

# Q4 2020

**BAKKAFROST GROUP**  
Glyvrar 23 February 2021

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## SUMMARY OF Q4 2020

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## Operation

- **Harvest in the Faroe Islands (FO):** 15,957 t<sub>gw</sub> in Q4 2020 (17,930 t<sub>gw</sub> in Q4 2019)
- **Harvest in Scotland (SCT):** 9,305 t<sub>gw</sub> in Q4 2020 (7,925 t<sub>gw</sub> in Q4 2019)
- **Feed sales** of 30,885 tonnes in Q4 2020\* (28,398 tonnes in Q4 2019\*)
- **Raw material purchase** of 71,887 tonnes in Q3 2020 (35,180 tonnes in Q4 2019)

## Revenues and Operational EBIT

- **Revenues** of DKK 1,183 million in Q4 2020 (DKK 1,605 million in Q4 2019)
- **Operational EBIT\*\*** of DKK 89 million in Q4 2020 (DKK 415 million in Q4 2019)

## Cash Flow

- **Cash flow from operations** of DKK -107 million in Q4 2020 (DKK -150 million in Q4 2019)

## Segments

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

## Dividends

- **Proposed dividend** of DKK 3.65 per share for 2020

\*) Including internal sales of 29,516 tonnes in Q4 2020 (20,778 tonnes in Q4 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

**28.25**  
(Q4 2019)  **12.92**  
(Q4 2020)

### (SCT)\* Farming

**3.09**  
(Q4 2020)  **-8.41**  
(Q4 2020)

### VAP\*

**11.72**  
(Q4 2019)  **17.05**  
(Q4 2020)

### FOF\*\*

**17.1%**  
(Q4 2019)  **13.4%**  
(Q4 2020)

(DKK million)	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Operating revenue	1,183	1,605	4,696	4,511
Operational EBITDA	215	544	1,068	1,635
<b>Operational EBIT</b>	<b>89</b>	<b>415</b>	<b>621</b>	<b>1,325</b>
<b>Profit for the period</b>	<b>-38</b>	<b>220</b>	<b>463</b>	<b>802</b>
Operational EBITDA margin	18.2%	33.9%	22.7%	36.2%
Operational EBIT margin	7.5%	25.9%	13.2%	29.4%
Operational EBIT/Kg (Farming FO) (NOK)	5.66	25.49	12.69	25.44
Operational EBIT/Kg (Farming FO and VAP) (NOK)	12.92	28.25	16.65	26.91
Operational EBIT/Kg (VAP) (NOK)	17.05	11.72	8.39	5.04
Operational EBIT/Kg (Farming SCT) (NOK)	-8.41	3.09	-0.99	3.09
EBITDA margin (Fishmeal, -oil and Feed)	13.4%	17.1%	14.6%	19.9%

Group Operational EBIT was DKK 89 million in Q4 2020, compared to DKK 415 million in Q4 2019

\* Operational EBIT in NOK/kg

\*\* EBITDA margin

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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

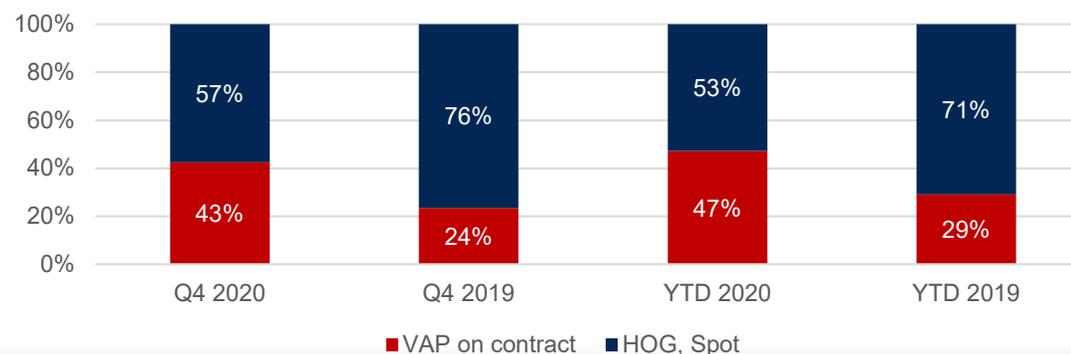
	Q4 2020			Q4 2019			YTD 2020			YTD 2019		
	FO	SCT	Total	FO	SCT	Total	FO	SCT	Total	FO	SCT	Total
Western Europe	59%	96%	74%	43%	93%	59%	56%	90%	70%	44%	93%	50%
North America	20%	3%	14%	23%	4%	17%	24%	5%	17%	24%	4%	21%
Asia	8%	0%	5%	22%	2%	15%	12%	1%	7%	23%	2%	21%
Eastern Europe	12%	0%	7%	12%	1%	9%	8%	0%	5%	9%	1%	8%
Rest of the world	0%	1%	1%	0%	0%	0%	0%	3%	1%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

### Fresh salmon only by markets

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

	Q4 2020			Q4 2019			YTD 2020			YTD 2019		
	FO	SCT	Total	FO	SCT	Total	FO	SCT	Total	FO	SCT	Total
Western Europe	38%	96%	70%	28%	93%	53%	31%	90%	64%	25%	93%	37%
North America	32%	3%	16%	29%	4%	19%	38%	5%	20%	29%	4%	25%
Asia	13%	0%	6%	27%	2%	17%	19%	1%	9%	33%	2%	28%
Eastern Europe	17%	0%	8%	16%	1%	10%	12%	0%	5%	12%	1%	10%
Rest of the world	0%	1%	1%	0%	0%	0%	0%	3%	2%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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



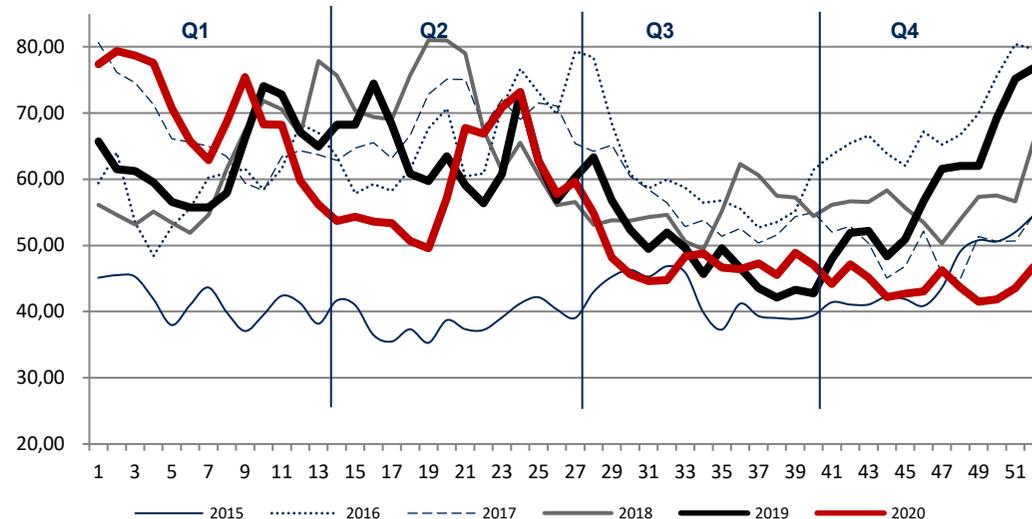
### Average spot prices decreased in Q4 2020 (NOK/KG)



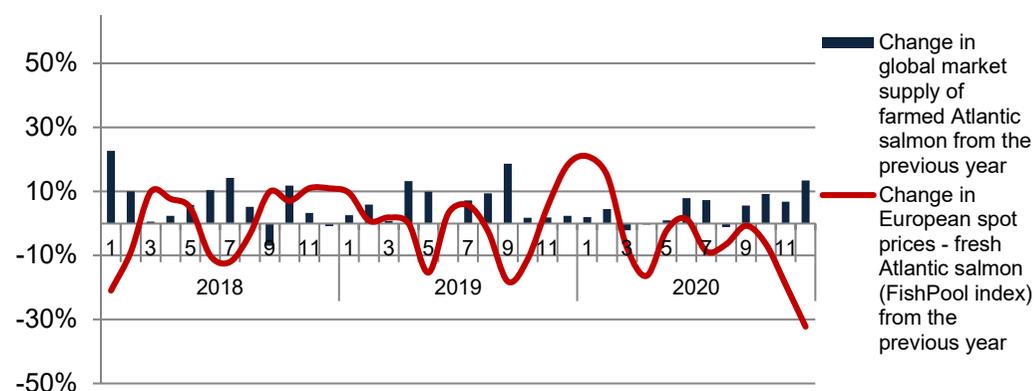
Spot prices were lower in Q4 2020 (mainly a Covid-19 effect)

Global harvest grew 11% y/y

### 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 11%

### Europe harvest up 9%

- Strong growth conditions in Norway
- UK – Low proportion of 2019 harvest in Q4

### Americas harvest grew 16%

- 20% increase in Chile
  - *Good productivity and high average harvest weights*
- Minor absolute changes in North America

Supply Development	Q4 2020	Q4 2019	Change
Norway	365	335	8.8 %
UK	45	38	16.9 %
Faroes	21	24	-12.2 %
Iceland	10	8	23.3 %
Ireland	3	3	-1.5 %
<b>Total Europe</b>	<b>443</b>	<b>408</b>	<b>8.5 %</b>
Chile	196	163	20.4 %
Canada	32	33	-5.7 %
USA	5	5	-3.8 %
<b>Total Americas</b>	<b>232</b>	<b>201</b>	<b>15.5 %</b>
Other	26	24	9.7 %
<b>Total (Harvested quantity)</b>	<b>701</b>	<b>633</b>	<b>10.8 %</b>
Inventory movements	-17	-11	54.8 %
<b>Total (Sold Quantity)</b>	<b>684</b>	<b>622</b>	<b>10.0 %</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 10%

