

# Q3 2020

**BAKKAFROST GROUP**

Glyvrar 10 November 2020

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## SUMMARY OF Q3 2020

MARKETS AND SALES

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## Operation

- **Harvest in the Faroe Islands (FO):** 11,135 t<sub>gw</sub> in Q3 2020 (12,938 t<sub>gw</sub> in Q3 2019)
- **Harvest in Scotland (SCT):** 10,476 t<sub>gw</sub> in Q3 2020
- **Feed sales** of 39,869 tonnes in Q3 2020\* (33,874 tonnes in Q3 2019\*)
- **Raw material purchase** of 24,101 tonnes in Q3 2020 (17,845 tonnes in Q3 2019)

## Revenues and Operational EBIT

- **Revenues** of DKK 1,123 million in Q3 2020 (DKK 996 million in Q3 2019)
- **Operational EBIT\*\*** of DKK 103 million in Q3 2020 (DKK 303 million in Q3 2019)

## Cash Flow

- **Cash flow from operations** of DKK 105 million in Q3 2020 (DKK 779 million in Q3 2019)

## Segments

- **Positive operational EBIT** for FO segments, but negative for SCT

\*) Including internal sales of 34,353 tonnes in Q3 2020 (26,156 tonnes in Q3 2019)

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

# SUMMARY OF THE QUARTER

## Segments y/y

### (FO)\* Farming/VAP

**26.25**  
(Q3 2019)



**15.24**  
(Q3 2020)

### (SCT)\* Farming

N/A



**-3.89**  
(Q3 2020)

### VAP\*

**9.23**  
(Q3 2019)



**5.87**  
(Q3 2020)

### FOF\*\*

**19.5%**  
(Q3 2019)



**14.4%**  
(Q3 2020)

(DKK million)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Operating revenue	1,123	996	3,513	2,906
Operational EBITDA	188	373	853	1,091
<b>Operational EBIT</b>	<b>103</b>	<b>303</b>	<b>533</b>	<b>910</b>
<b>Profit for the period</b>	<b>177</b>	<b>181</b>	<b>501</b>	<b>582</b>
Operational EBITDA margin	16.7%	37.4%	24.3%	37.5%
Operational EBIT margin	9.1%	30.5%	15.2%	31.3%
Operational EBIT/Kg (Farming FO) (NOK)	12.43	23.61	15.90	25.49
Operational EBIT/Kg (Farming FO and VAP) (NOK)	15.24	26.25	18.36	26.39
Operational EBIT/Kg (VAP) (NOK)	5.87	9.23	4.99	2.85
Operational EBIT/Kg (Farming SCT) (NOK)	-3.89	n/a	1.68	n/a
EBITDA margin (Fishmeal, -oil and Feed)	14.4%	19.5%	15.1%	20.8%

\* Operational EBIT in NOK/kg

\*\* EBITDA margin

Group Operational EBIT was DKK 103 million in Q3 2020, compared to DKK 303 million in Q3 2019

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# MARKETS & SALES

SALES TO WESTERN EUROPE INCREASED – OTHER MARKETS DECREASED

## Sales & volume (FO only)

### Western Europe



### North America



### Asia



### Eastern Europe



### Harvest volumes used in the VAP



## Total sales of salmon by markets

Western Europe  
North America  
Asia  
Eastern Europe  
Rest of the world  
Total

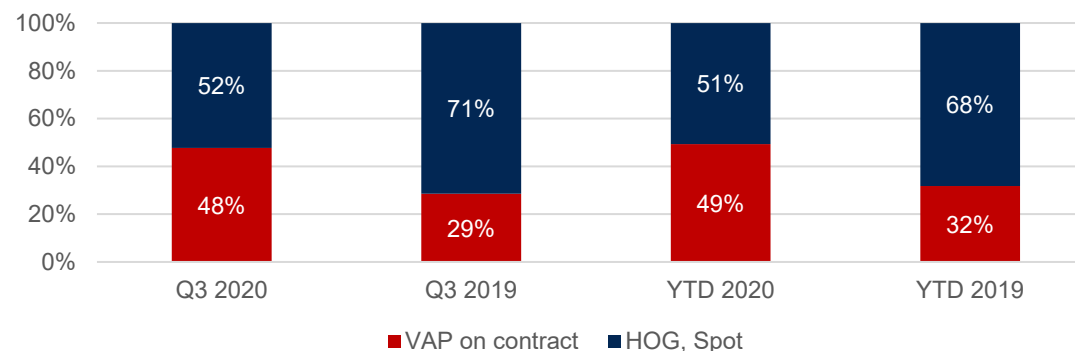
Q3 2020			Q3 2019			YTD 2020			YTD 2019		
FO	SCT	Total	FO	SCT	Total	FO	SCT	Total	FO	SCT	Total
56%	92%	71%	45%	n/a	45%	57%	89%	69%	46%	n/a	46%
24%	7%	16%	23%	n/a	23%	24%	6%	17%	24%	n/a	24%
9%	0%	5%	24%	n/a	24%	13%	1%	8%	25%	n/a	25%
11%	0%	6%	8%	n/a	8%	6%	0%	4%	5%	n/a	5%
0%	2%	1%	0%	n/a	0%	0%	4%	2%	0%	n/a	0%
100%	100%	100%	100%	n/a	100%	100%	100%	100%	100%	n/a	100%

## Fresh salmon only by markets

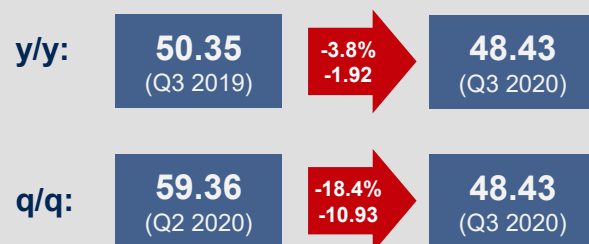
Western Europe  
North America  
Asia  
Eastern Europe  
Rest of the world  
Total

Q3 2020			Q3 2019			YTD 2020			YTD 2019		
FO	SCT	Total	FO	SCT	Total	FO	SCT	Total	FO	SCT	Total
29%	92%	66%	24%	n/a	24%	28%	89%	62%	26%	n/a	26%
38%	7%	19%	32%	n/a	32%	41%	6%	21%	32%	n/a	32%
14%	0%	6%	34%	n/a	34%	22%	1%	10%	36%	n/a	36%
19%	0%	8%	10%	n/a	10%	10%	0%	4%	6%	n/a	6%
0%	2%	1%	0%	n/a	0%	0%	4%	2%	0%	n/a	0%
100%	100%	100%	100%	n/a	100%	100%	100%	100%	100%	n/a	100%

## Contract share FO, VAP products [% of qty]



### Average spot prices decreased in Q3 2020 (NOK/KG)



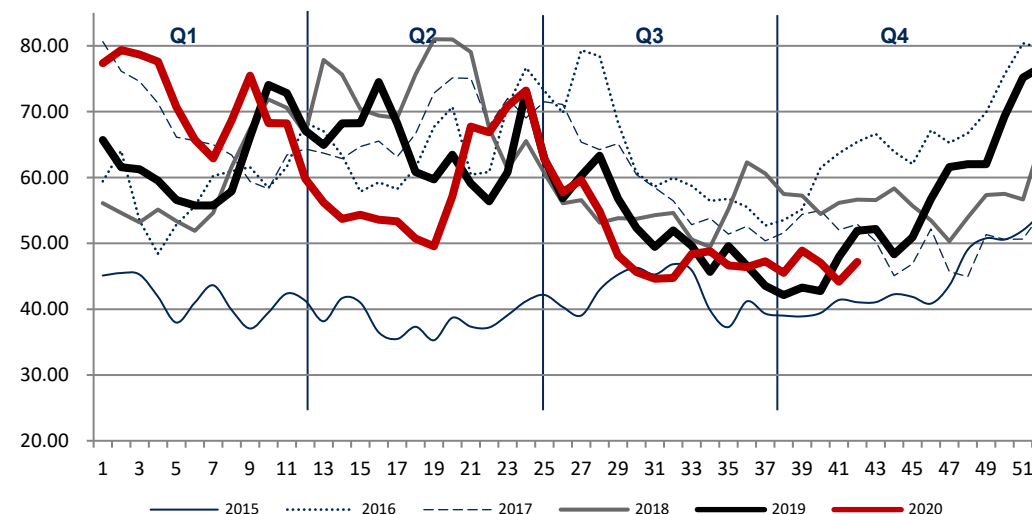
Spot prices were lower in Q3 2020  
(mainly a Covid-19 effect)

### Global harvest grew 5% y/y

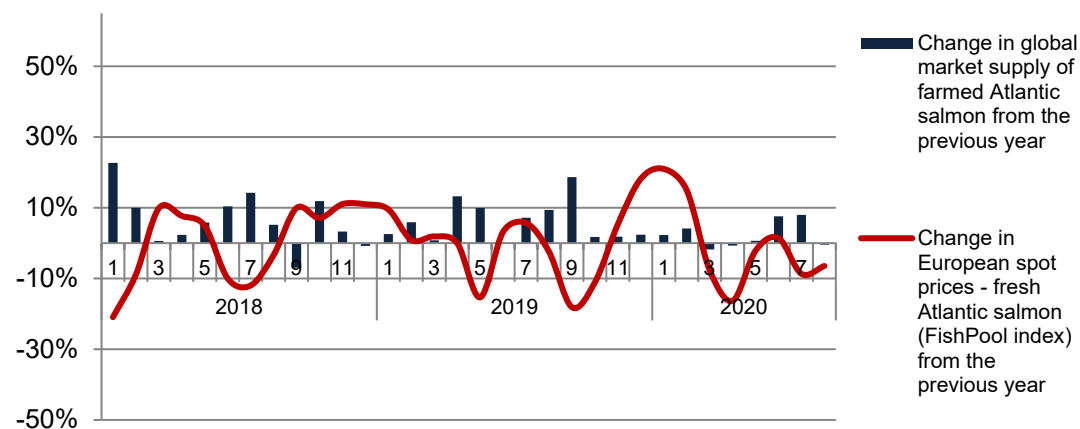
### FX: NOK still weak



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



### Change in global market [volume harvested and market price]



Source: Kontali

## DEVELOPMENT IN HARVESTED QUANTITY BY ORIGIN (HEAD ON GUTTED – HOG)

### Global Harvest growth of 5%

### Europe flat development

- Poor biological performance in Norway
- UK harvest impacted by biological incidents

### Americas grew 13%

- 16% increase in Chile
  - Good productivity and high average harvest weights
- Minor absolute changes in North America

Supply Development	Q3 2020	Q3 2019	Change
Norway	322	321	0.5 %
UK	49	50	-3.4 %
Faroes	16	18	-10.9 %
Iceland	5	4	27.3 %
Ireland	4	4	20.0 %
<b>Total Europe</b>	<b>397</b>	<b>397</b>	<b>0.0 %</b>
Chile	184	159	15.6 %
Canada	33	32	4.6 %
USA	5	6	-15.6 %
<b>Total Americas</b>	<b>222</b>	<b>197</b>	<b>12.9 %</b>
Other	24	19	26.2 %
<b>Total (Harvested quantity)</b>	<b>642</b>	<b>612</b>	<b>4.9 %</b>

