



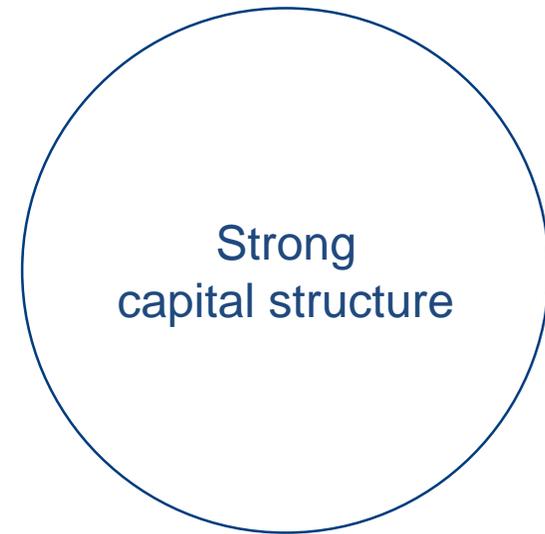
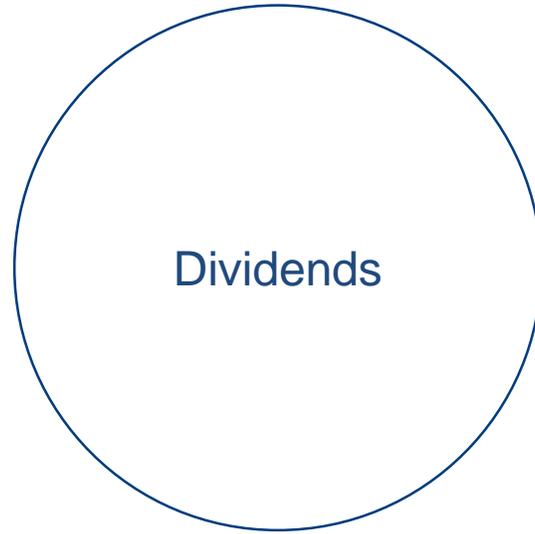
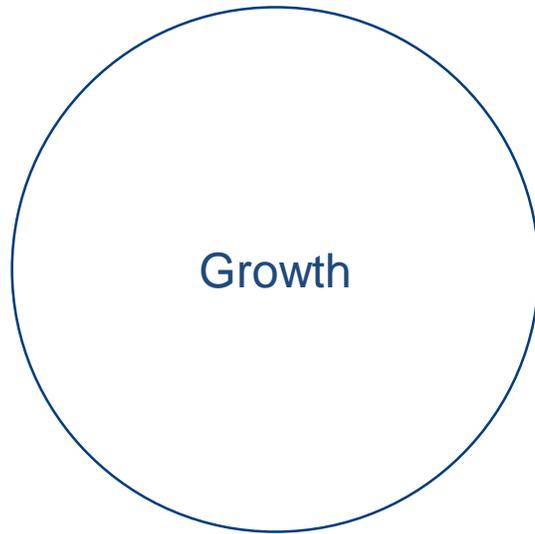
# Financial review