#### EU/UK grew 13%

- 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 39%

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

#### Latin America grew 20%

- Significant increase in Latin America

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

Markets	Estimated volumes		Q4 comparison		Estimated volumes		FY comparison	
	Q4 2020E	Q4 2019	Volume	%	FY 2020E	FY 2019	Volume	%
EU+UK	313,900	277,700	36,200 ↑	13%	1,070,800	1,017,300	53,500 ↑	5%
USA	132,500	120,400	12,100 ↑	10%	505,800	468,600	37,200 ↑	8%
Russia	27,700	25,700	2,000 ↑	8%	78,500	78,600	-100 →	0%
Japan	19,300	14,900	4,400 ↑	30%	64,200	52,800	11,400 ↑	22%
Greater China	21,500	35,000	-13,500 ↓	-39%	101,900	133,700	-31,800 ↓	-24%
ASEAN	20,400	18,500	1,900 ↑	10%	71,900	72,100	-200 →	0%
Latin America	52,100	43,500	8,600 ↑	20%	168,300	163,600	4,700 ↑	3%
Ukraine	9,400	6,500	2,900 ↑	45%	23,500	20,600	2,900 ↑	14%
Other markets	87,200	79,500	7,700 ↑	10%	303,700	294,500	9,200 ↑	3%
<b>Total all markets</b>	<b>684,000</b>	<b>621,700</b>	<b>62,300 ↑</b>	<b>10.0 %</b>	<b>2,388,600</b>	<b>2,301,800</b>	<b>86,800 ↑</b>	<b>3.8 %</b>

#### Comments:

EU+UK incl. estimates for both European Union (Post-Brexit) & United Kingdom (England, Scotland, Wales & Northern Ireland).

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.

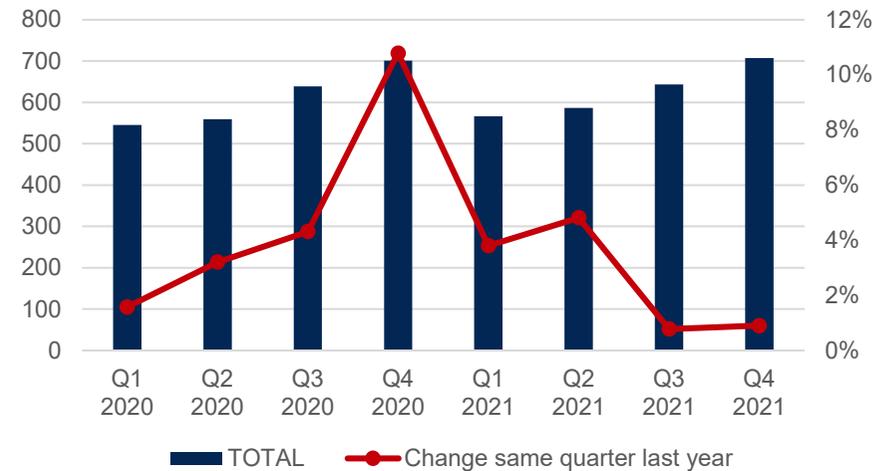
# SHORT TERM SUPPLY OUTLOOK

## LIMITED SUPPLY GROWTH IN 2021 – ESPECIALLY IN H2

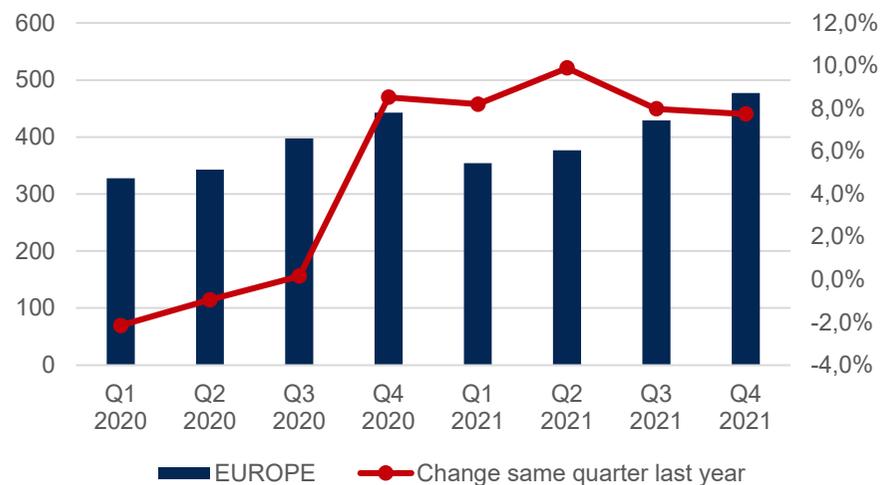
### Expectation of limited global supply growth in 2021

- Stable growth around 8% in Europe
- Release of inventory primarily during H1 2021
- Tight supply growth in H2 2021
  
- 2021 drop in Americas driven by Chile
  - Temporary low smolt release 2H 2019/1H 2020

### SUPPLY - TOTAL

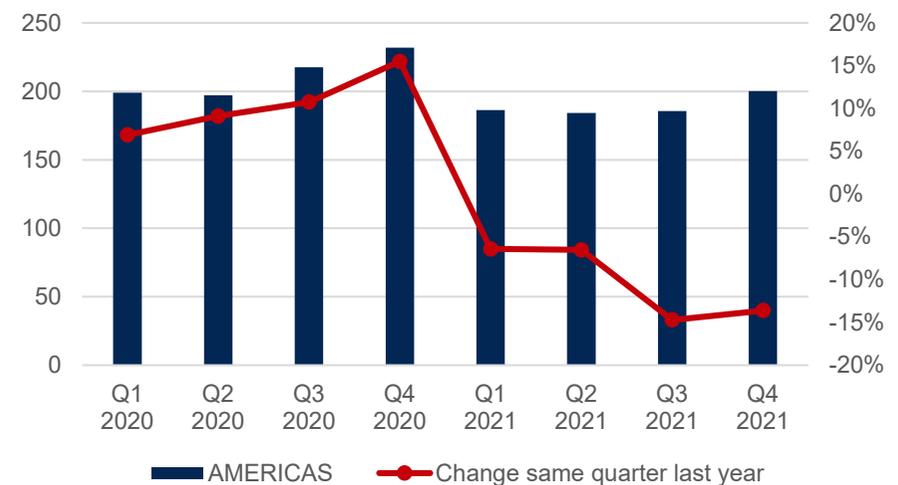


### SUPPLY - EUROPE



Source: Kontali

### SUPPLY - AMERICAS



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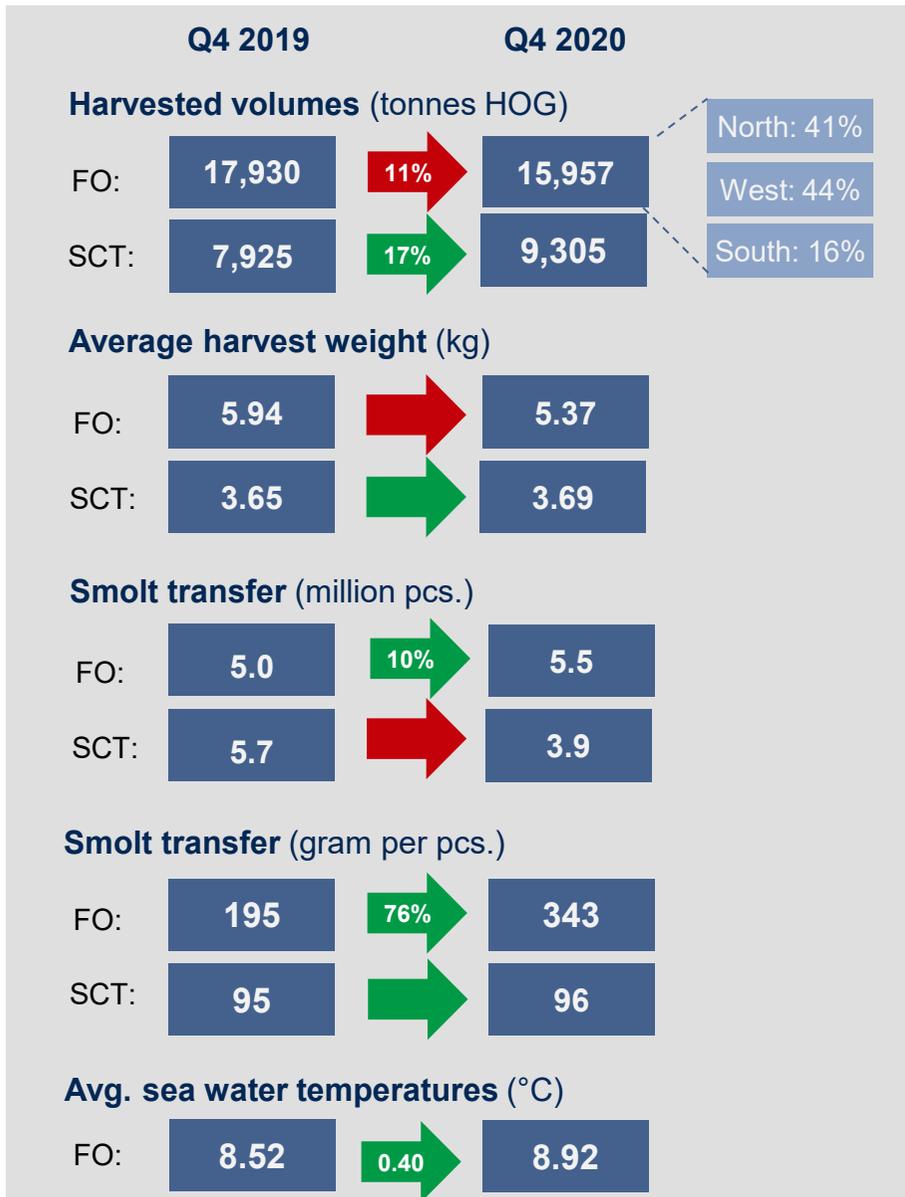
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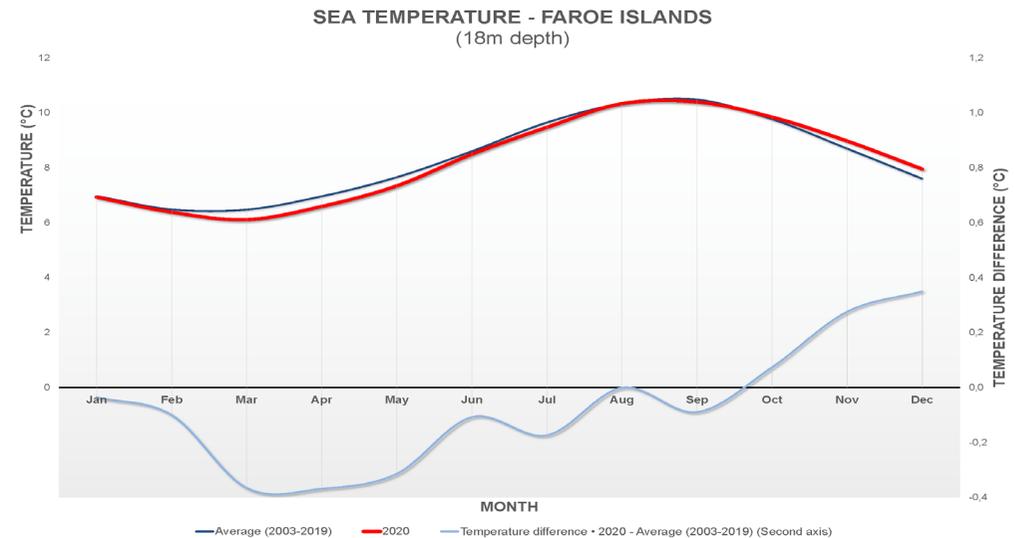
# FARMING – HARVEST VOLUME