### Inventory

- Build-up primarily relates to Chile and to some extent Norway

Source: Kontali

# SALMON MARKETS, SOLD QUANTITY

## GOOD GROWTH IN SEVERAL MARKETS – SIGNIFICANT DROP IN GREATER CHINA

### Global Supply growth of 3.7%

#### EU grew 7%

- Consuming higher proportion of EU harvest
- Covid-19 driven logistic issues to remote markets, and reduced demand from remote markets

#### USA grew 10%

- Demand boosted by low prices for Chilean salmon

#### Greater China dropped 37%

- Logistical challenges for export of Chilean salmon
- Covid-19 scare related to fresh salmon in China

#### Latin America grew 10%

- Significant increase in Latin America

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

Markets	Estimated volumes		Q3 comparison			Estimated volumes		H1 comparison		
	Q3 2020 E	Q3 2019	Volume	%		H1 2020	H1 2019	Volume	%	
EU	296,200	276,100	20,100	↑	7%	463,700	463,500	200	→	0%
USA	128,900	117,600	11,300	↑	10%	240,800	230,600	10,200	↑	4%
Russia	22,600	21,200	1,400	↑	7%	28,000	31,700	-3,700	↓	-12%
Japan	16,800	12,300	4,500	↑	37%	28,100	25,700	2,400	↑	9%
Greater China	20,400	32,600	-12,200	↓	-37%	59,200	66,200	-7,000	↓	-11%
ASEAN	17,600	18,700	-1,100	↓	-6%	34,400	34,900	-500	→	-1%
Latin America	43,700	39,600	4,100	↑	10%	73,200	80,600	-7,400	↓	-9%
Ukraine	5,600	5,800	-200	↓	-3%	8,600	8,400	200	→	2%
Other markets	75,100	80,000	-4,900	↓	-6%	141,900	134,500	7,400	↑	6%
<b>Total all markets</b>	<b>626,900</b>	<b>603,900</b>	<b>23,000</b>	<b>↑</b>	<b>3.8 %</b>	<b>1,077,900</b>	<b>1,076,100</b>	<b>1,800</b>	<b>→</b>	<b>0.2 %</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.

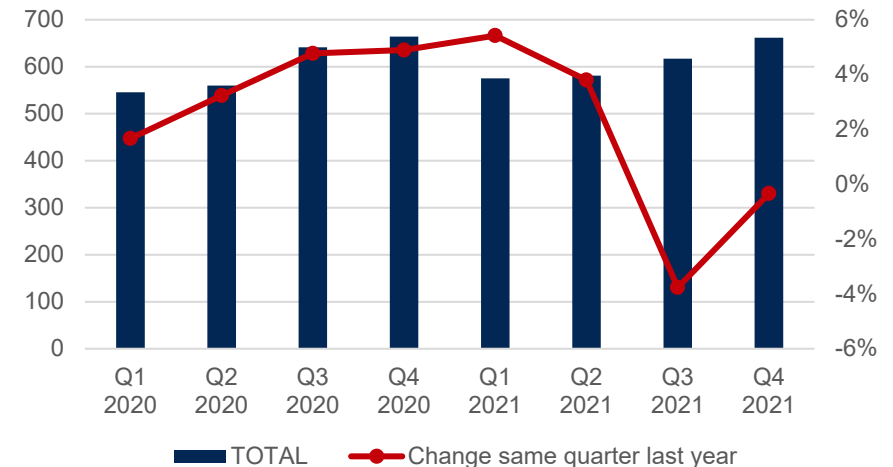
# SHORT TERM SUPPLY OUTLOOK

## TIGHT SUPPLY GROWTH IN 2021

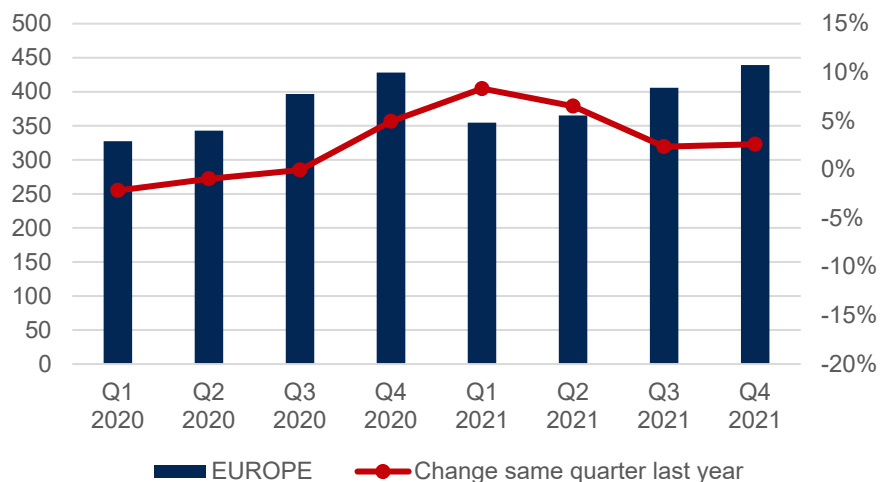
### Global supply growth will be tight in 2021

- Somewhat increased European supply growth expected up until 2H 2021
  - Limited supply growth expected for the rest of 2021
- 2021 drop in Americas driven by Chile
  - Temporary low smolt release 2H 2019/1H 2020

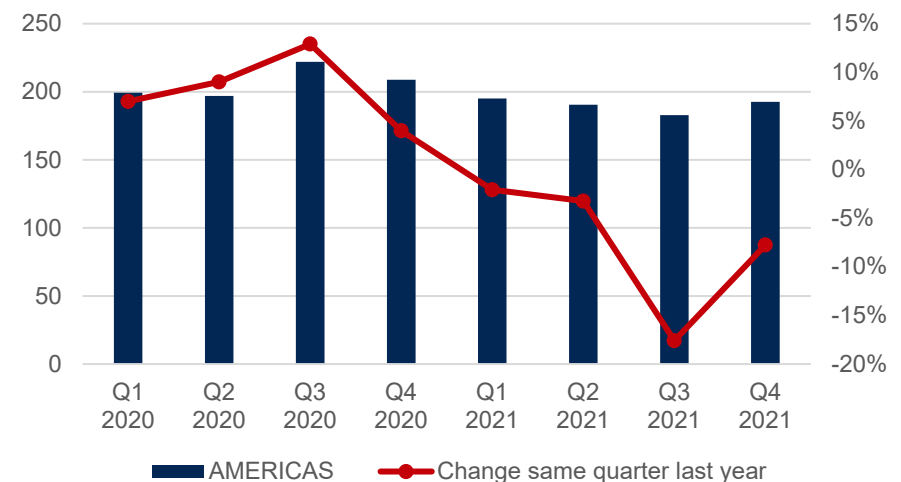
### SUPPLY - TOTAL



### SUPPLY - EUROPE



### SUPPLY - AMERICAS



Source: Kontali

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MARKETS AND SALES

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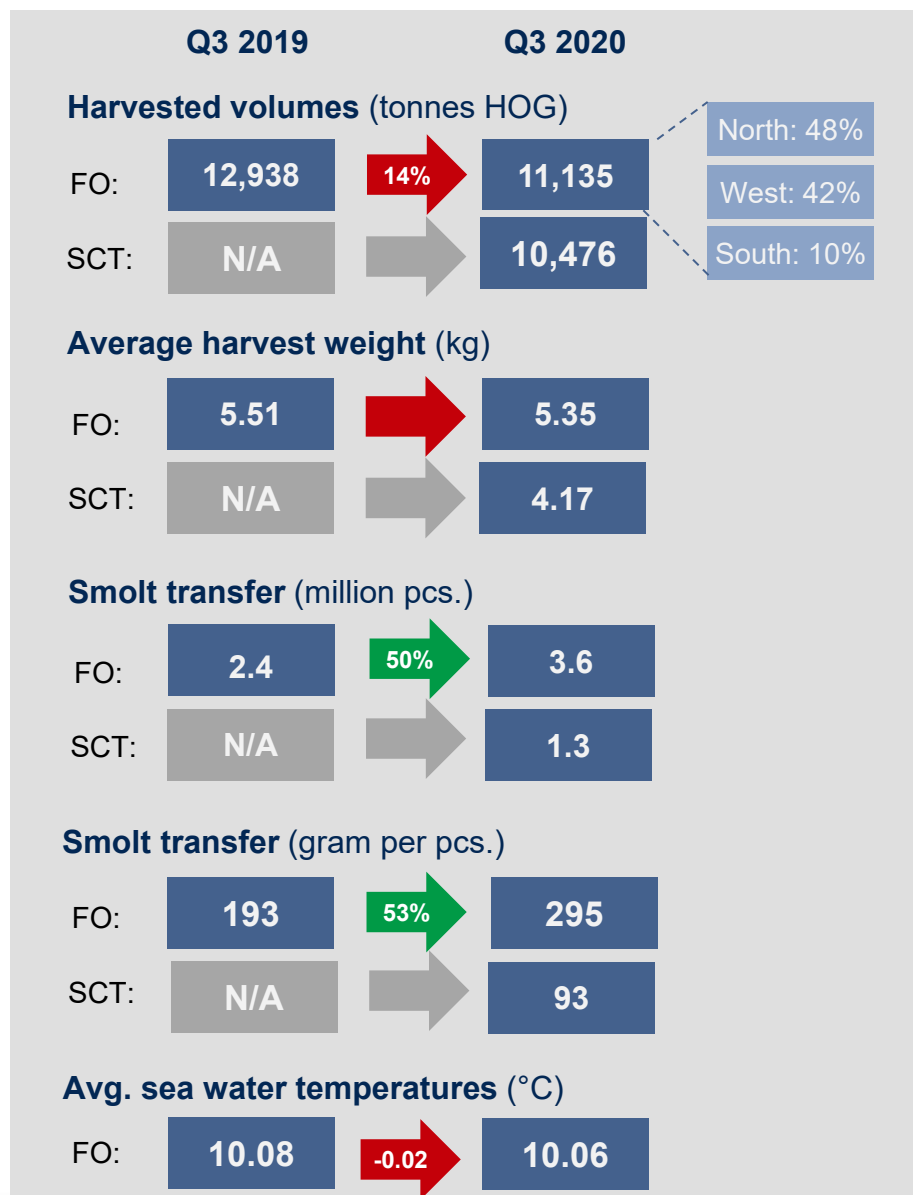
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# FARMING – HARVEST VOLUME

