Isle of Lewis in the Hebrides



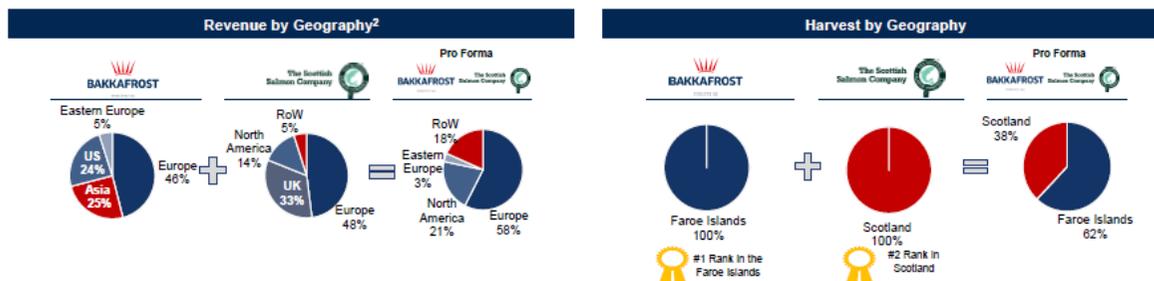
# ENTERING SCOTLAND

## Strategic rationale

3. Potential for significant **improvement**
  - Scottish Salmon **profitability** to improve over a five-year period through transfer of best practices
  - **Synergies** and
  - Targeted **investment programs**
4. Financially attractive acquiring the business at a **reasonable value multiple** to the sector and Bakkafrost



Gousam, in Loch Roag, Isle of Lewis in the Hebrides



Source: Company filings, company website, Mowi Salmon Farming Industry Handbook 2019.  
<sup>1</sup> Harvest figures reflect total harvest in European region comprising of Norway, United Kingdom / Scotland and Faroe Islands as per Mowi Salmon Farming Handbook.  
<sup>2</sup> Geographic breakdown of revenue based on H1 2019 data for both companies.