Capital markets day | August 2019

Daniel Bortnik, CFO



# Deliver competitive long term returns to our shareholders



# Share performance since IPO: +66%\*

## Share and index performances since IPO

Rebased at NOK 42.00 - Salmenes Camanchaca at February 2, 2018



\* Refers to SALMON share price on Oslo Stock Exchange at 16 August 2019

## Dividend Policy

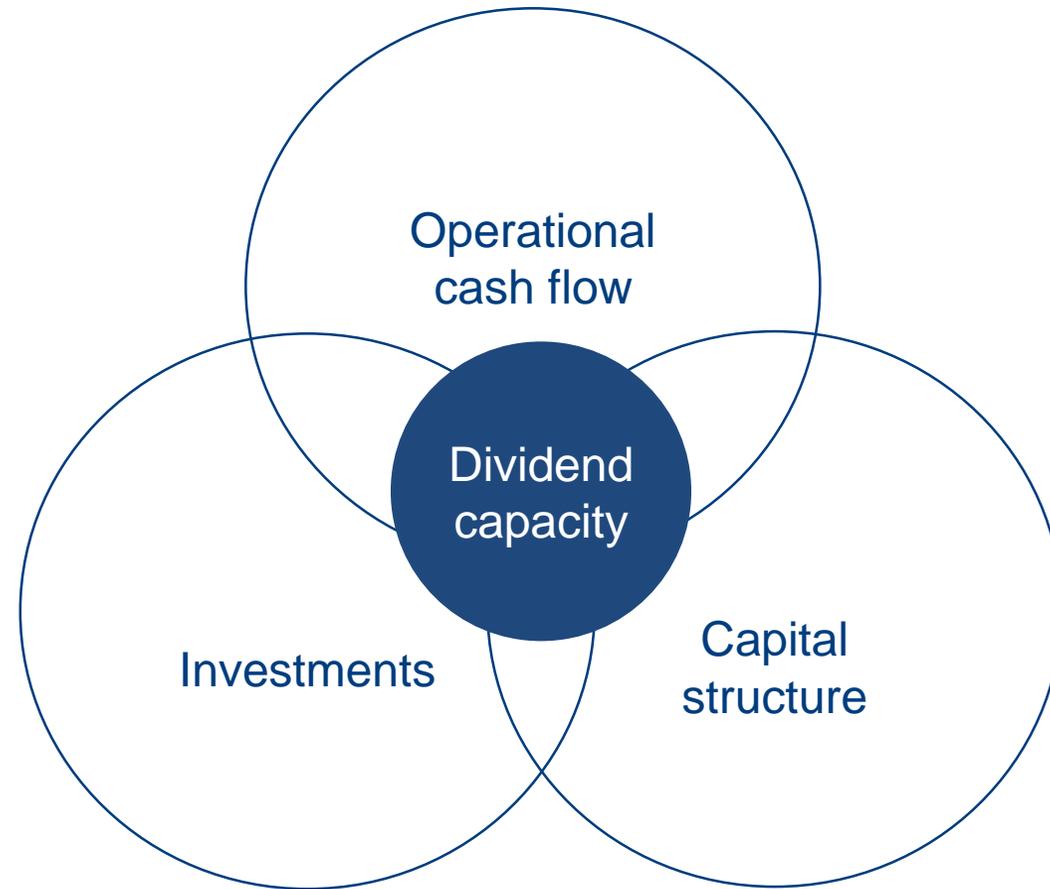
- Minimum 30% of net distributable profit
- 2017 dividend pay-out-ratio: 30%
- 2018 dividend pay-out-ratio: 50%