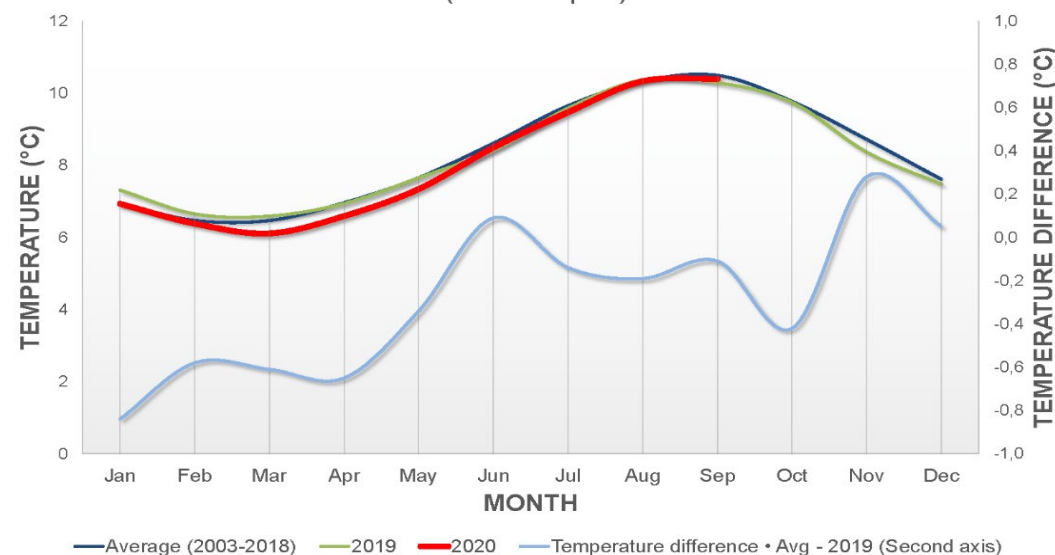
## DECREASED HARVEST IN THE FAROE ISLANDS – INCREASED AVG. SMOLT SIZE



Harvest Volumes tonnes [HOG]	Q3 2020	Q3 2019	YTD 2020	YTD 2019
FO - North Region	5,337	3,651	24,543	18,252
FO - West Region	4,681	7,340	7,450	19,055
FO - South Region	1,117	1,947	2,750	1,947
<b>FO – Total</b>	<b>11,135</b>	<b>12,938</b>	<b>34,743</b>	<b>39,254</b>
SCT	10,476	n/a	25,681	n/a
<b>Total (FO &amp; SCT)</b>	<b>21,611</b>	<b>12,938</b>	<b>60,424</b>	<b>39,254</b>

### Sea water Temperatures at 18m depth in the Faroe Islands

#### SEA TEMPERATURE - FAROE ISLANDS (18m depth)



# FARMING – OPERATIONAL PERFORMANCE

REVENUE AND OPERATIONAL EBIT DECREASED IN THE FAROE ISLANDS

## Faroe Islands (FO)

### Operational EBIT (mDKK)



### Operational EBIT margin (%)



### Operating revenue (mDKK)



## Scotland (SCT)

Compared to the Faroe Islands, Scotland had a lower operational EBIT and EBIT margin.

Compared to Q2 2020, SCT's operational EBIT margin decreased from 7.6% to -6.8%.

Farming FO (DKK million)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Operating revenue	530	693	1,737	2,207
Operational EBIT	97	231	385	765
Operational EBIT margin	18%	33%	22%	35%

Farming SCT (DKK million)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Operating revenue	417	n/a	1,206	n/a
Operational EBIT	-28	n/a	30	n/a
Operational EBIT margin	-7%	n/a	2%	n/a



## Operational EBIT per kg



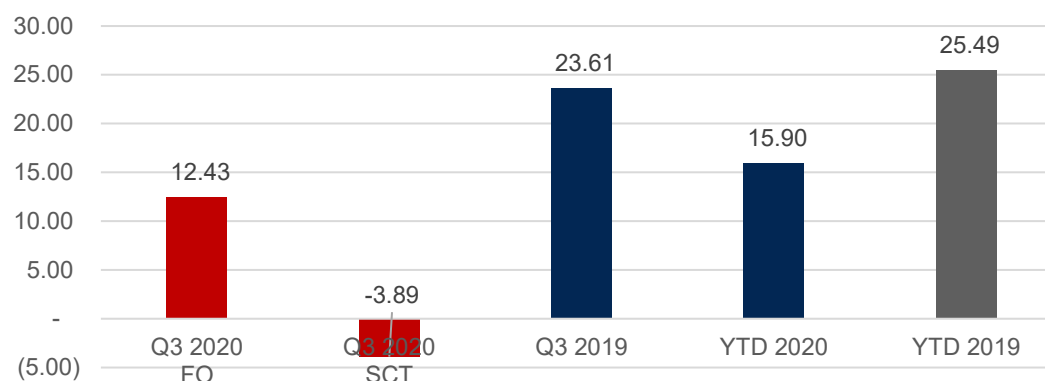
## Average weights (HOG):

FO (North):	5.13 kg
FO (West):	5.56 kg
FO (South):	5.59 kg
SCT:	4.17 kg

The biological performance was very good in the quarter, good growth and low mortality rate on harvested fish.

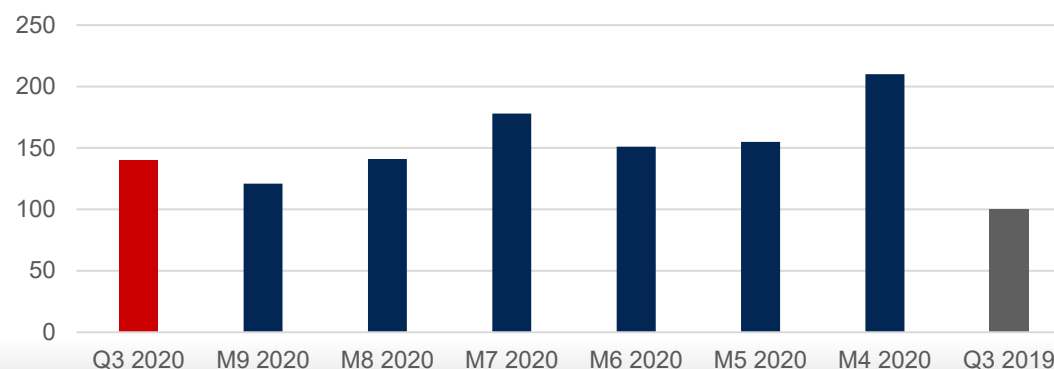
The market conditions were significantly affected by the Covid-19 during the quarter.

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



(NOK/kg)	Q3 2020				
	FO				SCT
	North	West	South	Total	Total
Op. EBIT/kg gw	11.47	15.80	2.89	12.43	-3.89

## Freight per kilo sold fresh salmon (FO) [Q3 2019 = Index 100]



# VALUE ADDED PRODUCTS (VAP)

## HIGHER VOLUMES, BUT LOWER OPERATIONAL EBIT

### Volumes (tonnes)



### Revenue (mDKK)



### Operational EBIT (mDKK)



### Operational EBIT/kg (NOK)

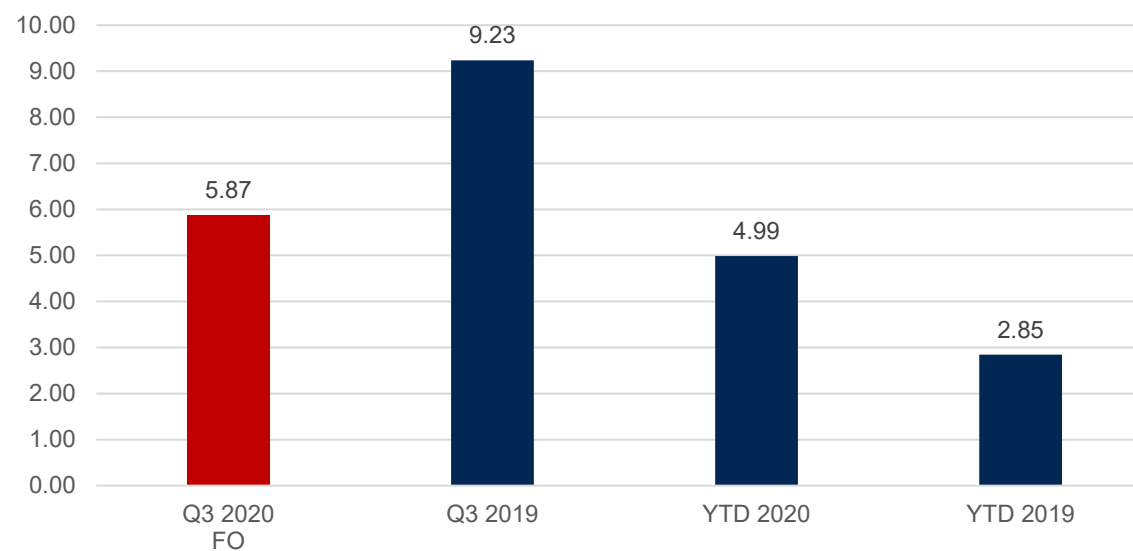


### % of harvest volume for VAP



(DKK million)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Operating revenue	247	217	829	716
Operational EBIT	22	26	60	27
Operational EBIT margin	9%	12%	7%	4%
VAP produced volumes (tgw)	5,313	3,694	17,141	12,471

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



# FISHMEAL, OIL AND FEED (FOF)

HIGHER RAW MATERIAL SOURCING, BUT LOWER EXTERNAL SALES OF FISHMEAL

## EBITDA (mDKK)



## EBITDA margin (%)



## External fishmeal sold (tonnes)



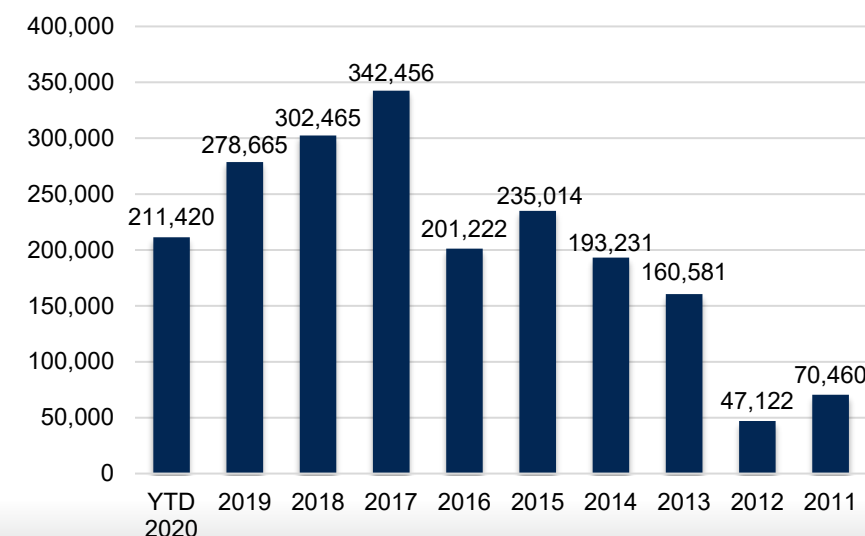
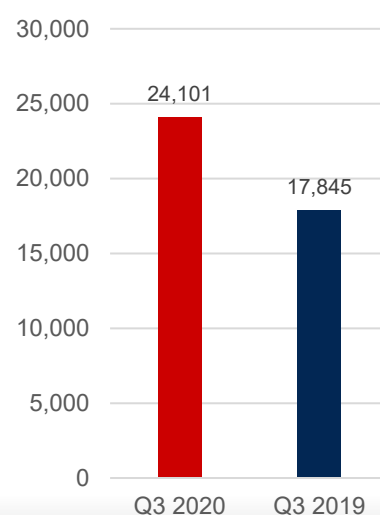
## Raw material sourced (tonnes)