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



Harvest Volumes tonnes [HOG]	Q4 2020	Q4 2019	YTD 2020	YTD 2019
FO - North Region	6,486	0	31,029	18,252
FO - West Region	6,965	13,155	14,415	32,210
FO - South Region	2,506	4,775	5,256	6,722
<b>FO – Total</b>	<b>15,957</b>	<b>17,930</b>	<b>50,700</b>	<b>57,184</b>
SCT	9,305	7,925	34,986	7,925
<b>Total (FO &amp; SCT)</b>	<b>25,262</b>	<b>25,855</b>	<b>85,687</b>	<b>65,109</b>

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



# 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 Q3 2020, SCT's operational EBIT margin decreased from -6.8% to -13.9%.

Farming FO (DKK million)	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Operating revenue	603	945	2,340	3,152
Operational EBIT	63	338	448	1,103
Operational EBIT margin	10%	36%	19%	35%

Farming SCT (DKK million)	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Operating revenue	389	437	1,596	437
Operational EBIT	-54	18	-24	18
Operational EBIT margin	-13,9%	4%	-2%	4%



## FARMING – OPERATIONAL PERFORMANCE

### Operational EBIT per kg



### Average weights (HOG):

FO (North):	5.6 kg
FO (West):	5.0 kg
FO (South):	6.6 kg
SCT:	3.7 kg

**FO:** Good biological performance in the quarter, good growth and low mortality.

**SCT:** Biological challenges and increased mortality in several areas.

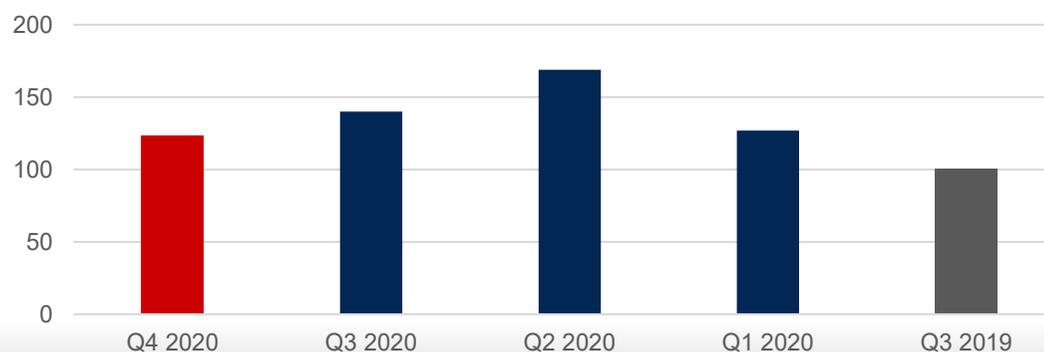
**Market:** Market conditions were significantly affected by Covid-19 in Q4 2020

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



(NOK/kg)	Q4 2020				
	FO				SCT
	North	West	South	Total	Total
Op. EBIT/kg gw	8.81	2,43	6,51	5,66	-8.41

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



# VALUE ADDED PRODUCTS (VAP)

## STRONG QUARTER WITH HIGHER VOLUMES AND IMPROVED RESULTS

### Volumes (tonnes)



### Revenue (mDKK)



### Operational EBIT (mDKK)



### Operational EBIT/kg (NOK)

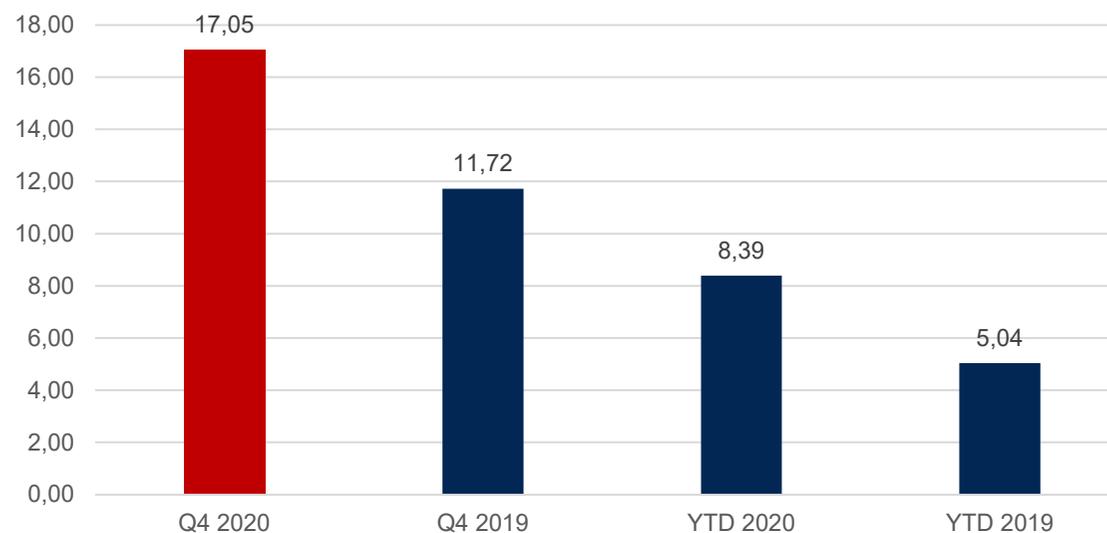


### % of harvest volume for VAP



(DKK million)	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Operating revenue	287	249	1.116	964
Operational EBIT	80	37	140	64
Operational EBIT margin	28%	15%	13%	7%
VAP produced volumes (tgv)	6.790	4.219	23.931	16.690

### 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)



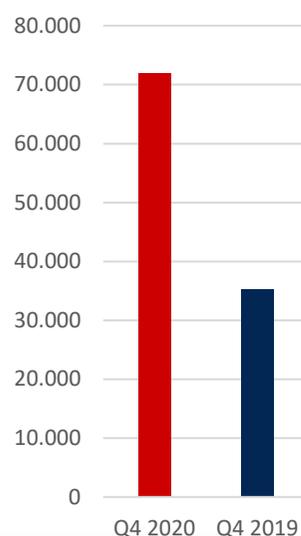
## Raw material sourced (tonnes)



(DKK million)	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Operating revenue	359	338	1,419	1,388
EBITDA	48	58	208	276
EBITDA margin	13%	17%	15%	20%
Feed sold (tonnes)*	30,885	28,398	111,998	97,408
Fishmeal sold external (tonnes)	1,500	4,123	18,675	31,769

\* Including internal sales, corresponding to 96% of feed volumes in Q4 2020 (Q4 2019: 73%)