## SCOTLAND SITE OVERVIEW

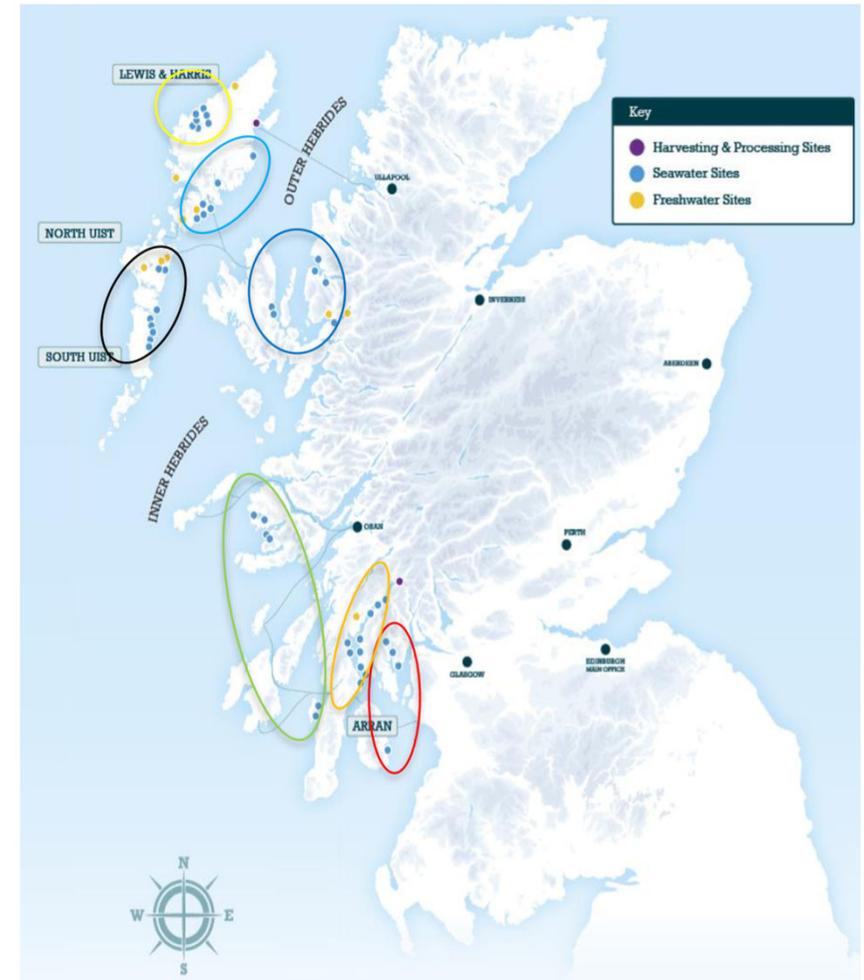
### 43 farming sites / 67,023T consent

#### South

- 20 sites / 29,205T consent
  - Mull and Gigha, 6 sites
  - Loch Striven and Arran, 4 sites
  - Loch Fyne, 10 sites

#### North

- 23 sites / 37,818T consent
  - Uist, 5 sites
  - Sky & mainland, 7 sites
  - Loch Roag, 6 sites
  - East Lewis & Harris, 5 sites



## DEVELOPMENT IN HARVESTED AND SOLD QUANTITY BY ORIGIN

- 7% global supply growth in 2019
- 8% growth in European harvest in 2019
- Americas harvest increased by 4% in 2019

### Global Supply of Atlantic Salmon (head on gutted - HOG)

	2016	2017	2018	2019E	2020E
Norway	1,055	1,078	1,130	1,193	1,248
UK	142	159	138	166	167
Ireland	14	15	13	15	15
Faroese	71	72	64	75	79
<b>Total Europe</b>	<b>1,281</b>	<b>1,325</b>	<b>1,345</b>	<b>1,450</b>	<b>1,509</b>
Chile	503	490	598	632	653
Canada	131	123	132	129	131
USA	20	20	17	18	16
<b>Total Americas</b>	<b>654</b>	<b>633</b>	<b>747</b>	<b>780</b>	<b>801</b>
Other	60	77	78	97	116
<b>Total (Sold Quantity)</b>	<b>1,996</b>	<b>2,035</b>	<b>2,170</b>	<b>2,327</b>	<b>2,426</b>
<b>Supply growth - Global</b>	<b>-4%</b>	<b>2%</b>	<b>7%</b>	<b>7%</b>	<b>4%</b>
Supply growth - Europe	-5%	3%	2%	8%	4%
Supply growth - Americas	-2%	-3%	18%	4%	3%

### Salmon Markets (head on gutted - HOG)

	2016	2017	2018E	2019E	2020E
EU	937	918	952	1,016	1,057
USA	385	402	434	470	488
Japan	59	58	54	55	57
Russia	68	70	89	82	90
Others	548	588	641	704	734
<b>Total (Sold Quantity)</b>	<b>1,997</b>	<b>2,034</b>	<b>2,170</b>	<b>2,327</b>	<b>2,426</b>

Comments:

All figures are in hog-equivalents and thousand tonnes.