(DKK million)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Operating revenue	481	484	1,060	1,050
EBITDA	69	94	160	218
EBITDA margin	14%	20%	15%	21%
Feed sold (tonnes)*	39,869	33,874	81,113	69,010
Fishmeal sold external (tonnes)	2,701	10,288	17,175	27,646

\* Including internal sales, corresponding to 86% of feed volumes in Q3 2020 (Q3 2019: 77%)

## Sourcing of raw material (tonnes)



# MARKET CONDITIONS FEED

## SIGNIFICANT INCREASE IN FEED SALES

### Total feed sales increased (tonnes)

**33,874**  
(Q3 2019)

**18%**

**39,869**  
(Q3 2020)

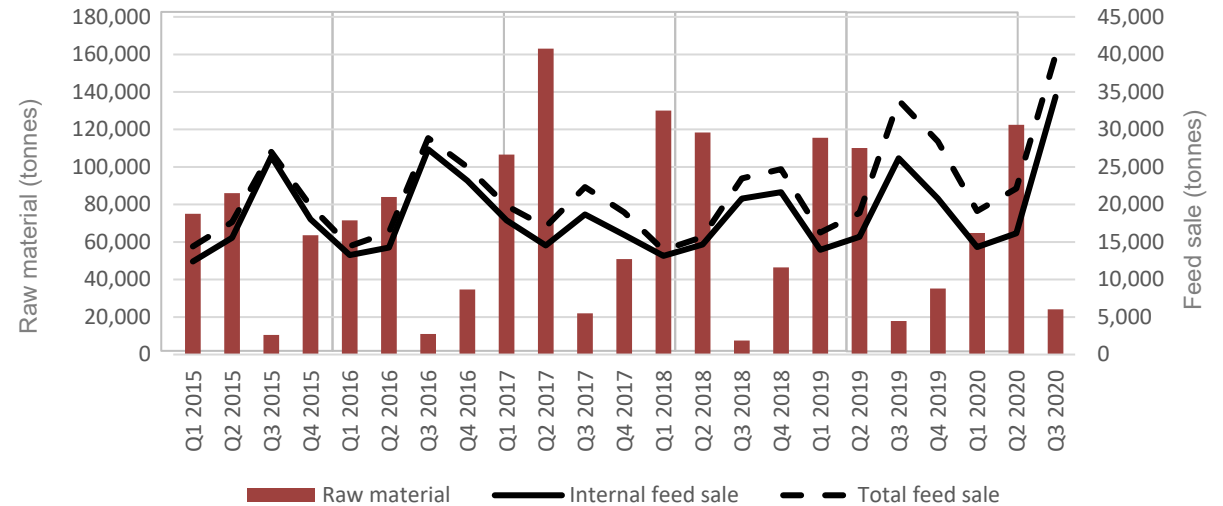
### External feed sale decreased (tonnes)

**7,718**  
(Q3 2019)

**-29%**

**5,516**  
(Q3 2020)

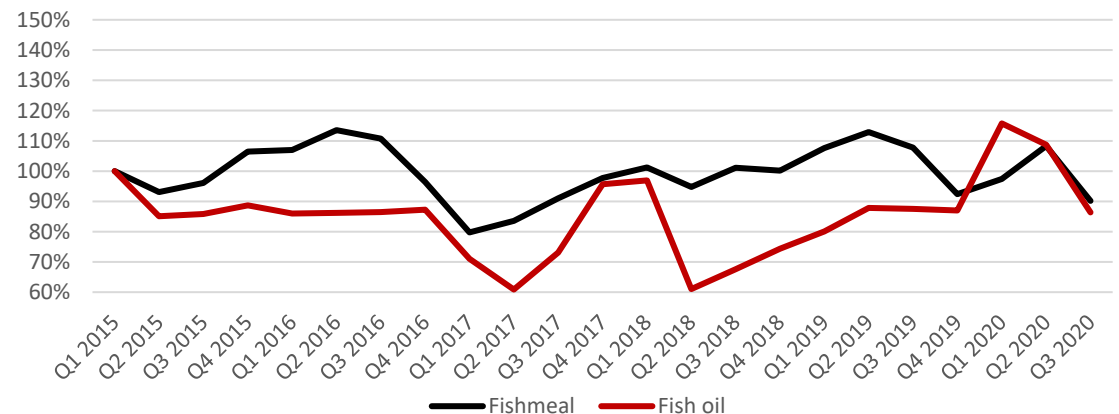
### Volumes of raw material purchase and feed sale [tonnes]



### Market fluctuations

The fishmeal price and the fish oil price decreased in Q3 2020, compared to the previous quarter

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



Source: Holtermann

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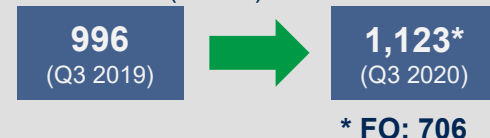
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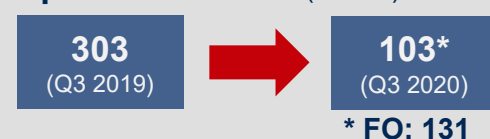
# GROUP PROFIT AND LOSS

## HIGHER REVENUE, BUT REDUCED OPERATIONAL EBIT

### Revenue (mDKK)



### Operational EBIT (mDKK)



### Fair value of biomass (mDKK)



### Revenue tax (mDKK)



### Taxes



### Profit after tax (mDKK)

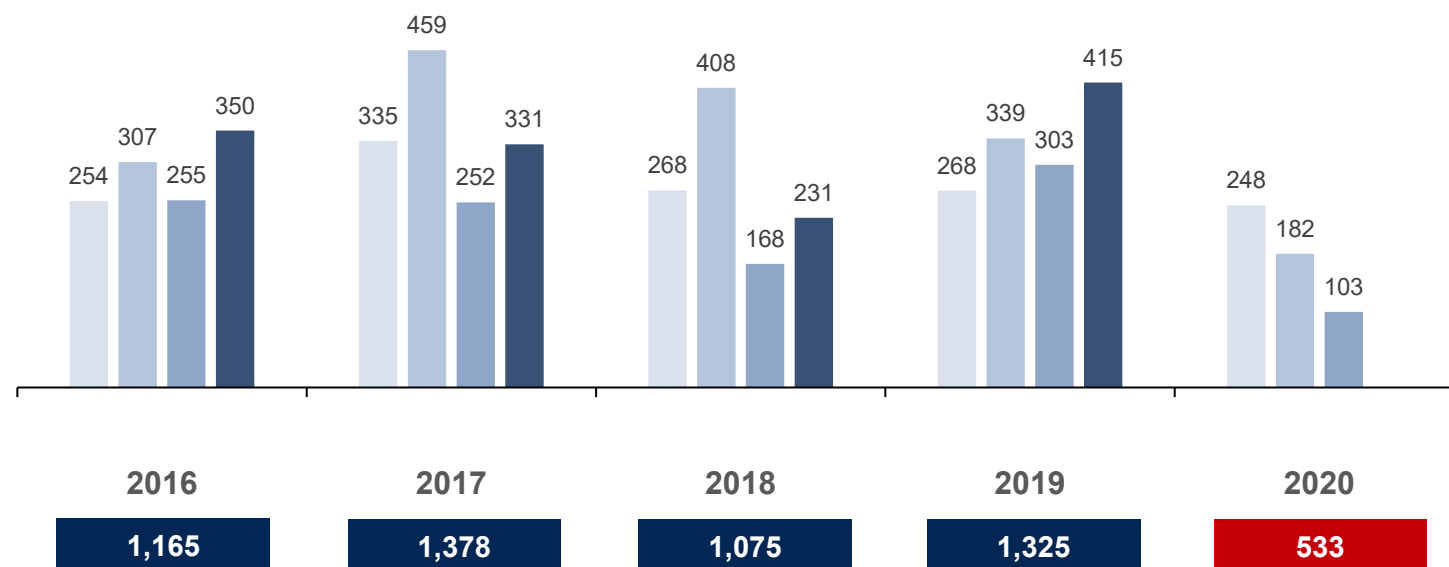


(DKK million)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Operating revenue	1,123	996	3,513	2,906
<b>Operational EBITDA</b>	<b>188</b>	<b>373</b>	<b>853</b>	<b>1,091</b>
<b>Operational EBIT</b>	<b>103</b>	<b>303</b>	<b>533</b>	<b>910</b>
Fair value adjustment of biological assets	124	-70	140	-117
Onerous contracts	0	0	0	0
Income from associates	0	8	0	10
Revenue tax	-9	-21	-51	-85
<b>EBIT</b>	<b>218</b>	<b>221</b>	<b>622</b>	<b>718</b>
Net financial items	-23	2	-36	-7
<b>EBT</b>	<b>195</b>	<b>223</b>	<b>585</b>	<b>711</b>
Taxes	-18	-42	-85	-129
<b>Profit for the period</b>	<b>177</b>	<b>181</b>	<b>501</b>	<b>582</b>
<b>Operational EBITDA margin</b>	<b>16.7%</b>	<b>37.4%</b>	<b>24.3%</b>	<b>37.5%</b>
<b>Operational EBIT margin</b>	<b>9.1%</b>	<b>30.5%</b>	<b>15.2%</b>	<b>31.3%</b>
<b>Operational EBIT/kg (Farming FO and VAP) (NOK)</b>	<b>15.24</b>	<b>26.25</b>	<b>18.36</b>	<b>26.39</b>
<b>Operational EBIT/kg (Farming SCT) (NOK)</b>	<b>-3.89</b>	<b>n/a</b>	<b>1.68</b>	<b>n/a</b>
<b>EBITDA margin (fishmeal, oil and feed)</b>	<b>14.4%</b>	<b>19.5%</b>	<b>15.1%</b>	<b>20.8%</b>

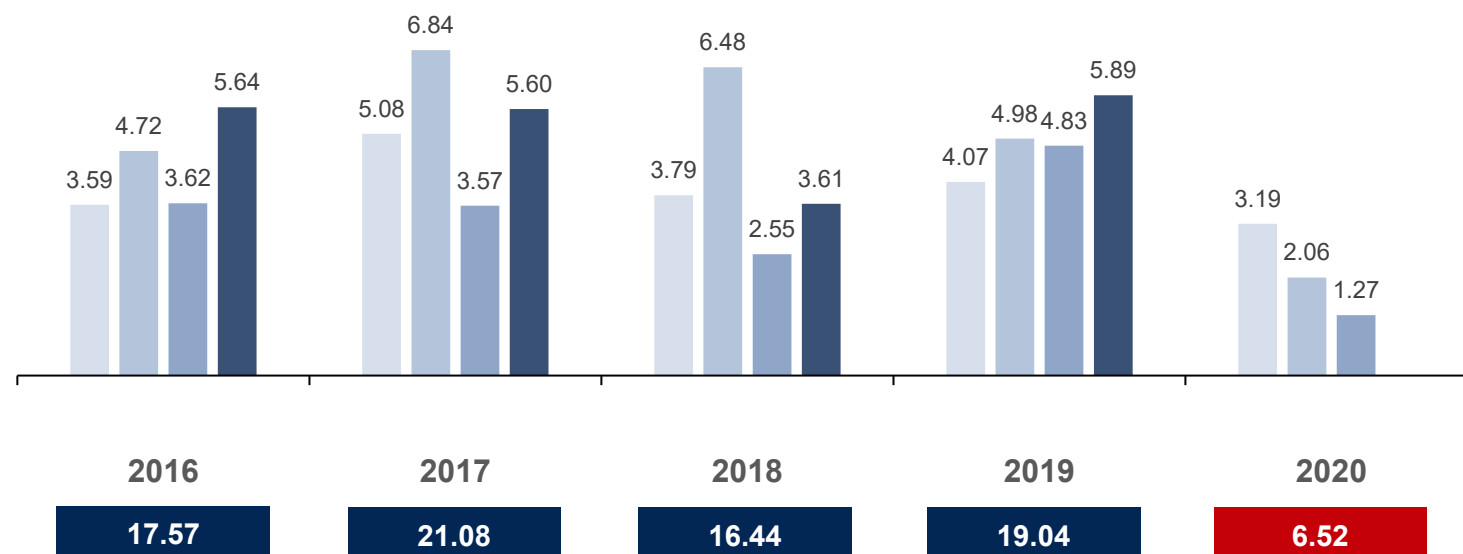
\* Operational EBITDA and EBIT aligned for fair value adjustment of biomass, onerous contracts provisions, income from associates and revenue tax.