## Sourcing of raw material (tonnes)



# MARKET CONDITIONS FEED

## SIGNIFICANT INCREASE IN FEED SALES

### Total feed sales increased (tonnes)

**28,398**  
(Q4 2019)



**30,885**  
(Q4 2020)

### External feed sale decreased (tonnes)

**7,620**  
(Q4 2019)

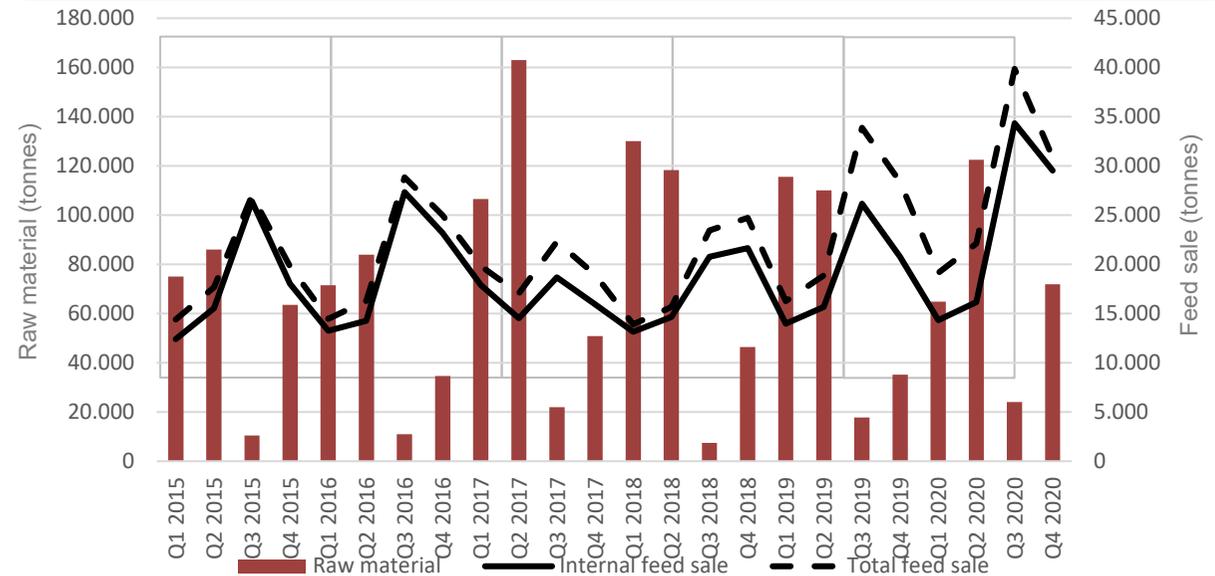


**1,369**  
(Q4 2020)

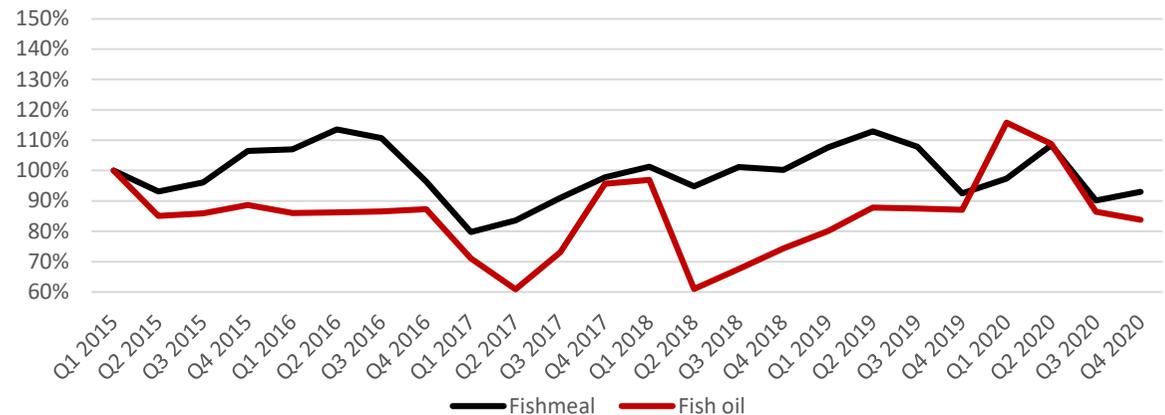
### Market fluctuations

The fishmeal price increased while the fish oil price decreased in Q4 2020, compared to the previous quarter

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



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



Source: Holtermann

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# GROUP PROFIT AND LOSS

## LOWER REVENUE, REDUCED OPERATIONAL EBIT AND PROFIT

### Revenue (mDKK)

**1,605**  
(Q4 2019)  **1,183**  
(Q4 2020)

### Operational EBIT (mDKK)

**415**  
(Q4 2019)  **89**  
(Q4 2020)

### Fair value of biomass (mDKK)

*Changes to harvest profile and prices* **-22**  
(Q4 2020)

### Revenue tax (mDKK)

**-14**  
(Q4 2019)  **-2**  
(Q4 2020)

### Taxes

**-51**  
(Q4 2019)  **-78**  
(Q4 2020)

### Profit after tax (mDKK)

**220**  
(Q4 2019)  **-38**  
(Q4 2020)

(DKK million)	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Operating revenue	1,183	1,605	4,696	4,511
<b>Operational EBITDA</b>	<b>215</b>	<b>544</b>	<b>1,068</b>	<b>1,635</b>
<b>Operational EBIT</b>	<b>89</b>	<b>415</b>	<b>621</b>	<b>1,325</b>
Fair value adjustment of biological assets	-22	-103	118	-221
Onerous contracts	0	0	0	0
Income from associates	6	4	6	14
Revenue tax	-2	-14	-54	-99
<b>EBIT</b>	<b>69</b>	<b>301</b>	<b>691</b>	<b>1,019</b>
Net financial items	-29	-31	-65	-37
<b>EBT</b>	<b>41</b>	<b>271</b>	<b>626</b>	<b>982</b>
Taxes	-78	-51	-163	-180
<b>Profit for the period</b>	<b>-38</b>	<b>220</b>	<b>463</b>	<b>802</b>
<b>Operational EBITDA margin</b>	<b>18.2%</b>	<b>33.9%</b>	<b>22.7%</b>	<b>36.2%</b>
<b>Operational EBIT margin</b>	<b>7.5%</b>	<b>25.9%</b>	<b>13.2%</b>	<b>29.4%</b>
<b>Operational EBIT/kg (Farming FO and VAP) (NOK)</b>	<b>12.92</b>	<b>28.25</b>	<b>16.65</b>	<b>26.91</b>
<b>Operational EBIT/kg (Farming SCT) (NOK)</b>	<b>-8.41</b>	<b>3.09</b>	<b>-0.99</b>	<b>3.09</b>
<b>EBITDA margin (fishmeal, oil and feed)</b>	<b>13.4%</b>	<b>17.1%</b>	<b>14.6%</b>	<b>19.9%</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

## Headlines (mDKK)

<b>Intangible assets:</b>			<b>4,493</b> (Q4 2020)
<b>PPE:</b>	<b>3,780</b> (end of 2019)	<b>440</b> →	<b>4,221</b> (Q4 2020)
<b>Biological assets:</b> <i>* (whereof mDKK -22 are fair value adjustments)</i>	<b>1,902</b> (end of 2019)	<b>215</b> →	<b>2,117*</b> (Q4 2020)
<b>Inventory:</b>	<b>549</b> (end of 2019)	<b>227</b> →	<b>776</b> (Q4 2020)
<b>Receivables:</b>	<b>626</b> (end of 2019)	<b>-126</b> →	<b>490</b> (Q4 2020)
<b>Cash &amp; cash equiv.:</b>	<b>1,310</b> (end of 2019)	<b>-840</b> →	<b>467</b> (Q4 2020)
<b>Equity:</b>	<b>8,497</b> (end of 2019)	<b>322</b> →	<b>8,729</b> (Q4 2020)
<b>Equity ratio:</b>			<b>66%</b> (Q4 2020)

(DKK million)	Q4 2020	End 2019
Intangible assets	4,493	4,396
Property, plant and equipment	4,221	3,780
Right of use assets	353	333
Financial assets	122	119
Long-term receivables	8	4
Deferred tax assets	1	38
Biological assets	2,117	1,902
Inventory	776	549
Receivables	490	626
Other receivables	134	46
Cash and cash equivalents	467	1,310
<b>Total Assets</b>	<b>13,183</b>	<b>13,101</b>
Equity	8,729	8,497
Deferred tax and other taxes	1,196	1,124
Long-term interest-bearing debt	2,220	2,328
Long-term leasing debt	265	226
Financial derivatives	11	15
Short-term leasing debt	131	108
Accounts and other payables	629	804
<b>Total Equity and Liabilities</b>	<b>13,183</b>	<b>13,101</b>

# INVENTORY CHANGES

INVENTORIES INCREASED DURING Q4 2020 AND FY2020

## Inventory total (mDKK)



## VAP segment (mDKK)



## FOF segment (mDKK)



## Volumes

Inventory volumes in the VAP and FOF segments increased during Q4 2020 as well as during FY2020

## Cost price

Average cost price of inventory decreased during Q4 2020 as well as during FY2020

## CASH FLOW

### Cash flow, operations (mDKK)



### Cash flow, investments (mDKK)



### Cash flow, financing (mDKK)



(DKK million)	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Cash flow from operations	-107	-150	474	1,033
Cash flow from investments	-343	-3,791	-816	-4,598
Cash flow from financing	471	2,639	-500	4,557
Net change in cash	21	-1,302	-843	993
Cash at the end of the period	467	1,310	467	1,310
Undrawn facilities	1,677	2,470	1,677	2,470

# NET INTEREST-BEARING DEBT (NIBD)

NIBD INCREASED DURING Q4 2020

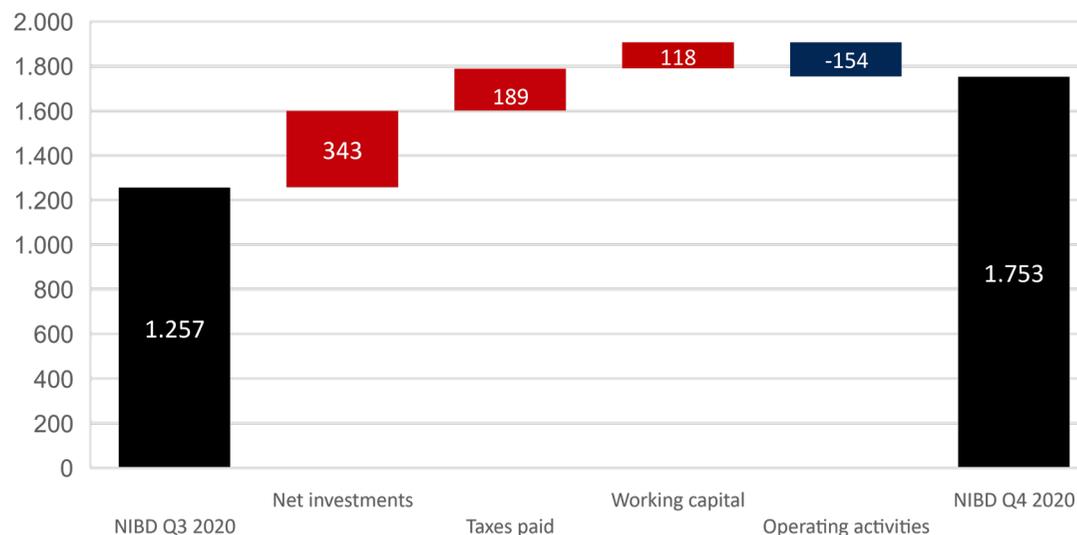
## NIBD was increased by:

- Net investments (mDKK 343)
- Taxes paid (mDKK 189)
- Change in working capital (mDKK 118)

## NIBD was decreased by:

- Cash flow, operating activities (mDKK -154)

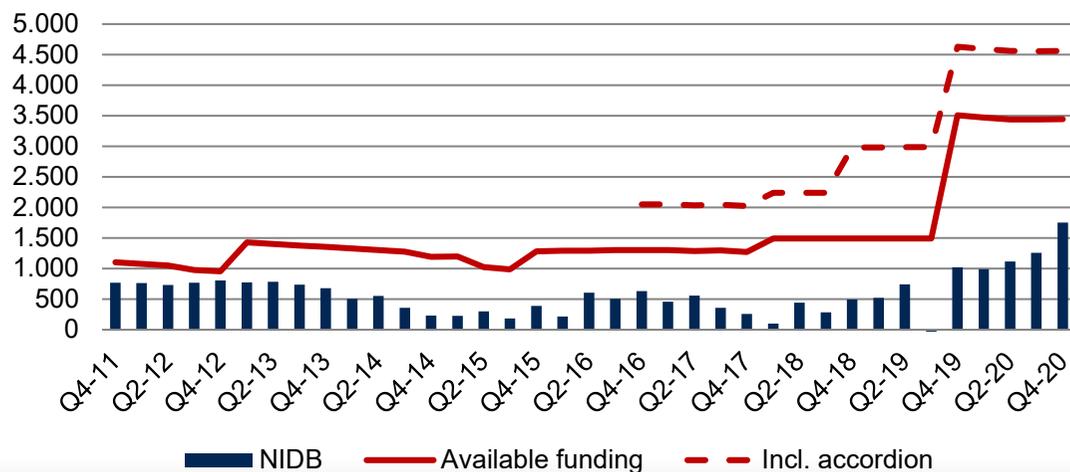
### Development in NIBD in DKK millions



## Financing end Q4 2020

- NIBD: DKK 1,753 million
- Bank facilities of EUR 463 million
- Undrawn credit facilities: DKK 1,677 million

### 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

Bakkafrost named **top three** producer of sustainable protein by the **Coller FAIRR 2020 Protein Producer Index** - one of only three companies to rank as **“low risk”** for investors.



#### Healthy People

Provided **free Influenza vaccines** to all employees in the Faroe Islands.



#### Healthy Salmon

**100% ASC certification**



#### Healthy Environment

In Q4 2020 biogas plant FÖRKA delivered **1.4 MWh of electricity** to the national grid and **0.9 MWh of district heating** to citizens of Tórshavn.



#### Healthy Communities

Contributed around **3.5 mDKK** to local communities through our Healthy Living Fund in 2020

In Q4 the biogas plant produced **green energy equal to 355.049 liters of fuel oil**

SUMMARY OF Q4 2020

MARKETS AND SALES

SEGMENT INFORMATION

FINANCIALS & ESG

**OUTLOOK**

APPENDIX

## OUTLOOK

### Market

- Global harvest increased 10.8% in in Q4 2020
- 4% increase expected in global harvest in Q1 2021
- 2-3% increase in global **harvest** expected in 2021
- 5-6% increase in global **supply** expected in 2021 due to expected inventory movements, especially in H1

### Farming

- In 2020, Bakkafrost harvested HOG 85,686 tonnes in the Faroe Islands and Scotland combined
- In 2021, Bakkafrost expects to harvest HOG 106,000 tonnes (Faroe Islands: 66,000 tonnes and Scotland: 40,000 tonnes)
- In the Faroe Islands, Bakkafrost expects to release around 14.5 million smolts in 2021
- In Scotland, Bakkafrost expects to release around 11.0 million smolts in 2020

### Contracts

- For 2021, Bakkafrost has signed contracts for around 28% of the total expected harvest volumes in the Faroe Islands and 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 120,000 tonnes in 2021
- Fishmeal and fish oil volumes are expected to be lower than in 2020

### Business development / Investment programme

- Pursuing sustainable organic growth
- For the period 2020 – 2022, ~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
- Capital Markets Day will be held on 14-15 September 2021

SUMMARY OF Q4 2020

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## CHANGES TO MANAGEMENT IN THE SCOTTISH SALMON COMPANY



### Ian Laister appointed new Managing Director as of 1 March 2021

Mr. Laister has more than 20 years' experience creating value and restoring performance across diverse sectors both as a Director and as a Management Consultant. Mr. Laister joined SSC almost 18 months ago to support the transition from the outgoing CFO, and then post acquisition integration, acting as deputy to the interim CEO, Odd Eliassen, during the first transition period.

Odd Eliassen, who is also Managing Director of Havsbrún, has held the interim position as CEO of the Scottish Salmon Company since Bakkafrost acquired the company in Q4 2019. With the appointment of Mr. Laister as Managing Director, Mr. Eliassen will hand over to Mr. Laister.

### Bakkafrost's Board of Directors instated as Board of Directors in SSC, replacing the current board



**Rúni M. Hansen**  
Chairman



**Johannes Jensen**  
Deputy Chairman



**Teitur Samuelsen**



**Annika Frederiksberg**



**Øystein Sandvik**



**Einar Wathne**

## LAND BASED FARMING EXPANSION TO 14 KT

### S16 Glyvradalur capacity expansion in progress

- In operation in 2023  
1.9kt ~ 3.8m smolt á 500g



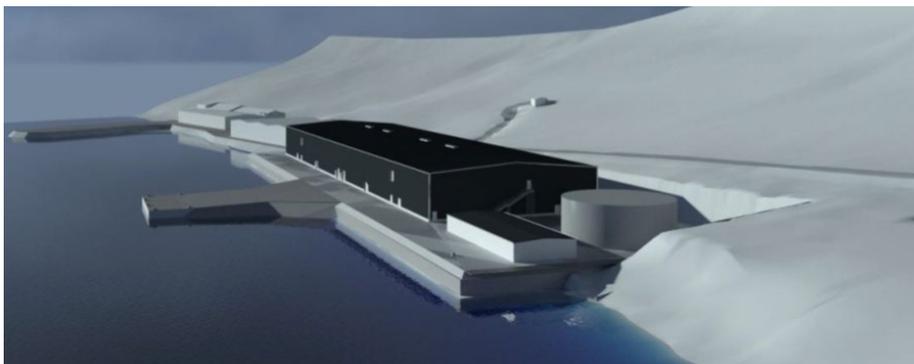
### S24 Strond capacity expansion finalised

- Now in full operation ~ 9m smolt á 500g
- 10 unrelated departments, building of 320m x 80m



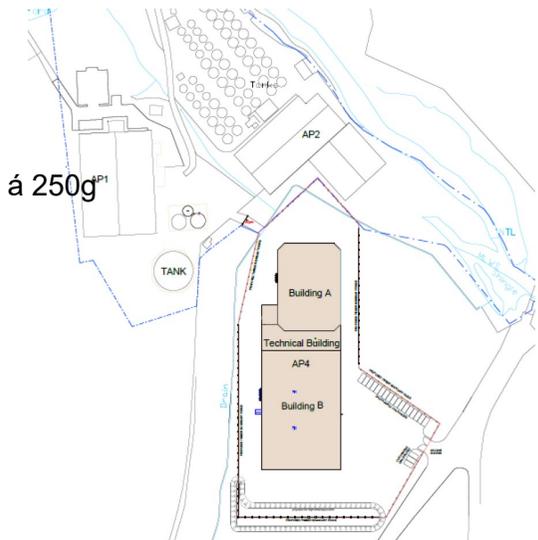
### S03 Norðtoftir capacity expansion in progress