## Profitability

- Return on Equity LTM H1 2019: 24%
- Return on Assets LTM H1 2019: 27%



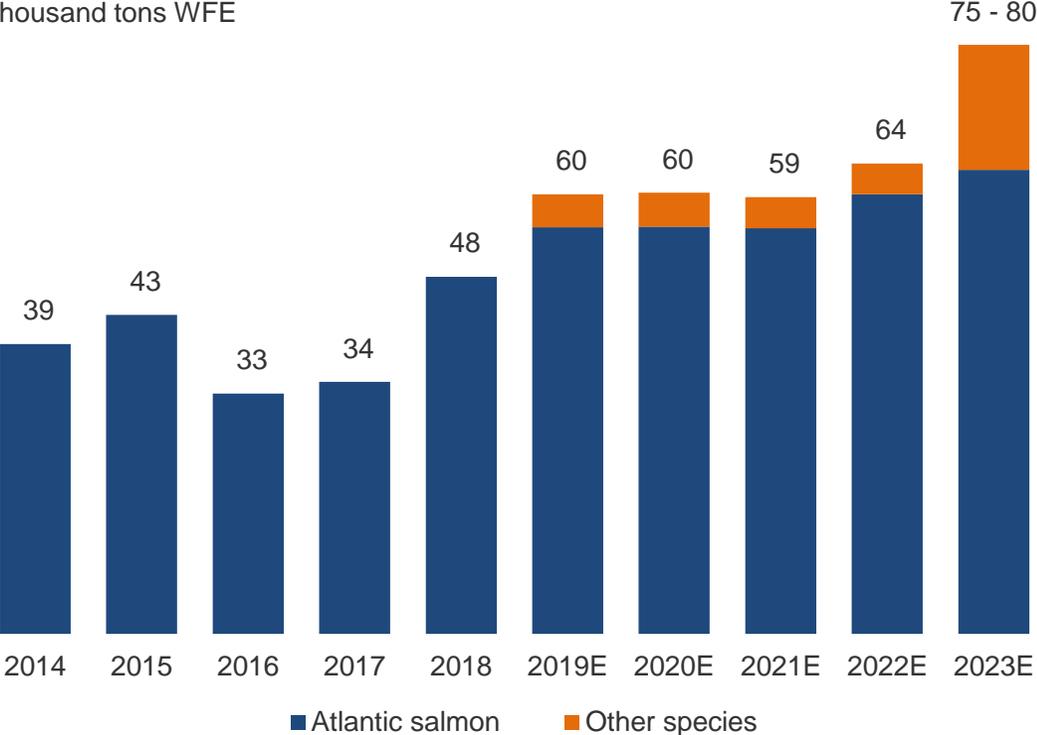
# Dividend capacity foundation



# Resource efficient growth

## Harvest volume\*

Thousand tons WFE



\* Does not include trout JV 2016 - 2022. Average annual harvests: ~12,000 tons WFE

## Atlantic Salmon

- Maximizing use of own concessions
- Biological control
- Risk diversification through regions X and XI

## Other species

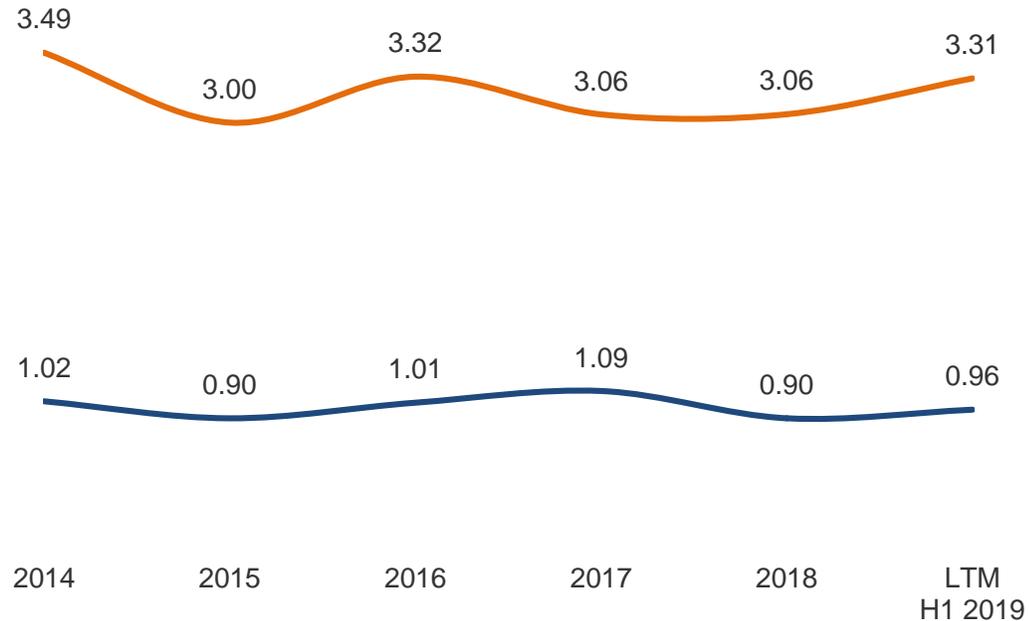
- Utilize trout JV stocking rights from 2023

Estimated investments	US\$ million	Year
Freshwater and farming	50	2021
Processing	10	2022-23
Working capital	30	2023
<b>Total</b>	<b>90</b>	



# Maintaining operational efficiency

Cost per kg  
US\$



Long-term targets

~ \$3.0/kg  
Ex-cage  
cost (LW)