# OPERATIONAL EBIT\* AND ADJUSTED EARNINGS PER SHARE

## Operational EBIT\* (mDKK)



## Adjusted EPS (DKK)



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

# BALANCE SHEET

## Headlines (mDKK)

**Intangible assets:**

**4,491**  
(Q3 2020)

**PPE:**

**3,978**  
(Q3 2020)

**Biological assets:**

*\* (whereof mDKK 124 are  
fair value adjustments)*

**1,902**  
(end of 2019)



**2,146\***  
(Q3 2020)

**Inventory:**

**549**  
(end of 2019)



**614**  
(Q3 2020)

**Receivables:**

**626**  
(end of 2019)



**525**  
(Q3 2020)

**Cash & cash equiv.:**

**1,310**  
(end of 2019)



**446**  
(Q2 2020)

**Equity:**

**8,497**  
(end of 2019)



**8,761**  
(Q3 2020)

**Equity ratio:**

**68%**  
(Q3 2020)

(DKK million)	Q3 2020	End 2019
Intangible assets	4,491	4,396
Property, plant and equipment	3,978	3,780
Right of use assets	380	333
Financial assets	117	119
Long-term receivables	9	4
Deferred tax assets	58	38
Biological assets	2,146	1,902
Inventory	614	549
Receivables	525	626
Other receivables	58	46
Cash and cash equivalents	446	1,310
<b>Total Assets</b>	<b>12,821</b>	<b>13,101</b>
Equity	8,761	8,497
Deferred tax and other taxes	1,218	1,124
Long-term interest-bearing debt	1,703	2,328
Long-term leasing debt	288	226
Financial derivatives	16	15
Short-term leasing debt	130	108
Accounts and other payables	704	804
<b>Total Equity and Liabilities</b>	<b>12,821</b>	<b>13,101</b>

# CASH FLOW

## Cash flow, operations (mDKK)



## Cash flow, investments (mDKK)



## Cash flow, financing (mDKK)



(DKK million)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Cash flow from operations	105	779	581	1,182
Cash flow from investments	-176	-544	-473	-806
Cash flow from financing	63	2,053	-972	1,919
Net change in cash	-8	2,289	-864	2,295
Cash at the end of the period	446	2,612	446	2,612
Undrawn facilities	2,163	1,481	2,163	1,481

## NET INTEREST-BEARING DEBT (NIBD)

NIBD IN Q3 2020 SLIGHTLY HIGHER THAN IN Q2 2020

### NIBD was increased by:

- Net investments (mDKK 176)
- Change in working capital (mDKK 10)

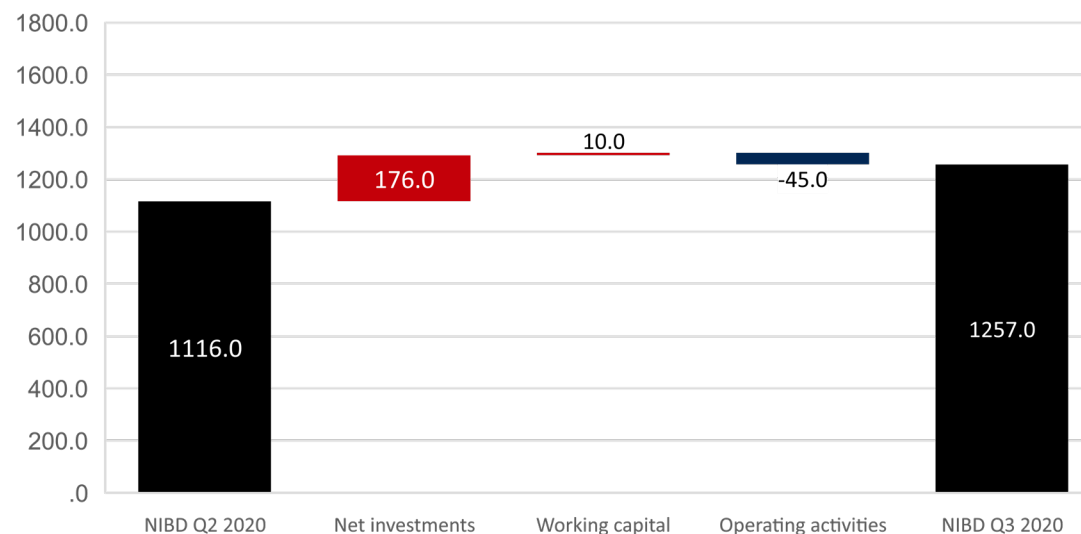
### NIBD was decreased by:

- Cash flow, operating activities (mDKK -45)

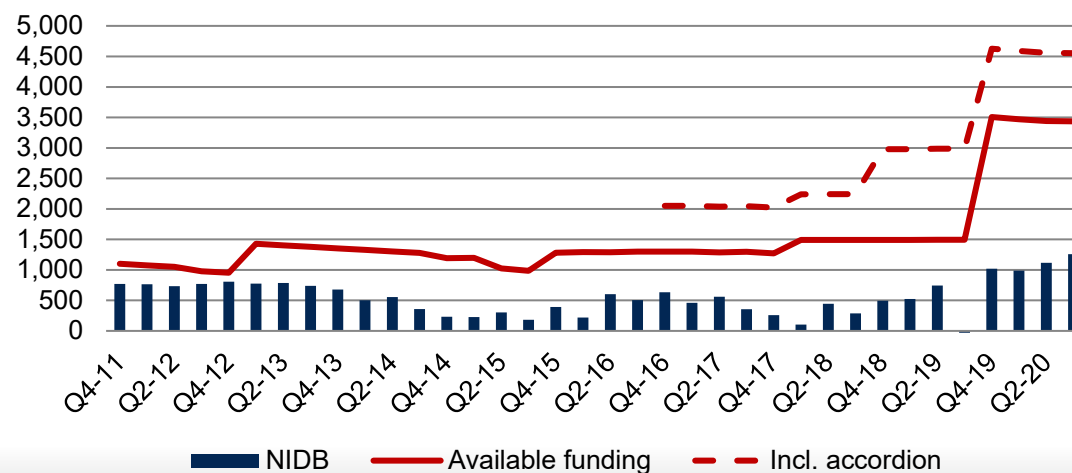
### Financing end Q3 2020

- NIBD: DKK 1,257 million
- Bank facilities of EUR 352 and GBP 100 million
- Undrawn credit facilities: DKK 2,163 million

### Development in NIBD in DKK millions



### NIBD and available funding



## Healthy Living Plan

We believe that by investing in the health of our business, our people, our salmon, the environment and the communities in which we operate, we will enable healthy living for millions of people globally.

See more by visiting  
[www.bakkafrost.com/sustainability](http://www.bakkafrost.com/sustainability)



### THE GLOBAL GOALS

**UN SUSTAINABLE DEVELOPMENT GOALS**  
Bakkafrost is contributing towards to the achievement of the UN SDGs through the Healthy Living Plan.



### Healthy Business

Grow efficiently and responsibly

**Signed up to the UN Sustainable Ocean Principles**



### Healthy Salmon

To exceed leading standards

**On track to reach 100% ASC certification in 2020**



### Healthy Communities

To create shared value

**Sponsor the Faroese educational institution "Nám" in the development of educational material in Faroese about sustainable food systems for children in elementary school**



### Healthy People

To be a preferred employer

**Covid-19. Implemented a range of proactive measures to protect employees, including around 6,000 Covid-19 tests. Only 5 confirmed cases since outbreak in February (FO 1, SC 1, US 3)**



### Healthy Environment

To minimise our environmental impact

**Completed our first CDP submission**





# 100%

## ASC Certified

SUMMARY OF Q3 2020

MARKETS AND SALES

SEGMENT INFORMATION

FINANCIALS & ESG

**OUTLOOK**

APPENDIX

## OUTLOOK

### Market

- 5% increase expected in global harvest in Q4-2020
- 1% increase in global harvest expected in 2021

### Farming

- In 2020, Bakkafrost expects to harvest HOG 50,000 tonnes in the Faroe Islands and HOG 39,000 tonnes in Scotland
- In 2021, Bakkafrost expects to harvest HOG 62,500 tonnes in the Faroe Islands and HOG 44,000 tonnes in Scotland
- In the Faroe Islands, Bakkafrost expects to release around 15.0 million smolts in 2020 and around 14.5 million in 2021
- In Scotland, Bakkafrost expects to release around 10.7 million smolts in 2020 and around 11.0 million in 2021

### Contracts

- For 2021, contracted around 33% of expected harvest volumes in the Faroe Islands and 25% in Scotland
- Bakkafrost strategy is to allocate around 40% of expected harvested volumes at commitments and contracts at any time

### Fishmeal, Oil and Feed

- Feed sales are expected to be around 110,000 tonnes in 2020 and 120,000 tonnes in 2021. Fishmeal and fish oil volumes are expected to be lower than in 2019

### Business development / Investment programme

- Pursuing sustainable organic growth
- For the remaining period 2020 – 2022 of the investment programme ~ DKK 1.8 billion will be invested in the Faroe Islands
- In Scotland, the yearly investments for 2020-2024 are expected to be around DKK 350-400 million per year

SUMMARY OF Q3 2020


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**APPENDIX**



Hatchery, Norðtoftir, Faroe Islands (S03)  
Under construction 12,000m<sup>3</sup> to be in operation in 2022

- Original hatchery: Light Brown
- New built 2012 – 2016: rest

## SCOTLAND – STRATEGIC RATIONALE

1. Provides **access** to the attractive Scottish 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 Islands and Scotland
  - **Premium brands**