Figures represents sold quantity of Atlantic Salmon from each producing country

Source: Kontali

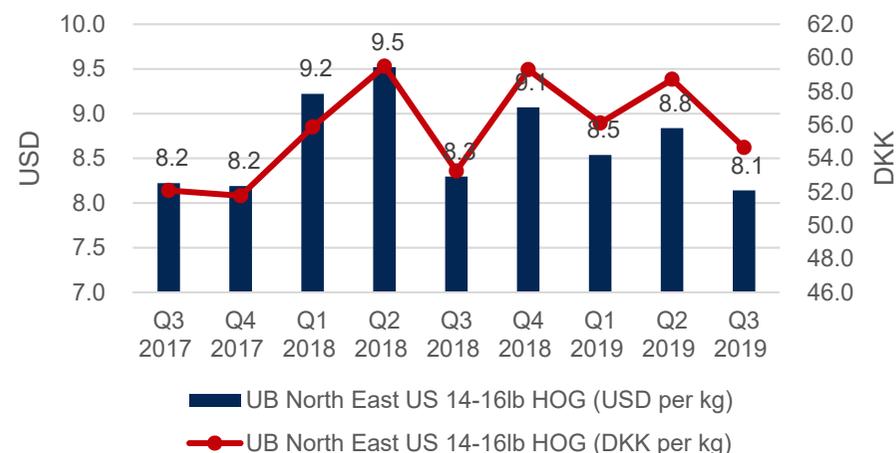
## Q3 MARKET ENVIRONMENT

- Reduced market prices compared to Q3 2018
- Nasdaq Norway price EUR 5.0 in Q3 2019
  - 13% down vs. Q3 2018
  - Driven by exceptional supply increase
- Urner Barry East Coast price USD 8.1 per kg in Q3 2019
  - 2% down vs. Q3 2018

### PRICE NORWAY



### PRICE US – NORTH EAST



MARKET CURRENCY	Q3 2019	Q3 2018	Change %
Nasdaq Norway (EUR)	4.99	5.73	-13.0 %
UB North East US 14-16lb HOG (USD per kg)	8.14	8.30	-1.9 %

DKK	Q3 2019	Q3 2018	Change %
Nasdaq Norway	37.22	42.74	-12.9 %
UB North East US 14-16lb HOG (per kg)	54.64	53.24	2.6 %

Source: Kontali

# SUPERIOR BIOLOGY COMBINED WITH STATE OF THE ART INFRASTRUCTURE

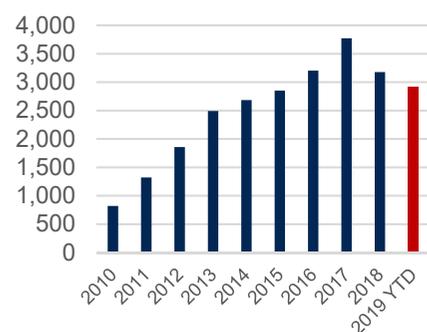
	FISHMEAL, OIL AND FEED	BROODSTOCK	SMOLT	SEA WATER	PROCESSING	SALES/MARKETING
CURRENT CAPACITY	Equivalent to 100k (tgw) annual harvest @ marine index of 44%	None	12 million @ 200 grams	21 farming sites/17 fjords 55k (tgw) @100g smolt/ 65k (tgw) @500g smolt 4 well boats 2 service vessels	130k primary (tgw) 40k secondary (tgw) 80k packaging material (tgw)	Central sales Faroes UK sales office US sales office Branding
ONGOING/ PLANNED INVESTMENTS	Additional 65k (tgw) annual harvest @ marine index of 44%	Own breeding programme Full self sufficiency	19 million @ 500 grams	Upgraded infrastructure Fish transportation R&D	Selected upgrading, efficiency and functionality	Marketing/sales initiatives Market penetration
PURPOSE	Sustainable Growth Flexibility Efficiency/streamlining Innovation Environmental improvement Food safety	Adaptability to local biology Product differentiation Support branding strategy (immaterial property) Independence of external suppliers Veterinary control	Sustainable growth Reduced exposure in sea	>76k (tgw) @ 500g smolt	Product quality Product presentation Product differentiation Fresh premium product capability	Premium price achievement Reduced spot price sensitivity Maintain low exposure to single markets