- In operation in 2023  
2.8kt ~ 5.3m smolt á 500g



### FS1336 Applecross, Scotland

- Expected to be in operation in 2023  
2.8kt ~ 11m smolt á 250g



# SCOTLAND SITE OVERVIEW

7,742 TONNES CONSENT INCREASE SINCE THE ACQUISITION

**Total consent has increased by 11.6% (7,742 tonnes) since the acquisition in Q4 2019**

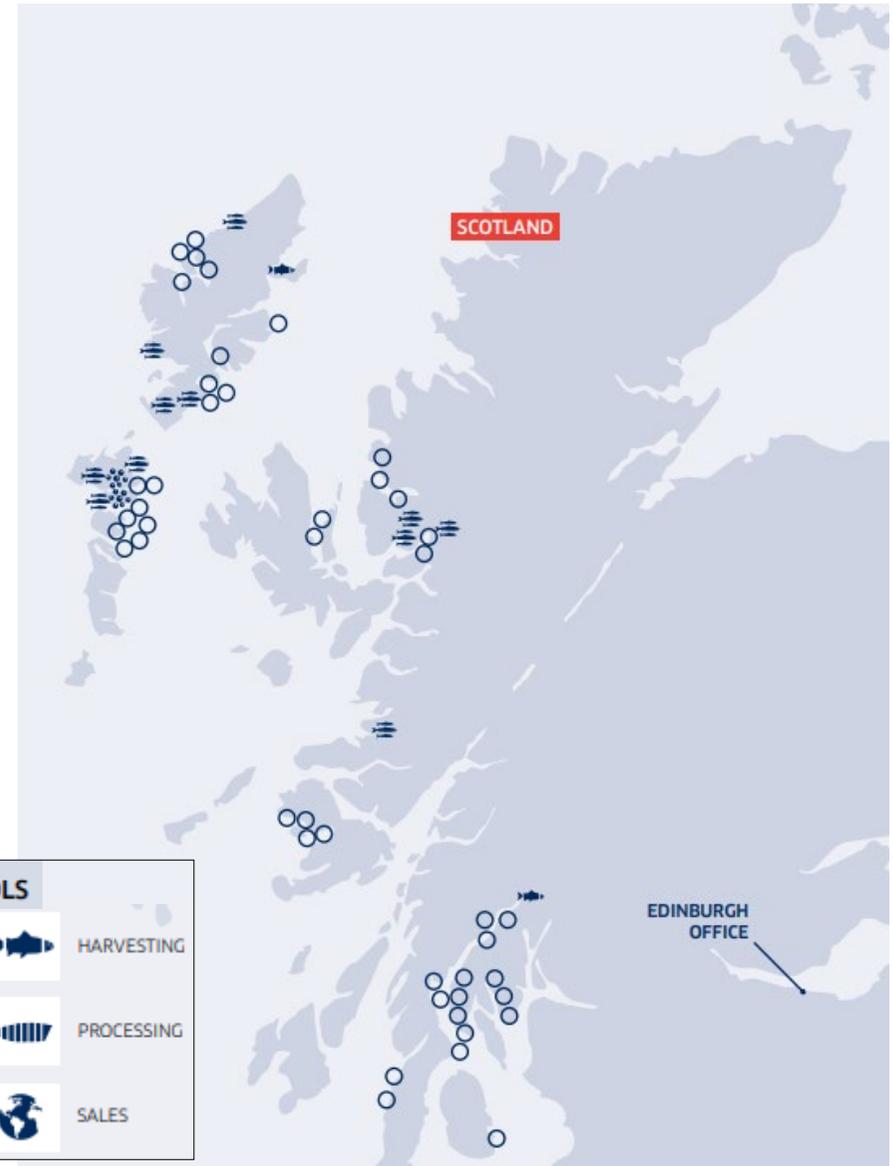
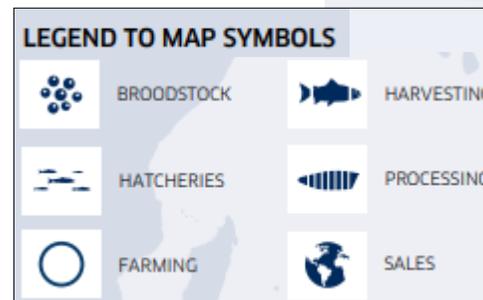
**Total consent is 74,765 tonnes in 44 farming sites:**

**North:** 24 sites / 44,415 tonnes consent

- Uist, 5 sites
- Sky & mainland, 6 sites
- Loch Roag, 7 sites
- East Lewis & Harris, 6 sites

**South:** 20 sites / 30,350 tonnes consent

- Mull and Gigha, 6 sites
- Loch Striven and Arran, 4 sites
- Loch Fyne, 10 sites



# 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

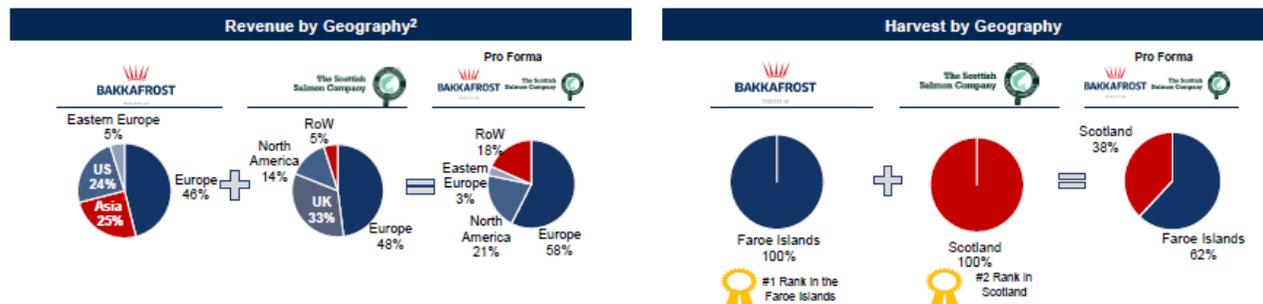
# SCOTLAND – STRATEGIC RATIONALE

## 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



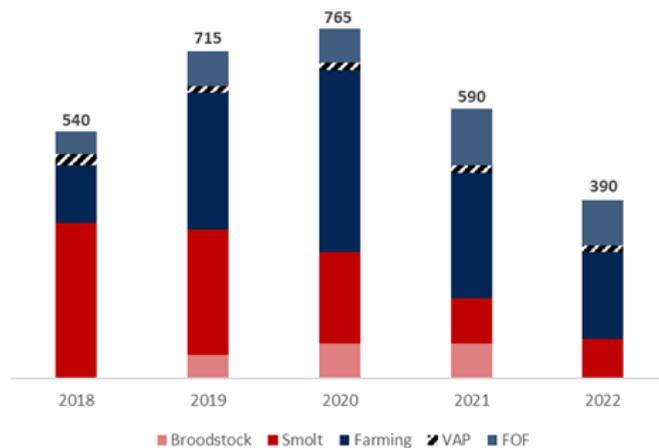
Source: Company filings, company website, Mowi Salmon Farming Industry Handbook 2019.  
<sup>1</sup> Harvest figures reflect total harvest in European region comprising of Norway, United Kingdom / Scotland and Faroe Islands as per Mowi Salmon Farming Handbook.  
<sup>2</sup> Geographic breakdown of revenue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

# FAROE ISLANDS - GROWING TO 100KT

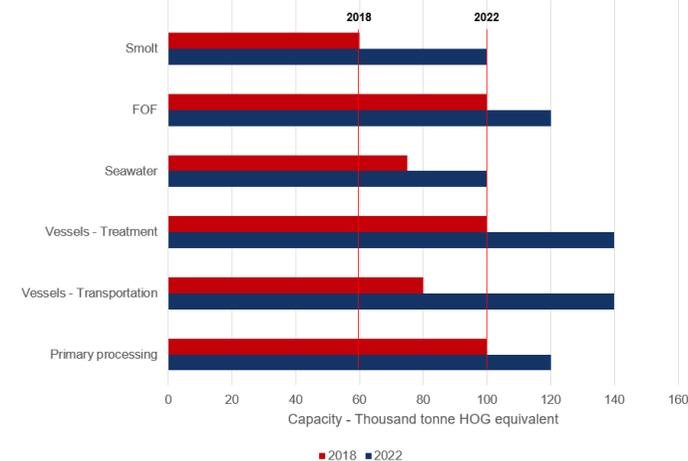
## SUPERIOR BIOLOGY COMBINED WITH STATE-OF-THE-ART INFRASTRUCTURE

	FISHMEAL, OIL AND FEED	BROODSTOCK	SMOLT	SEA WATER	PROCESSING	SALES/MARKETING
CAPACITY 2018	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
CMD ANOUNCED 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) 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

- 6% growth in Global supply
- 9% growth in European supply
- -2% 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	1.223	1.328
UK	159	137	171	163	183
Ireland	15	13	14	14	13
Faroese	72	64	78	72	88
<b>Total Europe</b>	<b>1.325</b>	<b>1.343</b>	<b>1.462</b>	<b>1.472</b>	<b>1.612</b>
Chile	490	598	601	656	642
Canada	123	132	124	127	126
USA	20	17	19	18	16
<b>Total Americas</b>	<b>633</b>	<b>747</b>	<b>744</b>	<b>802</b>	<b>785</b>
Other	78	78	96	115	143
<b>Total (Sold Quantity)</b>	<b>2.035</b>	<b>2.168</b>	<b>2.302</b>	<b>2.389</b>	<b>2.540</b>
<b>Supply growth - Global</b>	<b>2%</b>	<b>7%</b>	<b>6%</b>	<b>4%</b>	<b>6%</b>
Supply growth - Europe	3%	1%	9%	1%	9%
Supply growth - Americas	-3%	18%	0%	8%	-2%

Salmon Markets (head on gutted - HOG)					
	2017	2018	2019	2020E	2021E
EU+UK	918	949	1.017	1.071	1.156
USA	402	436	469	506	515
Japan	57	54	53	64	64
Russia	70	89	79	78	89
Others	588	640	684	669	715
<b>Total (Sold Quantity)</b>	<b>2.035</b>	<b>2.168</b>	<b>2.302</b>	<b>2.389</b>	<b>2.539</b>

Comments:

All figures are in hog-equivalents and thousand tonnes.