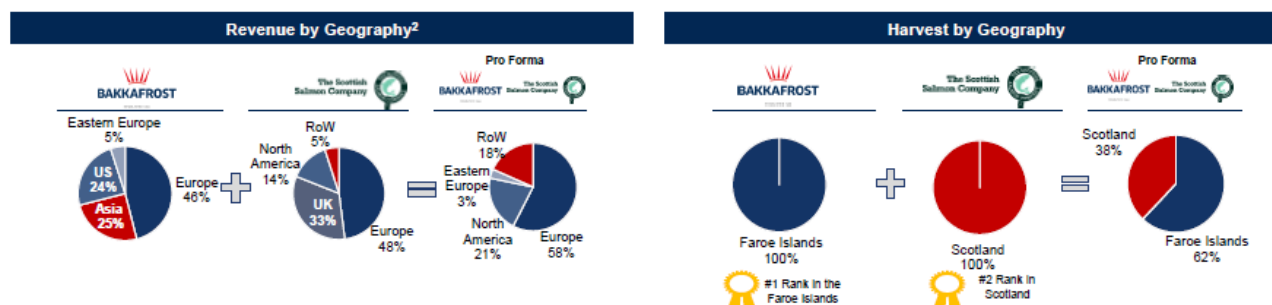
Harris and Lewis, Scotland

## SCOTLAND – STRATEGIC RATIONALE

### 3. Potential for significant **improvement**

- Scottish Salmon **profitability** to improve over a five-year period through transfer of best practices
- **Synergies**
- Targeted **investment programmes**

### 4. Financially attractive, acquiring the business at a **reasonable value, multiple** to the sector and Bakkafrost



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

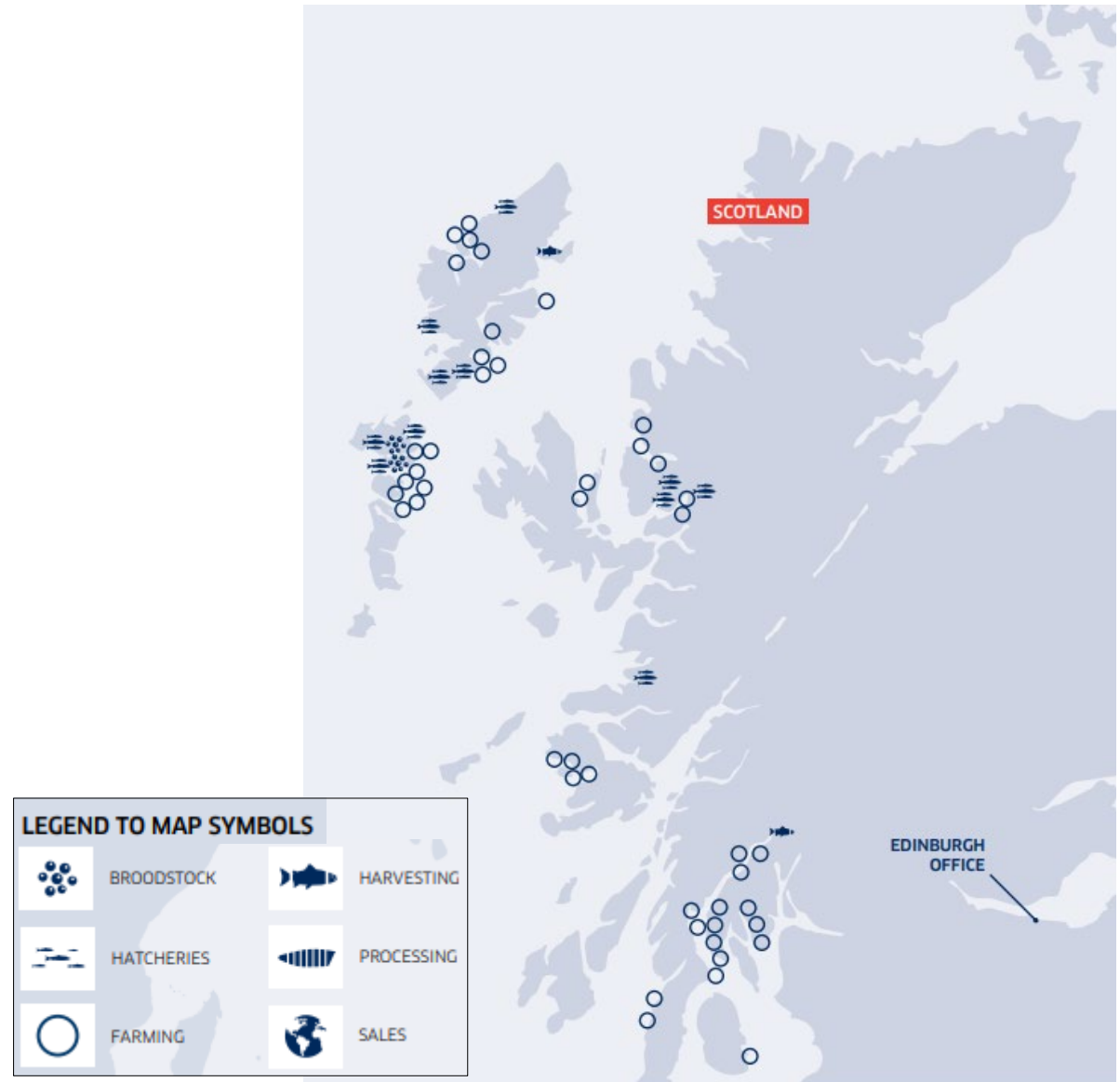
### 43 farming sites / 67,023T consent

#### 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

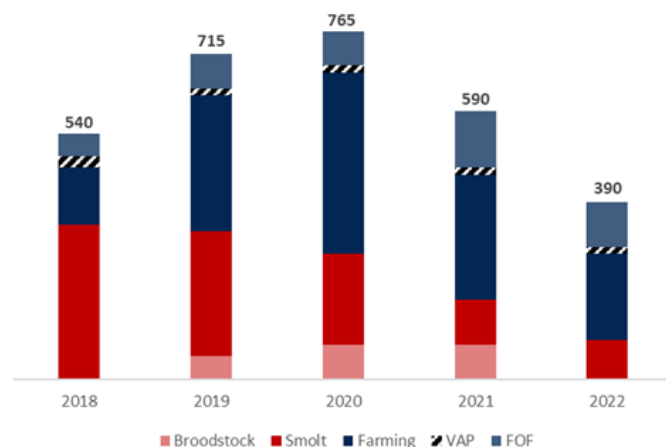


# FAROE ISLANDS - GROWING TO 100KT

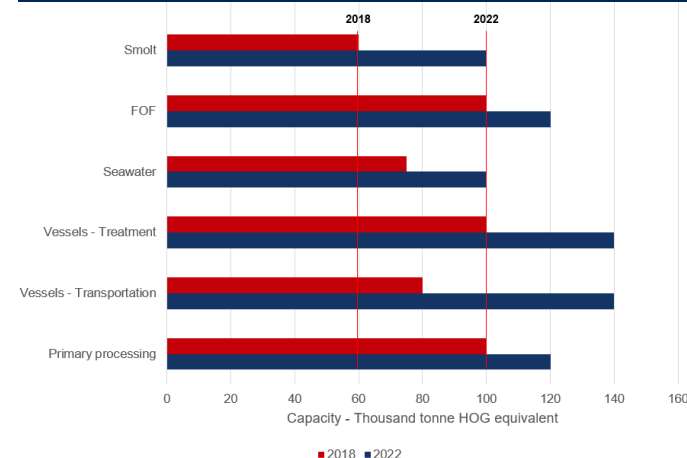
## SUPERIOR BIOLOGY COMBINED WITH STATE-OF-THE-ART INFRASTRUCTURE

	FISHMEAL, OIL AND FEED	BROODSTOCK	SMOLT	SEA WATER	PROCESSING	SALES/MARKETING
<b>CAPACITY 2018</b>	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 FSVs	130k primary (tgw) 40k secondary (tgw) 80k packaging material (tgw)	Central sales Faroes UK sales office US sales office Branding
<b>CMD ANOUNCED INVESTMENTS</b>	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
<b>PURPOSE</b>	Sustainable Growth Flexibility Efficiency, streamlining & innovation Environmental improvement Food safety	Adaptability to local biology Product differentiation Support branding strategy (immaterial property) Less dependency of suppliers Veterinary control	Sustainable growth Reduced exposure in sea	>100k (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

2018 Capex programme



Development in capacity constraints



## DEVELOPMENT IN SUPPLY AND SOLD QUANTITY BY ORIGIN

### Expected supply growth in 2021

- 3% growth in Global supply
- 5% growth in European supply
- -3% growth in supply from Americas

Global Supply of Atlantic Salmon (head on gutted - HOG)					
	2017	2018	2019	2020E	2021E
Norway	1,078	1,129	1,198	1,207	1,274
UK	159	137	171	164	167
Ireland	15	13	14	14	15
Faroes	72	64	78	75	78
<b>Total Europe</b>	<b>1,325</b>	<b>1,343</b>	<b>1,462</b>	<b>1,460</b>	<b>1,534</b>
Chile	490	598	601	662	632
Canada	123	132	124	128	132
USA	20	17	19	18	16
<b>Total Americas</b>	<b>633</b>	<b>747</b>	<b>744</b>	<b>808</b>	<b>781</b>
Other	78	78	96	114	142
<b>Total (Sold Quantity)</b>	<b>2,035</b>	<b>2,168</b>	<b>2,302</b>	<b>2,382</b>	<b>2,457</b>
<b>Supply growth - Global</b>	<b>2%</b>	<b>7%</b>	<b>6%</b>	<b>3%</b>	<b>3%</b>
Supply growth - Europe	3%	1%	9%	0%	5%
Supply growth - Americas	-3%	18%	0%	9%	-3%

Salmon Markets (head on gutted - HOG)					
	2017	2018	2019	2020E	2021E
EU	918	949	1,017	1,068	1,115
USA	402	436	469	508	507
Japan	57	54	53	59	59
Russia	70	89	79	74	76
Others	588	641	684	674	700
<b>Total (Sold Quantity)</b>	<b>2,035</b>	<b>2,169</b>	<b>2,302</b>	<b>2,382</b>	<b>2,457</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 2020 MARKET ENVIRONMENT

### DECREASING MARKET PRICES

- Decreased market prices, compared to Q3 2019
  - Significant demand disruption (Covid-19)
  - Limited supply growth
- Nasdaq Norway price EUR 4.5 in Q3 2020
  - 10% down vs. Q3 2019
  - 15% down vs. Q2 2020
- Urner Barry East Coast price USD 7.6 per kg in Q3 2019
  - 6% down vs. Q3 2019
  - 10% up vs. Q2 2020