< \$1.0/kg  
Processing  
cost (WFE)

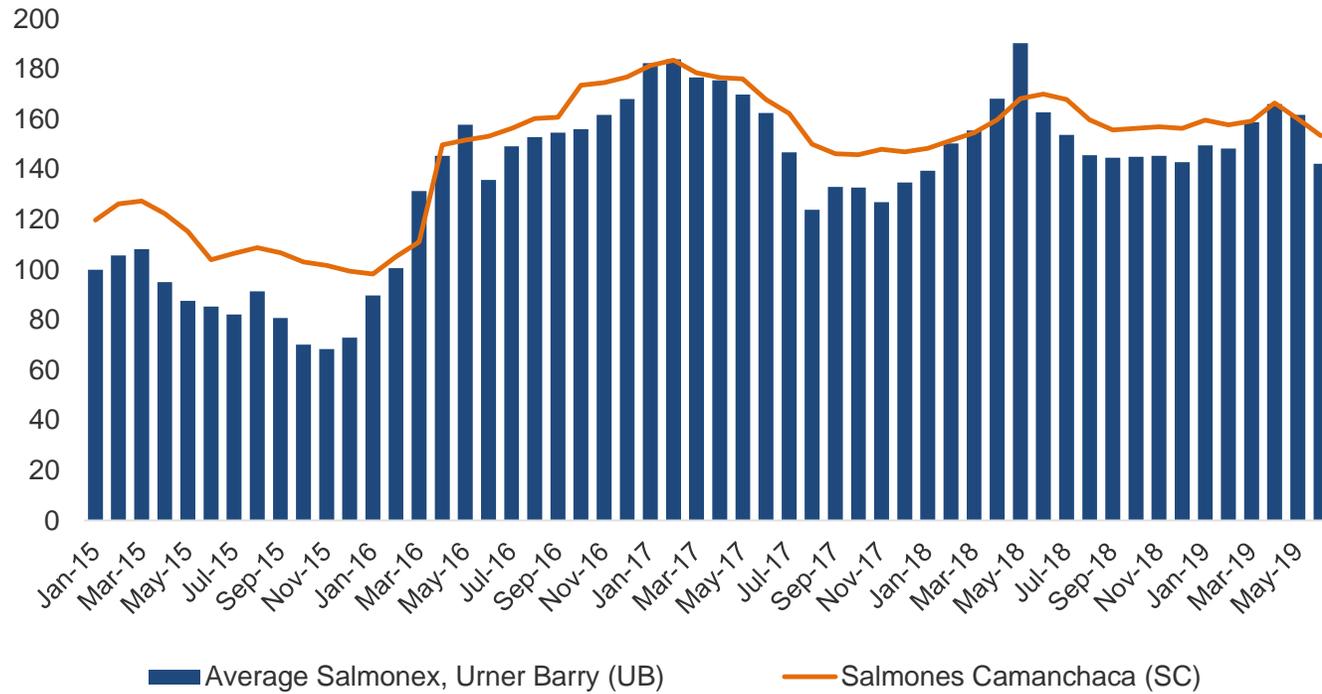
- Biological stability through high-quality breeding
- Safeguarding fish health and ensuring biological control
- Cost efficiency and product flexibility in processing and logistics



# Increased value

## Salmones Camanchaca vs US Benchmark

(Avg Salmonex, Urner Barry, Jan 2015 = Base 100)



- Reduce price differential to non-Chilean competitors in the US
- Develop and leverage product and marketing flexibility
- Strengthen reputation through sustainable operations
- Expand in new categories and markets
- Less volatility: SC standard deviation 0.87 vs. UB 1.15