- Entire infrastructure wholly owned and on balance sheet

## DEVELOPMENT PER QUARTER

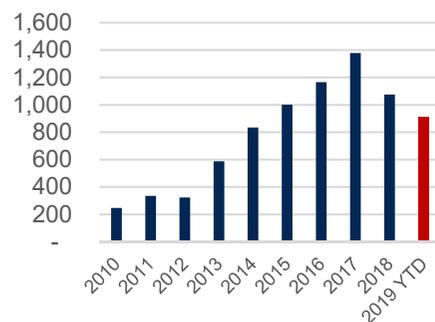
(mDKK)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	2015	2015	2016	2016	2016	2016	2017	2017	2017	2017	2018	2018	2018	2018	2019	2019	2019
Revenue	677	760	905	790	640	868	854	1206	804	906	851	954	622	750	964	947	996
Operational EBIT	206	257	254	307	255	350	335	459	252	331	268	408	168	231	268	339	303
Profit/Loss	168	319	213	224	346	555	79	398	56	-22	272	339	356	-7	213	189	181
Harvest (tgv)	12,982	13,675	10,934	13,004	10,664	12,940	13,158	18,402	11,585	11,470	12,237	12,902	7,217	12,234	13,707	12,609	12,938
Op. EBIT Farming & VAP (NOK/kg)	18.10	21.83	27.55	27.88	28.97	32.00	29.40	29.77	23.02	29.88	22.92	37.41	25.34	21.91	21.99	31.31	26.25
Op. EBIT Farming (NOK/kg)	17.25	19.67	30.45	34.47	34.44	37.70	34.27	33.50	23.51	25.76	24.15	39.09	24.85	21.56	21.86	31.31	23.61
Op. EBIT VAP (NOK/kg)	2.95	6.09	-10.03	-18.37	-14.15	-11.95	-17.62	-13.01	-1.08	9.54	-7.10	-11.00	2.49	1.51	0.37	-0.01	9.23
Equity ratio	63%	66%	66%	61%	63%	66%	65%	64%	68%	70%	69%	68%	70%	70%	70%	65%	68%
NIBD	182	392	218	603	504	635	459	560	356	258	102	443	286	495	522	744	-1,271

Revenue (mDKK)



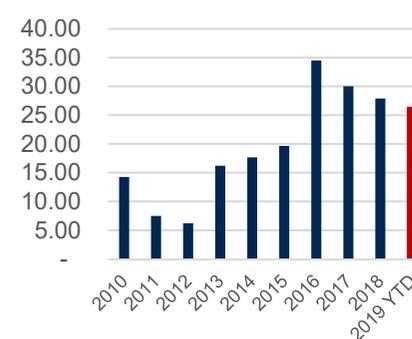
Revenue for the Bakkafrost Group has increased from 820 mDKK in 2010 to 3.2 bDKK in 2018.

Operational EBIT (mDKK)

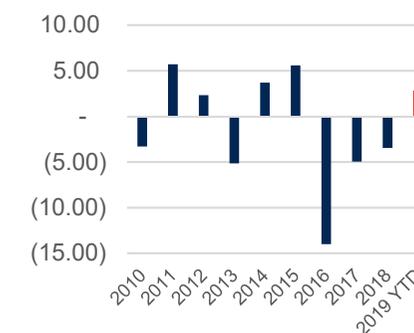


Operational EBIT for the Bakkafrost Group has increased from 247 mDKK in 2010 to 1.1 bDKK in 2018.

Farming margin Op. EBIT (NOK/kg)



VAP margin Op. EBIT (NOK/kg)



# DIVIDEND

## Dividend

- Dividend for 2018 of DKK 8.25 (NOK 10.65) per share was paid out on 26 April 2019. Totalling 403.1 DKK million (NOK 520.3 million)

## Dividend policy

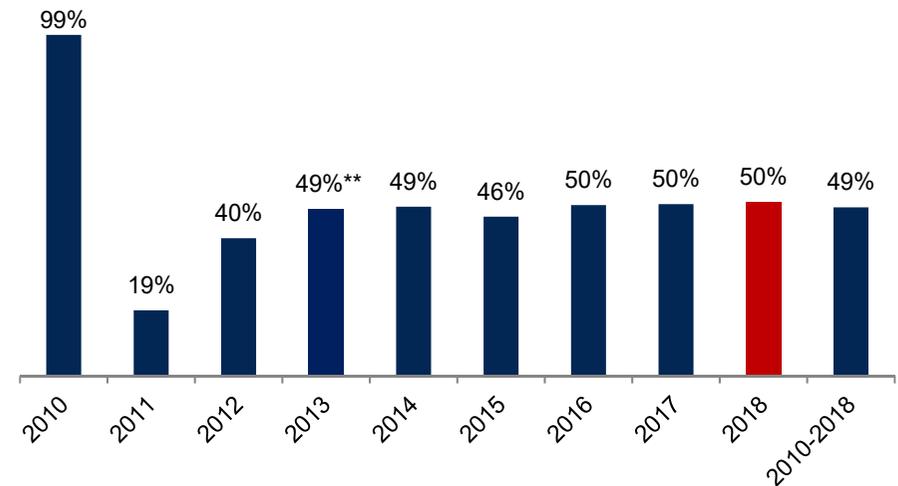
- Competitive return through:
  - Dividends
  - Increase in the value of the equity
- Generally, Bakkafrøst shall pay dividend to its shareholders
- A long-term goal is that 30–50% of EPS shall be paid out as dividend