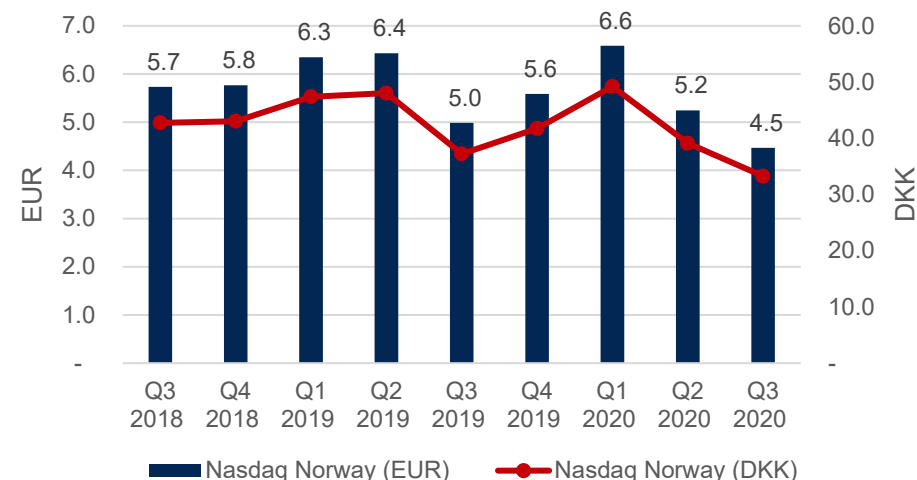
MARKET CURRENCY	Q3 2020	Q3 2019	Change %
Nasdaq Norway (EUR)	4.47	4.99	-10.4 %
UB North East US 14-16lb HOG (USD per kg)	7.62	8.14	-6.3 %

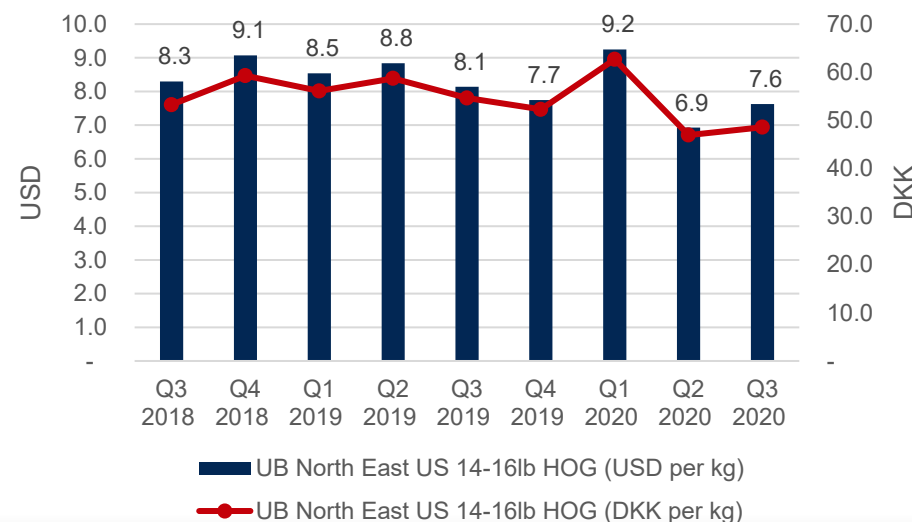
DKK	Q3 2020	Q3 2019	Change %
Nasdaq Norway	33.25	37.22	-10.6 %
UB North East US 14-16lb HOG (per kg)	48.58	54.64	-11.1 %

Source: Kontali

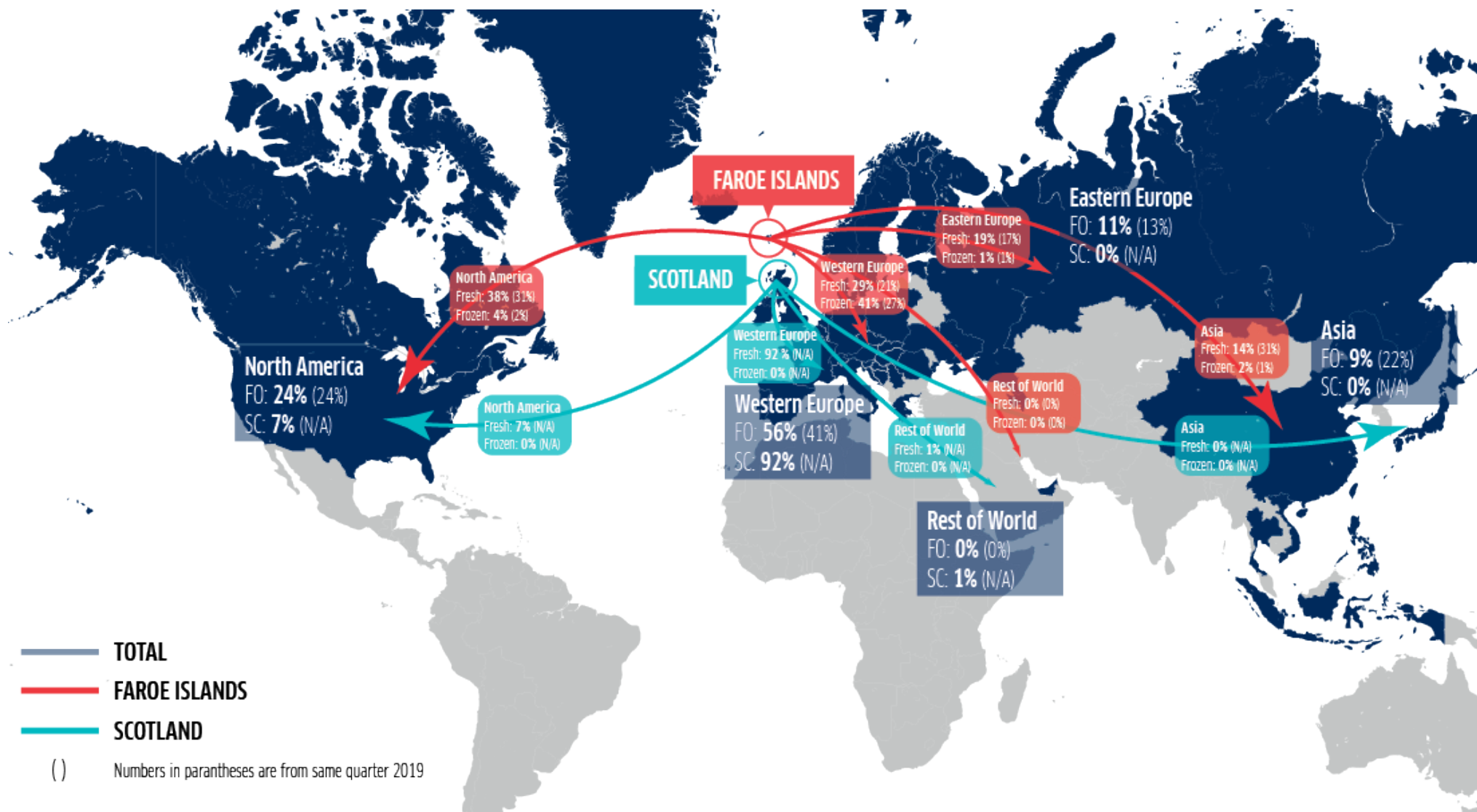
### PRICE NORWAY



### PRICE US – NORTH EAST



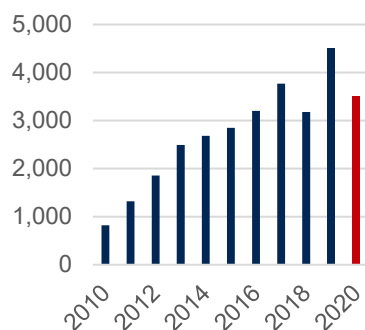
## Q3 2020 SALES PER REGION



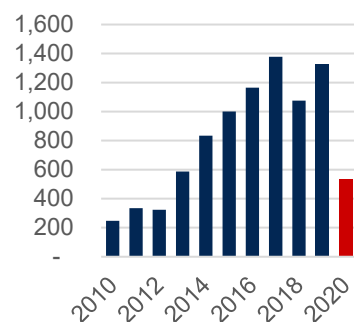
## DEVELOPMENT PER QUARTER

	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
(mDKK)	2018	2018	2019	2019	2019	2019	2020	2020	2020
Revenue	622	750	964	947	996	1605	1255	1134	1123
Operational EBIT	168	231	268	339	303	415	248	182	103
Profit/Loss	356	-7	213	189	181	220	-148	472	177
Harvest FO (tgw)	7,217	12,234	13,707	12,609	12,938	17,930	10,667	12,941	11,135
Harvest SCT (tgw)						7,925	7,268	7,937	10,476
Op. EBIT Farming FO & VAP (NOK/kg)	25.34	21.91	21.99	31.31	26.25	28.25	25.10	15.34	15.24
Op. EBIT Farming FO (NOK/kg)	24.85	21.56	21.86	31.31	23.61	25.49	26.51	9.79	12.43
Op. EBIT VAP (NOK/kg)	2.49	1.51	0.37	-0.01	9.23	11.72	-2.78	11.19	5.87
Op. EBIT Farming SCT (NOK/kg)						3.09	5.70	5.36	-3.89
Equity ratio	70%	70%	70%	65%	68%	65%	66%	69%	68%
NIBD	286	495	522	744	-1,271	1,019	988	1,116	1,257

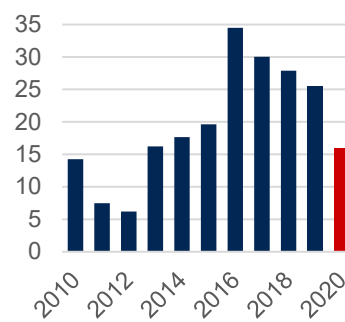
Revenue (mDKK)



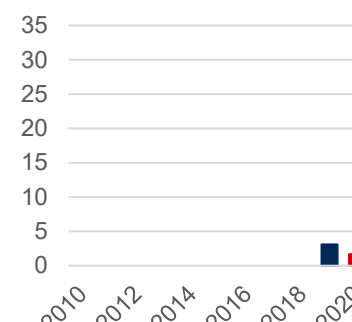
Operational EBIT (mDKK)



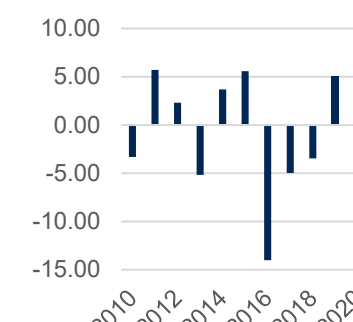
Farming FO margin Op. EBIT (NOK/kg)



Farming SCT margin Op. EBIT (NOK/kg)



VAP FO margin Op. EBIT (NOK/kg)



## Dividend

- No dividend for 2019 because of the disruption and uncertainty caused by Covid-19