Figures represents sold quantity of Atlantic Salmon from each producing country

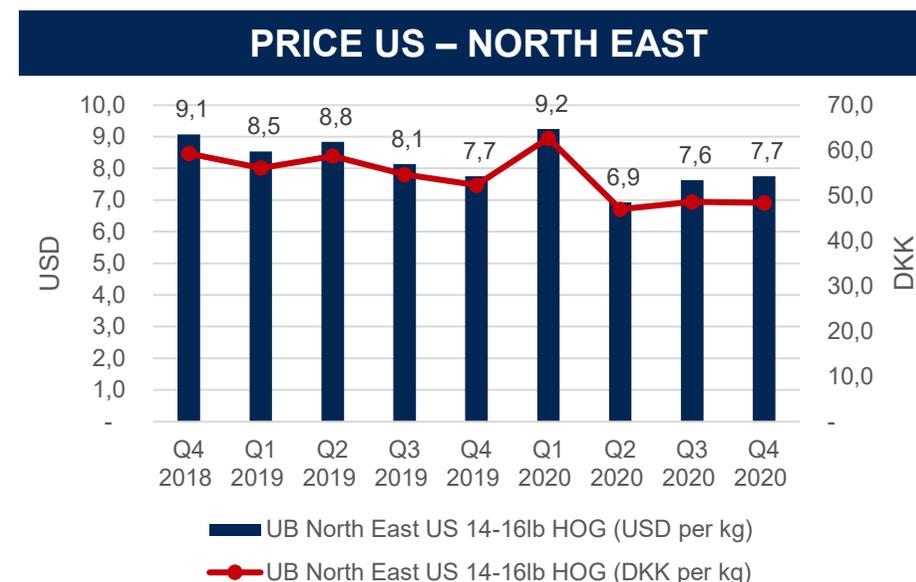
Source: Kontali

# Q4 2020 MARKET ENVIRONMENT

## DECREASING MARKET PRICES

- Further decrease in market prices
  - Further disruption to food service demand (COVID-19)
  - Temporary high global supply growth (10%)
- Nasdaq Norway price EUR 4.0 in Q4 2020
  - 28% down vs. Q4 2019
  - 9% down vs. Q3 2020
- Urner Barry East Coast price USD 7.8 per kg in Q4 2019
  - Stable vs. Q4 2019
  - 2% up vs. Q3 2020

MARKET CURRENCY	Q4 2020	Q4 2019	Change %
Nasdaq Norway (EUR)	4.04	5.59	-27.6 %
UB North East US 14-16lb HOG (USD per kg)	7.75	7.75	0.0 %
DKK	Q4 2020	Q4 2019	Change %
Nasdaq Norway	30.09	41.74	-27.9 %
UB North East US 14-16lb HOG (per kg)	48.37	52.28	-7.5 %

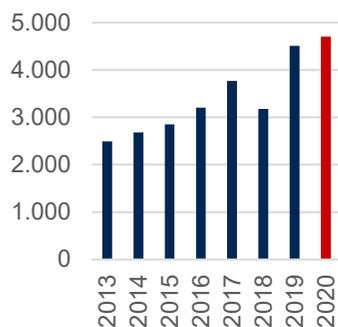


Source: Kontali

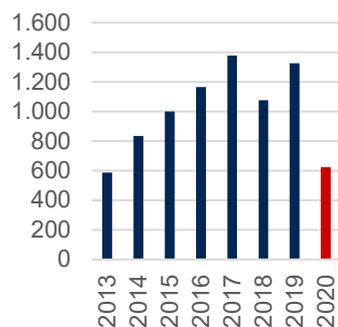
## DEVELOPMENT PER QUARTER

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
(mDKK)	2018	2019	2019	2019	2019	2020	2020	2020	2020
Revenue	750	964	947	996	1,605	1,255	1,134	1,123	1,183
Operational EBIT	231	268	339	303	415	248	182	103	89
Profit/Loss	-7	213	189	181	220	-148	472	177	-38
Harvest FO (tgv)	12,234	13,707	12,609	12,938	17,930	10,667	12,941	11,135	15,957
Harvest SCT (tgv)					7,925	7,268	7,937	10,476	9,305
Op. EBIT Farming FO & VAP (NOK/kg)	21.91	21.99	31.31	26.25	28.25	25.10	15.34	15.24	12.92
Op. EBIT Farming FO (NOK/kg)	21.56	21.86	31.31	23.61	25.49	26.51	9.79	12.43	5.66
Op. EBIT VAP (NOK/kg)	1.51	0.37	-0.01	9.23	11.72	-2.78	11.19	5.87	17.05
Op. EBIT Farming SCT (NOK/kg)					3.09	5.70	5.36	-3.89	-8.41
Equity ratio	70%	70%	65%	68%	65%	66%	69%	68%	66%
NIBD	495	522	744	-1,271	1,019	988	1,116	1,257	1,753

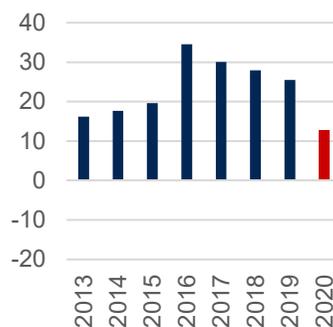
Revenue (mDKK)



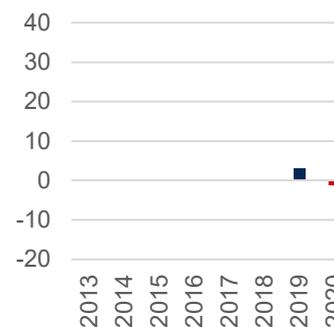
Operational EBIT (mDKK)



Farming FO margin Op. EBIT (NOK/kg)



Farming SCT margin Op. EBIT (NOK/kg)



VAP FO margin Op. EBIT (NOK/kg)



# DIVIDEND

## Dividend

- The Board proposes dividend for 2020 of DKK 3.65 per share to be paid out in Q2 2021.
- Dividend payment equals 59% of adjusted EPS.

## Dividend policy

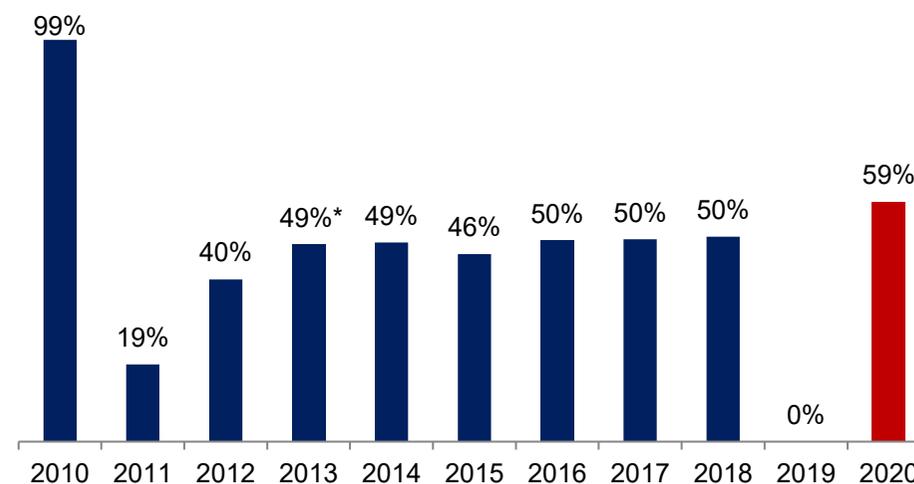
- Competitive return through:
  - Dividends
  - Increase in the value of the equity
- Generally, Bakkafrøst shall pay dividend to its shareholders
- A long-term goal is that 30–50% of adjusted EPS shall be paid out as dividend

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

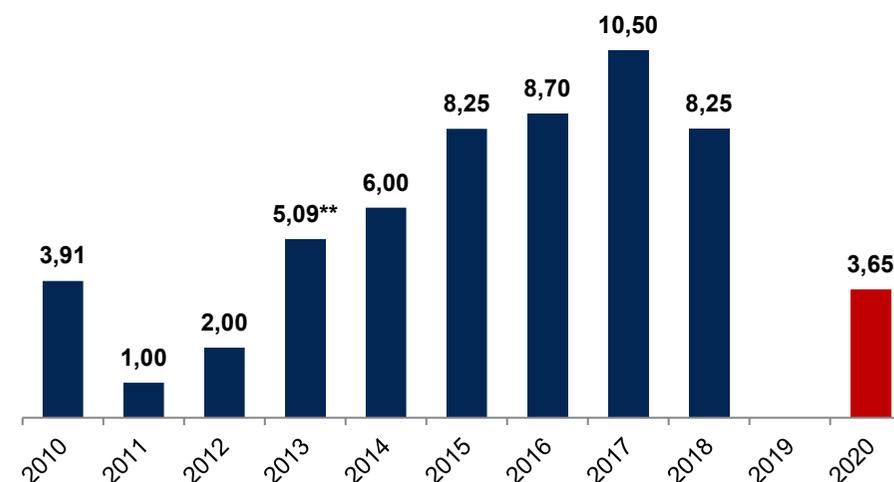
\*\* Dividend and acquisition of treasury shares