\* Adjusted EPS is EPS adjusted for fair value adjustments of biomass and onerous contracts provisions

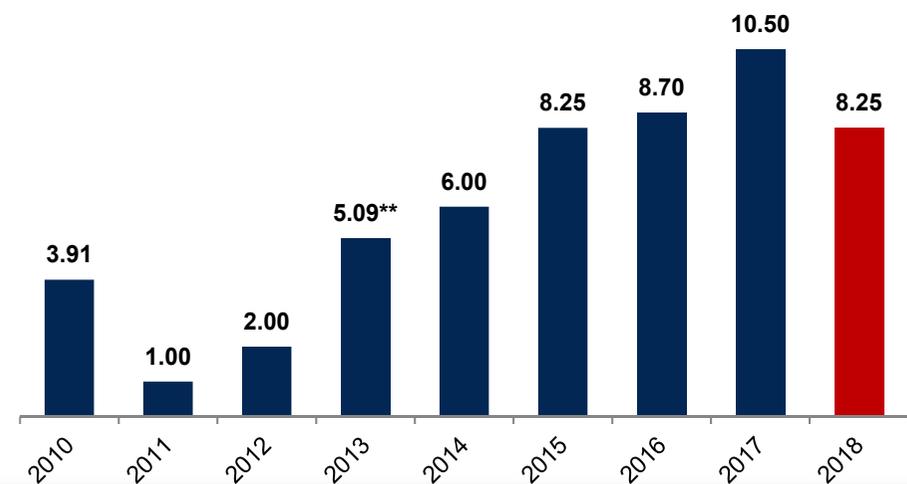
\*\* Dividend and acquisition of treasury shares

\*\*\* Dividend is paid out the following year

Dividend per share in % of adj. EPS\*



Dividend per share (DKK)\*\*\*



# Bakkafrost at a Glance



## BAKKAFROST

Salmon, packaging, fishmeal, fish oil and fish feed producer

**Location:** Faroe Islands

**Headquarters:** Gílvrvár, Eysturoy

**Production and business-to-business sale:** salmon, fishmeal, fish oil and fish feed

**Longest integrated value chain in the industry**

**Listed on:** Oslo Børs with ticker code BAKKA

**Employees:** 1,073 (824 full time equivalent)

**Markets served:** Western Europe (31%), North America (20%), Asia (24%), Eastern Europe (25%)

BAKKAFROST US

FAROE ISLANDS

BAKKAFROST UK

HAVSBRÚN

BAKKAFROST HEADQUARTERS

Map excludes farming sites not in operation in 2018

## LEGEND TO MAP SYMBOLS



FISHMEAL



BROODSTOCK



HARVESTING



FSV (FARMING SERVICE VESSELS)



FISH OIL



HATCHERIES



PROCESSING



PACKAGING



FISH FEED



FARMING



SALES



BIOGAS

- 18 islands – 1,387 km<sup>2</sup>
- 52,122 inhabitants (1 August 2019)
- Home rule – within the Kingdom of Denmark
- Part of the Danish monetary union, Danish krone (DKK)