## Dividend policy

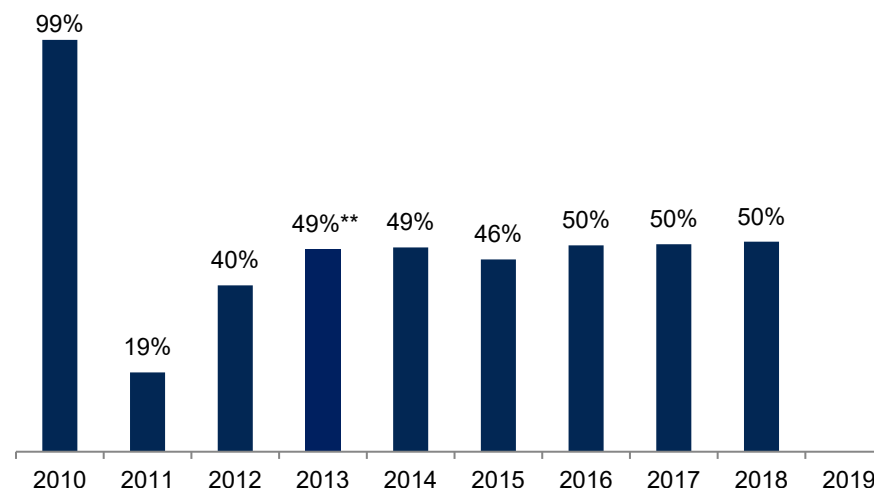
- Competitive return through:
  - Dividends
  - Increase in the value of the equity
- Generally, Bakkafrost shall pay dividend to its shareholders
- A long-term goal is that 30–50% of adjusted EPS shall be paid out as dividend

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

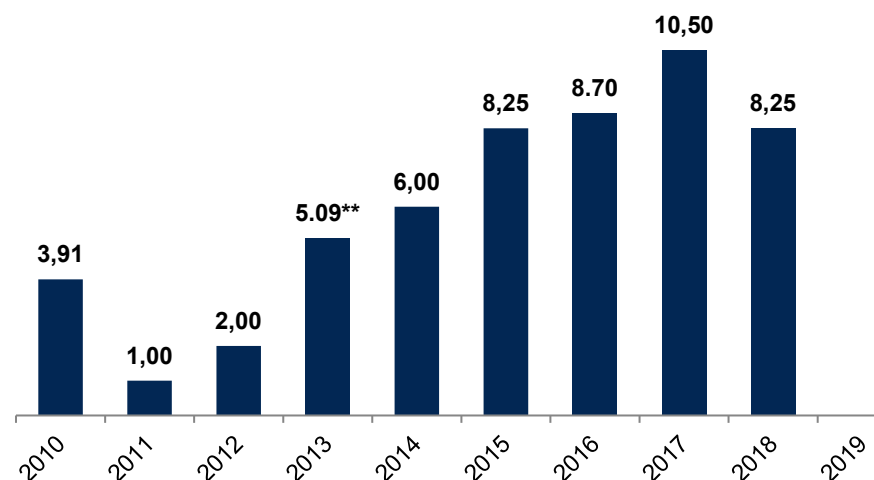
\*\* Dividend and acquisition of treasury shares

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

### Dividend per share in % of adj. EPS\*



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



# Bakkafrost at a Glance



## LEGEND TO MAP SYMBOLS

	FISHMEAL		BROODSTOCK		HARVESTING		FSV (FARMING SERVICE VESSELS)
	FISH OIL		HATCHERIES		PROCESSING		PACKAGING
	FISH FEED		FARMING		SALES		BIOGAS

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

**Location:** Faroe Islands

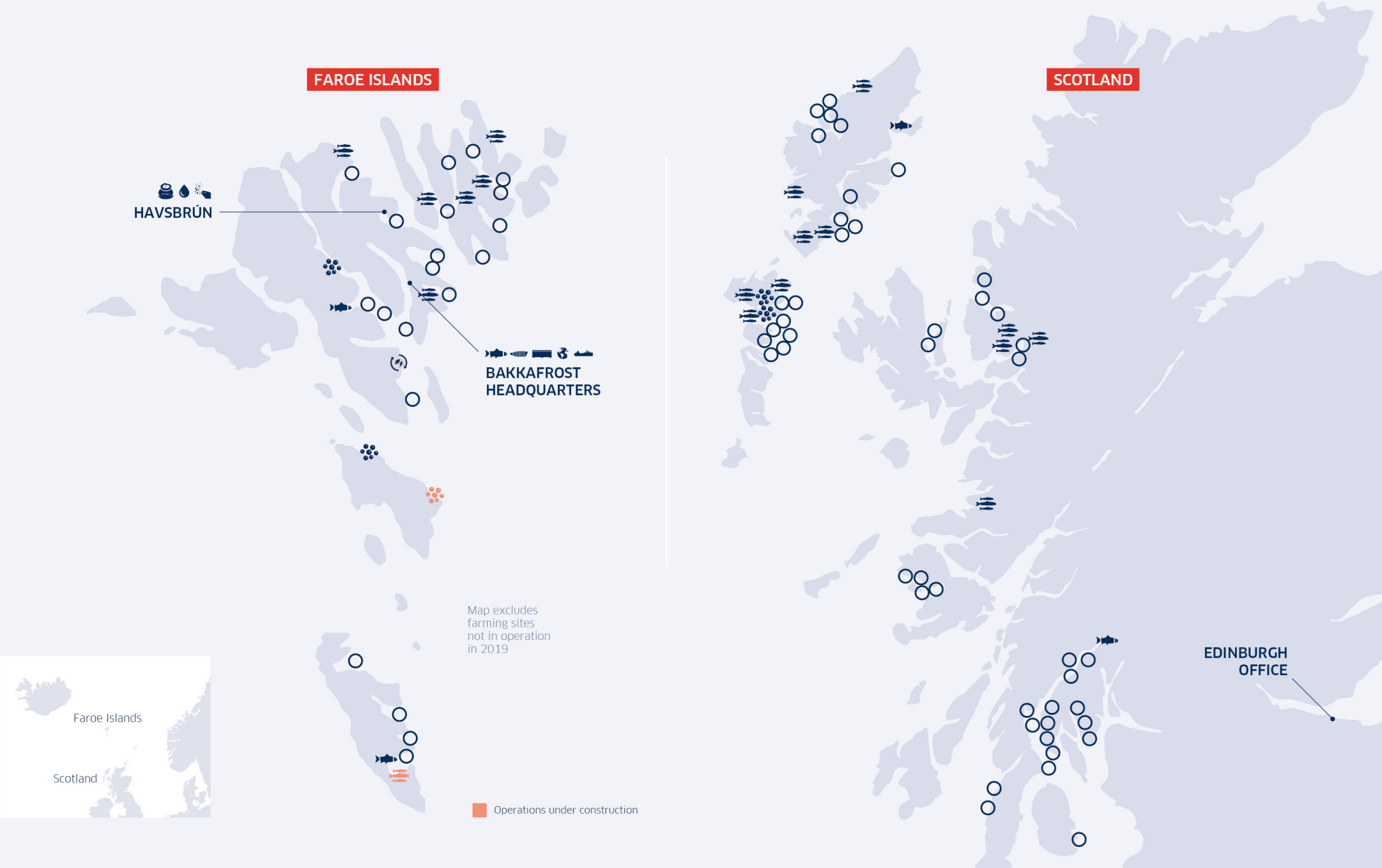
**Headquarters:** Glyvrrar, Eysturoy

**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

# Facilities and locations



- 18 islands – 1,387 km<sup>2</sup>
- 52,703 inhabitants (September 2020)
- Home rule – within the Kingdom of Denmark
- Part of the Danish monetary union, Danish krone (DKK)

## Key sectors (% of wage earners, M7 2020)

- Service/public admin.: ~34%
  - Private service: ~31%
  - Construction: ~18%
  - Fish & aquaculture: ~17%
  - Unemployment rate (May 2020): 1.8%
  - Total working force (July 2020): 27,308
- 
- **GDP:** DKK ~20.5bn (2019e)
  - **GDP/capita:** DKK 394,000 (2019e)
    - (Norway: DKK 463,000) (2017)

## Total export of fish products (2019)

- DKK 8,937 million - whereof farmed fish accounts for 45%

## TAXES

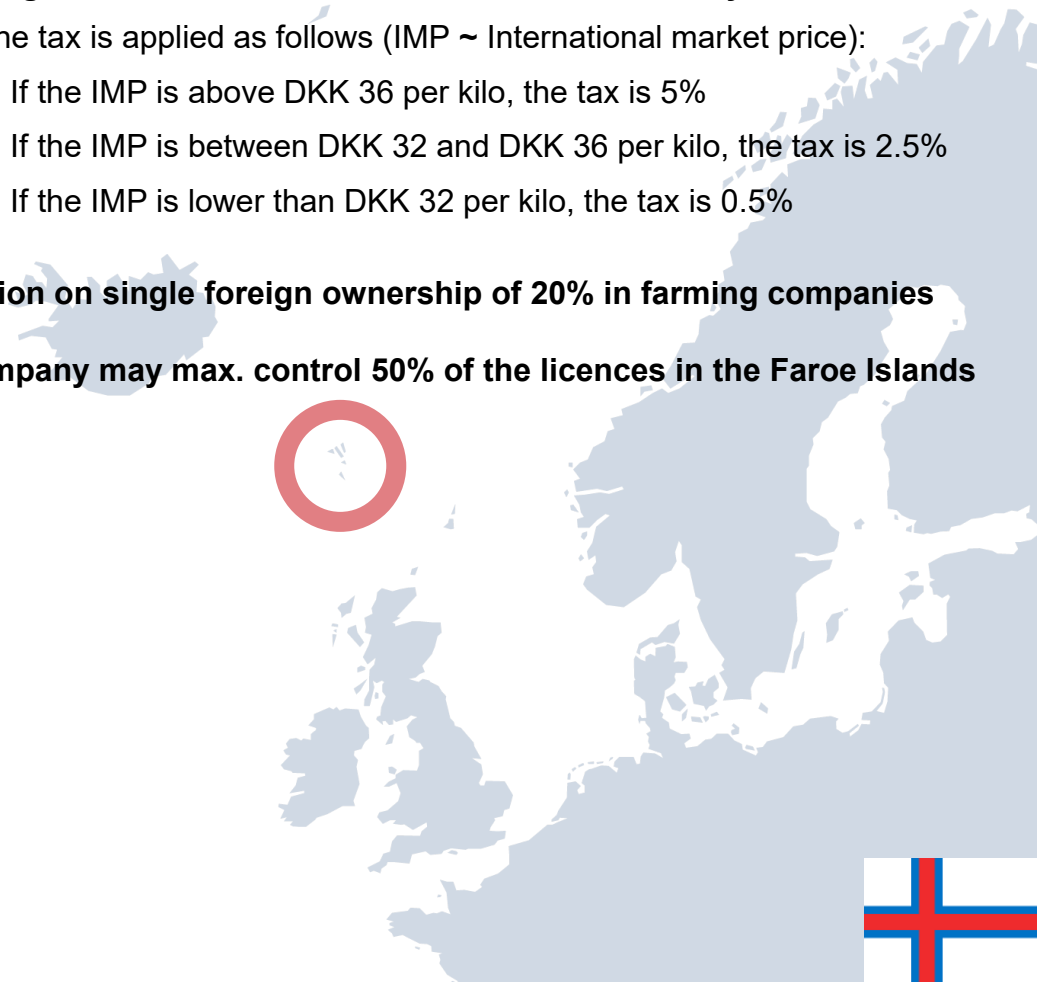
- Total percent of GDP: 41.8% (2016)
- Corporate tax: 18%
- Farming revenue tax: 5.0% of revenues after 1 January 2019

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 the licences in the Faroe Islands**



Source: Hagstova Føroya



**BAKKAFROST**

ESTABLISHED 1968