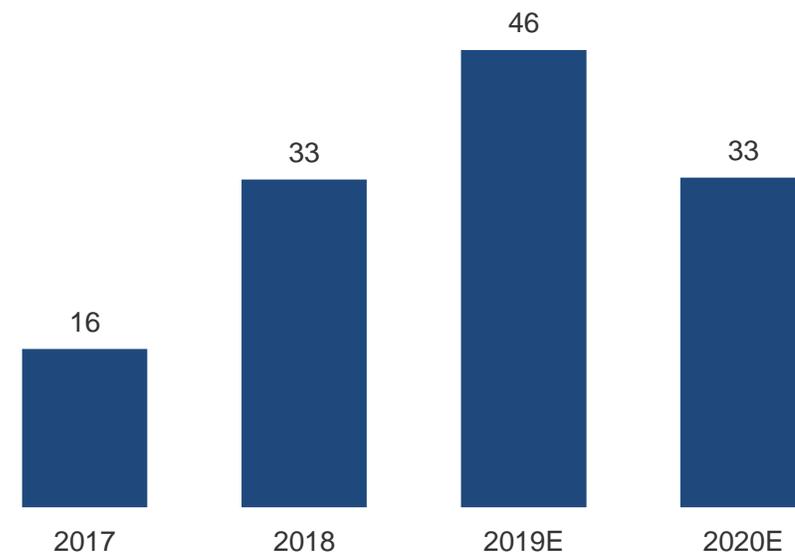


# Investments 2017-2020E

US\$ million	2017	2018	2019E	2020E	Status
Expansion of RAS hatchery	3.2	3.6	0.3		100% Completed
New Atlantic Farming Sites	3.5	15.1	3.8	1	95% Completed
Pacific salmon (coho)		2.7	12.4	1	90% Completed
Primary Process Expansion	1.4	1.8	3.4	1	90% Completed
Capacity & efficiency of VA plant	1.5	4.0	5.4	2	65% Completed
Maintenance & other regular investments	4.7	5.0	17.8	22	
Regulatory requirements	1.7	0.8	2.8	6	
<b>Total</b>	<b>16.0</b>	<b>33.0</b>	<b>46.0</b>	<b>33</b>	