## Key sectors (% of wage earners, M9 2019)

- Service/public admin.: ~34%
  - Private service: ~31%
  - Construction: ~16%
  - Fish & aquaculture: ~19%
  - Unemployment rate (July 2019): 1.3%
  - Total working force (July 2019): 28,147
- 
- **GDP:** DKK ~20.5bn (2019e)
  - **GDP/capita:** DKK 394,000 (2019e)
    - (Norway: DKK 463,000) (2017)

## Total export of fish products (2018)

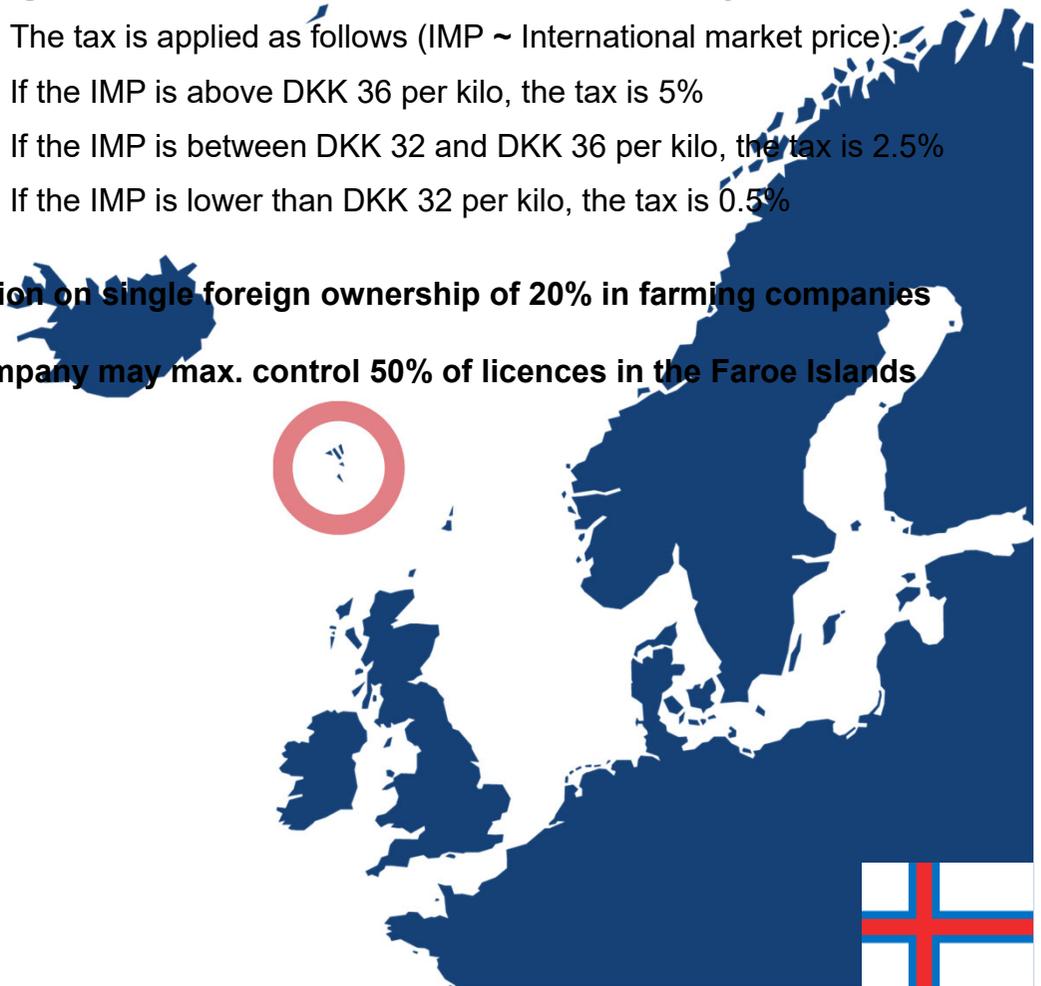
- DKK 7,487 million 11% decrease from 2017
- whereof farmed fish accounts for 45%