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

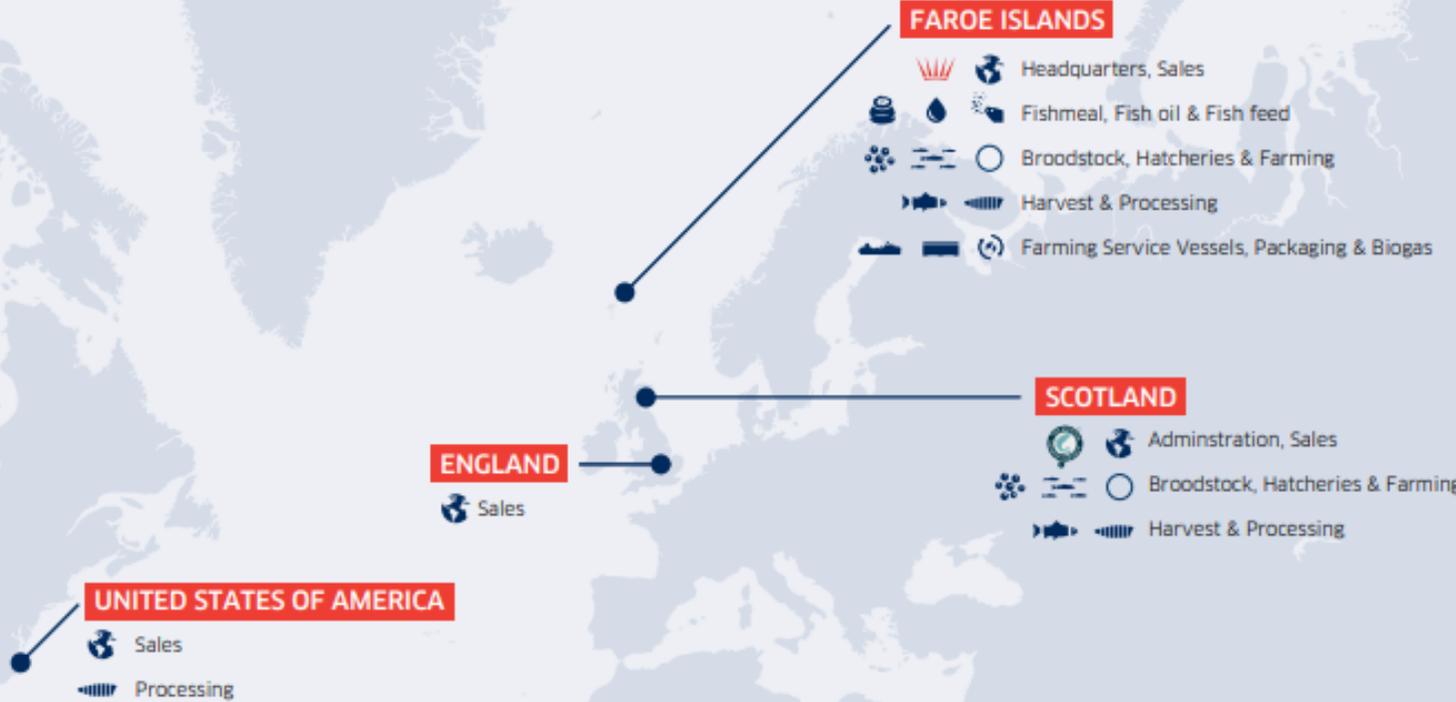
Dividend per share in % of adj. EPS\*



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



# Bakkafrost at a Glance



## FAROE ISLANDS

- Headquarters, Sales
- Fishmeal, Fish oil & Fish feed
- Broodstock, Hatcheries & Farming
- Harvest & Processing
- Farming Service Vessels, Packaging & Biogas

## SCOTLAND

- Administration, Sales
- Broodstock, Hatcheries & Farming
- Harvest & Processing

## ENGLAND

- Sales

## UNITED STATES OF AMERICA

- Sales
- Processing

### 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

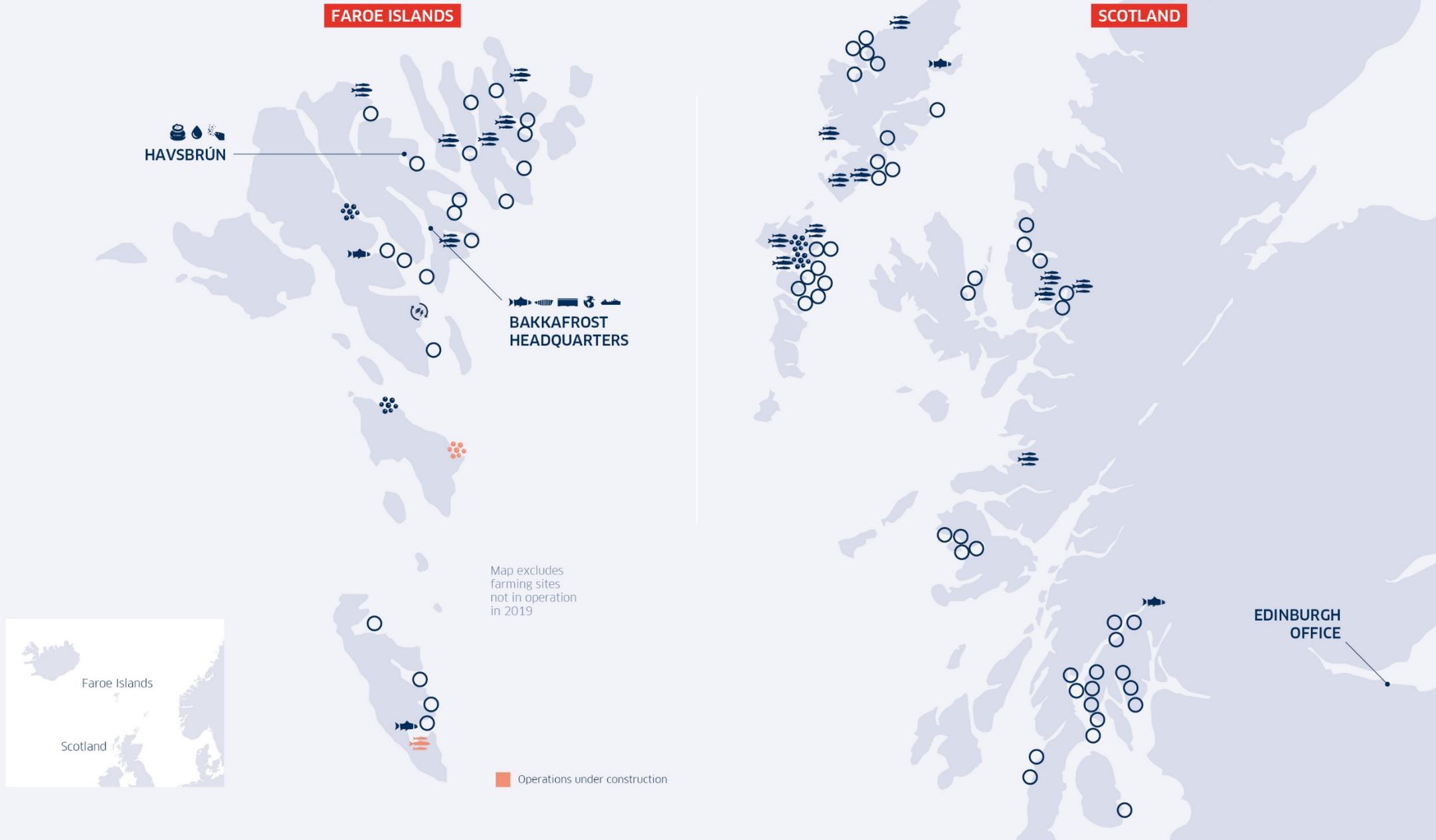
**Headquarters:** Glyvrar, Eysturoy

**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



## FAROE ISLANDS

- 18 islands – 1,387 km<sup>2</sup>
- 52,920 inhabitants (December 2020)
- Home rule – within the Kingdom of Denmark
- Part of the Danish monetary union, Danish krone (DKK)

### Key sectors (% of wage earners, M12 2020)

- Service/public admin.: ~35%
- Private service: ~32%
- Construction: ~16%
- Fish & aquaculture: ~18%
- Unemployment rate (November 2020): 1.4%
- Total working force (December 2020): 27,691

- **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

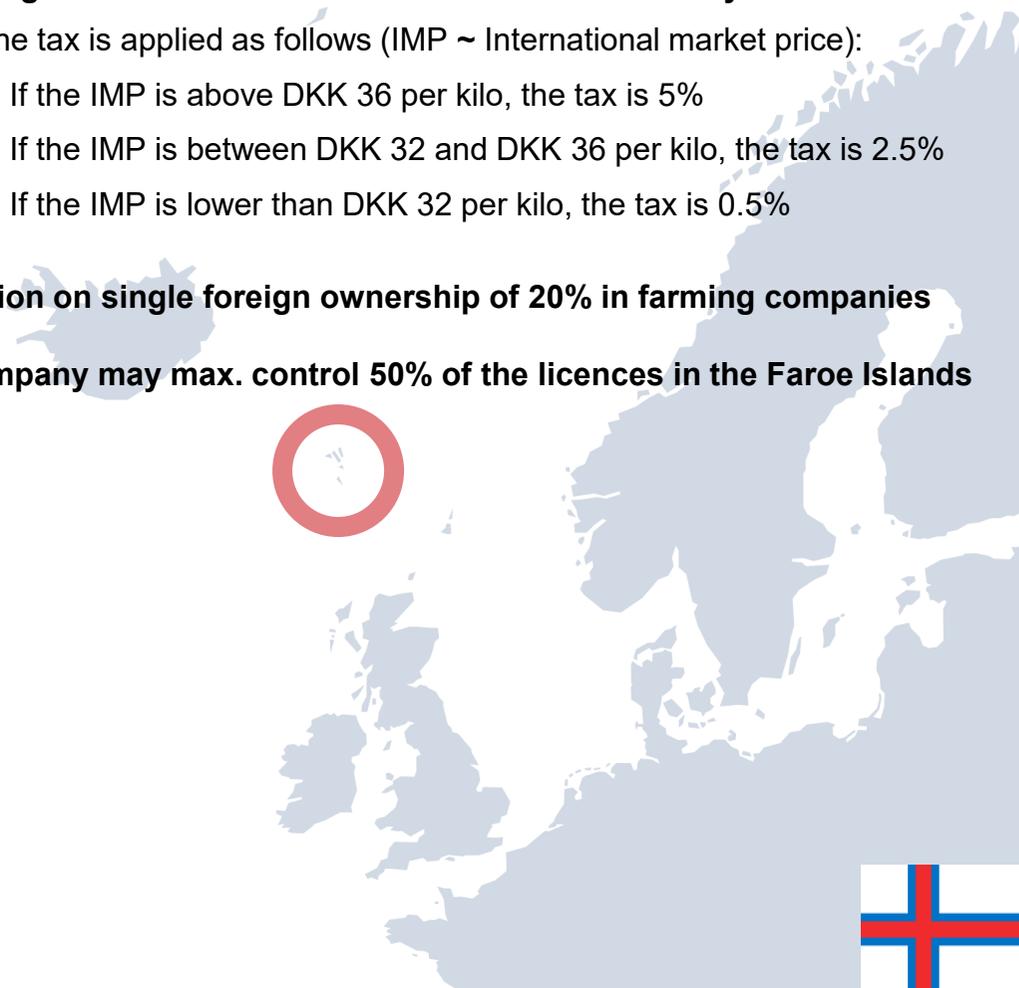
- Total percent of GDP: 41.8% (2016)
- Corporate tax: 18%
- Farming revenue tax: 5.0% of revenues after 1 January 2019

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