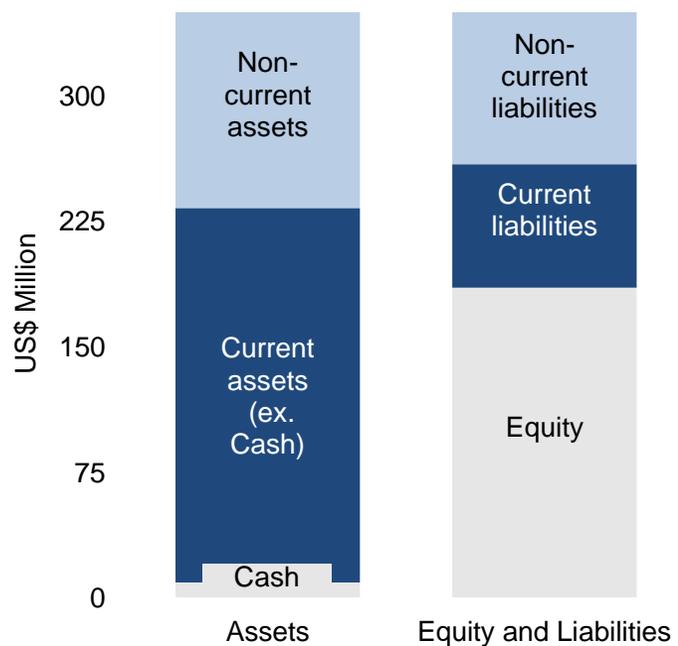
## Total annual investments 2017-2020E

US\$ million

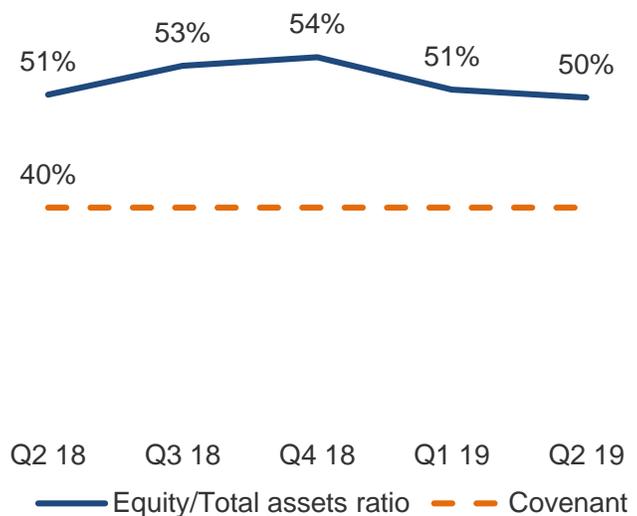


# Solid financial position

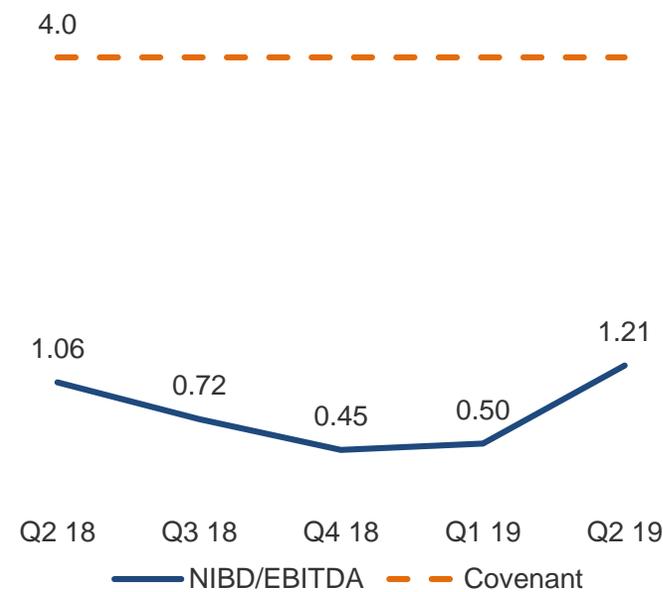
Balance sheet as of 30/06/2019



Equity/total asset



Net interest-bearing debt/EBITDA



# Solid funding

As of June 30, 2019	Total US\$ million	Nominal rate %	Credit lines used US\$ million	Credit lines available US\$ million
Committed total revolving credit	100	LIBOR + 2.25%	94	6
Uncommitted short-term credit lines	28		0	28
<b>Total</b>	<b>128</b>		<b>94</b>	<b>34</b>

- Bank loans and credit facilities
  - Maturity of revolving credit
    - 10% 2020
    - 10% 2021
    - 80% 2022
- US\$ 9.5 million cash holdings



# Our targets

	Subject	Ambitions and targets	Status
Dividend	Competitive long-term shareholder returns	50% of net distributable profit	50% for 2018
Capital structure and funding	Net debt/EBITDA	< 1.5x	1.21 H1 2019 LTM
	Equity/Total assets	> 40%	50% 30/6/2019
Harvest volume	Atlantic Salmon	63,000 tons WFE by 2023	On track: 54,000 FY 2019
	Other species	12,000-17,000 tons by 2023	On track: 4,500 coho + 7,000 trout JV FY 2019
Cost development	Ex-cage cost (live weight)	FY: ~ US\$ 3/kg	US\$ 3.31 H1 2019 LTM
	Processing cost (WFE)	FY: < US\$ 1/kg	US\$ 0.96 H1 2019 LTM





# Highlights

- Q2 2019 Atlantic salmon harvest was 13% of full year estimate
- Increased ex-cage cost due to algae blooms, low oxygen levels and harvest from lower density sites
- Processing cost increased due to lower scale and a larger fraction of value-added in product mix
- Improved price achievement due to increased share of value added products
- Favorable growth and conversion will drive volumes in H2 2019. Expected harvest volume of 37,000-38,000 tons
- Guidance for 2019 Atlantic salmon harvest raised to 54,000-55,000 tons WFE
- Expect to harvest 4,500 tons coho in 2019