## TAXES

- Total percent of GDP: 41.8% (2016)
- Corporate tax: 18%
- Farming revenue tax: 5.0% of revenues after 1 January 2019
  - The tax is applied as follows (IMP ~ International market price):
    - If the IMP is above DKK 36 per kilo, the tax is 5%
    - If the IMP is between DKK 32 and DKK 36 per kilo, the tax is 2.5%
    - If the IMP is lower than DKK 32 per kilo, the tax is 0.5%

Restriction on single foreign ownership of 20% in farming companies

One company may max. control 50% of licences in the Faroe Islands



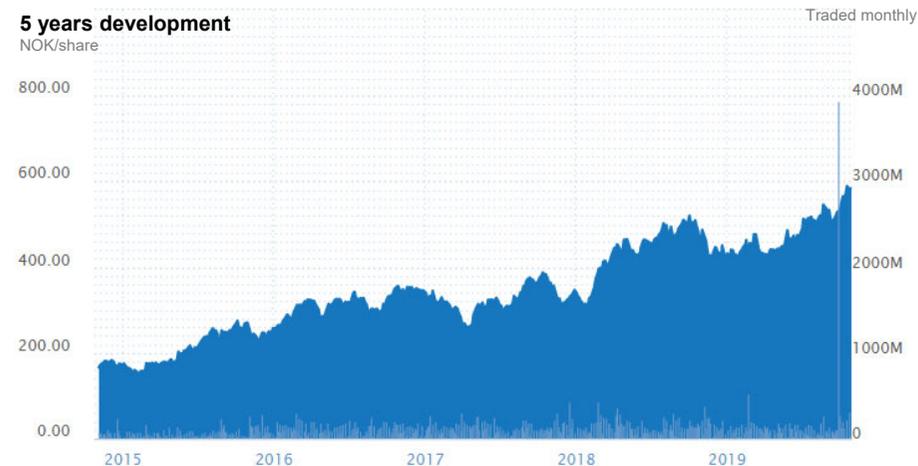
Source: Hagstova Føroya

# LARGEST SHAREHOLDERS

## 20 largest shareholders

Rank	Holding	Share	Name	Citizenship	Account type
1	5.094.627	8,74%	FOLKETRYGDFONDET	NOR	Ordinary
2	4.615.896	7,92%	JACOBSEN, JOHAN REGIN	FRO	Ordinary
3	4.594.437	7,88%	JACOBSEN, ODDVØR MARITA	FRO	Ordinary
4	2.256.470	3,87%	DOLFIN FINANCIAL (UK) LTD	USA	Ordinary
5	1.807.418	3,10%	Nordea Bank Abp	DNK	Nominee
6	1.422.310	2,44%	State Street Bank and Trust Comp	USA	Nominee
7	1.006.277	1,73%	The Bank of New York Mellon SA/NV	BEL	Nominee
8	1.003.106	1,72%	State Street Bank and Trust Comp	USA	Nominee
9	913.142	1,57%	State Street Bank and Trust Comp	USA	Nominee
10	866.618	1,49%	NN PARAPLUFONDS 1 N.V.	BEL	Ordinary
11	857.274	1,47%	State Street Bank and Trust Comp	USA	Nominee
12	829.224	1,42%	JPMorgan Chase Bank, N.A., London	GBR	Nominee
13	809.623	1,39%	JPMorgan Chase Bank, N.A., London	GBR	Nominee
14	772.673	1,33%	NN (L) Global Sustainable Equity	LUX	Ordinary
15	753.055	1,29%	JPMorgan Chase Bank, N.A., London	GBR	Nominee
16	719.156	1,23%	CLEARSTREAM BANKING S.A.	LUX	Nominee
17	664.309	1,14%	RBC INVESTOR SERVICES TRUST	GBR	Nominee
18	651.514	1,12%	HANDELSBANKEN NORDEN SELEKTIV	GBR	Ordinary
19	591.393	1,01%	State Street Bank and Trust Comp	USA	Nominee
20	578.671	0,99%	SWEDBANK ROBUR SMABOLAGSFOND	GBR	Ordinary
	30.807.193	52,87%	<b>Holding of 20 largest accounts</b>		
	<b>58.273.244</b>		<b>Total number of outstanding shares</b>		

## Share development



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