# Q2 and H1 2019 financial matrix

ThUS\$	Q2 2019	Q2 2018	Δ%	H1 2019	H1 2018	Δ%
Operating Revenues	48,179	75,093	-35.8%	122,055	155,653	-21.6%
EBIT before Fair Value	1,212	13,371	-90.9%	15,707	29,238	-46.3%
EBITDA before Fair Value	4,153	16,183	-74.3%	21,505	34,664	-38.0%
EPS (US\$)	0.1153	0.0469	145.6%	0.1696	0.2854	-40.6%
Harvests (ton WFE)	7,136	11,132	-35.9%	17,327	20 721	-16.4%
Sales (ton WFE Company-farmed)	7,262	10,922	-33.5%	18,884	21,497	-12.2%
Ex-cage cost (US\$/Kg WFE)	4.55	3.53	29.0%	4.07	3.33	22.1%
Process cost (US\$/Kg WFE)	1.37	0.93	47.3%	1.08	0.98	11.1%
Price (US\$/Kg WFE)*	6.60	6.26	5.5%	6.21	6.26	-0.8%
Atlantic EBIT/Kg WFE (US\$)**	0.24	1.17	-79.6%	0.89	1.21	-26.4%
NIBD				84,818	64,129	32.3%
Equity/Assets ratio				50%	51%	-0.6pp

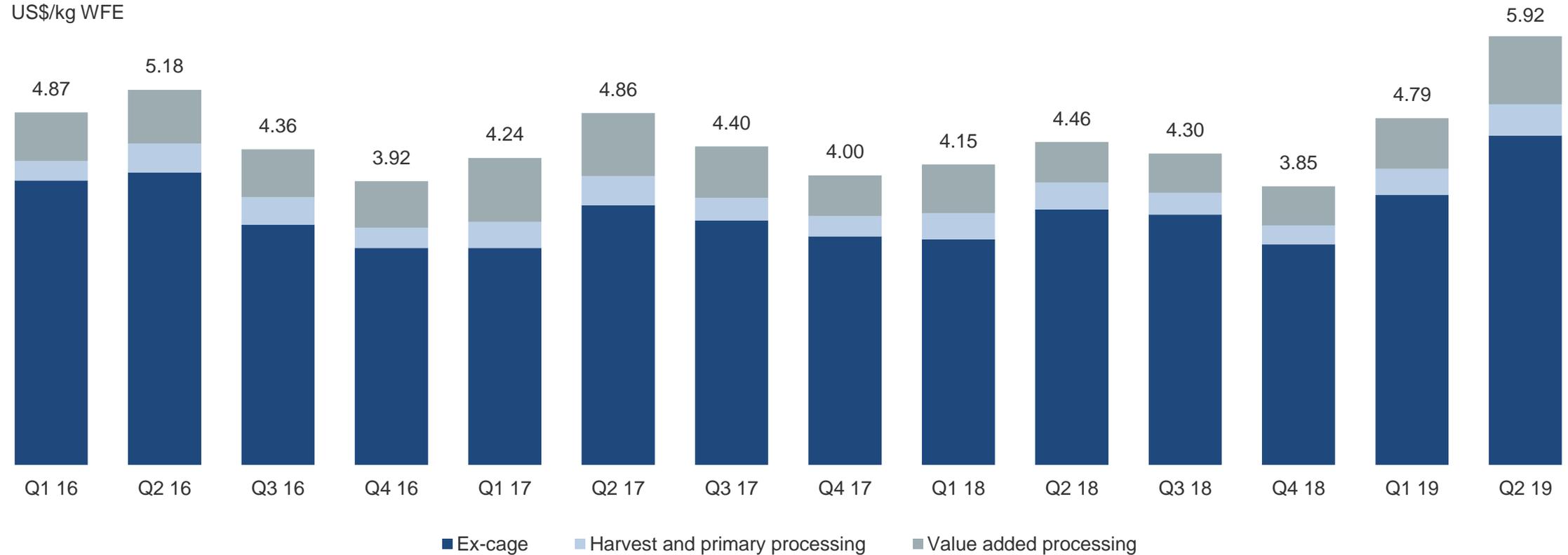
\*Billing in US\$ divided by tons sold excluding operations with third-party raw materials

\*\*Excludes net profit/loss from the trout Joint Venture and operations with third-party raw materials



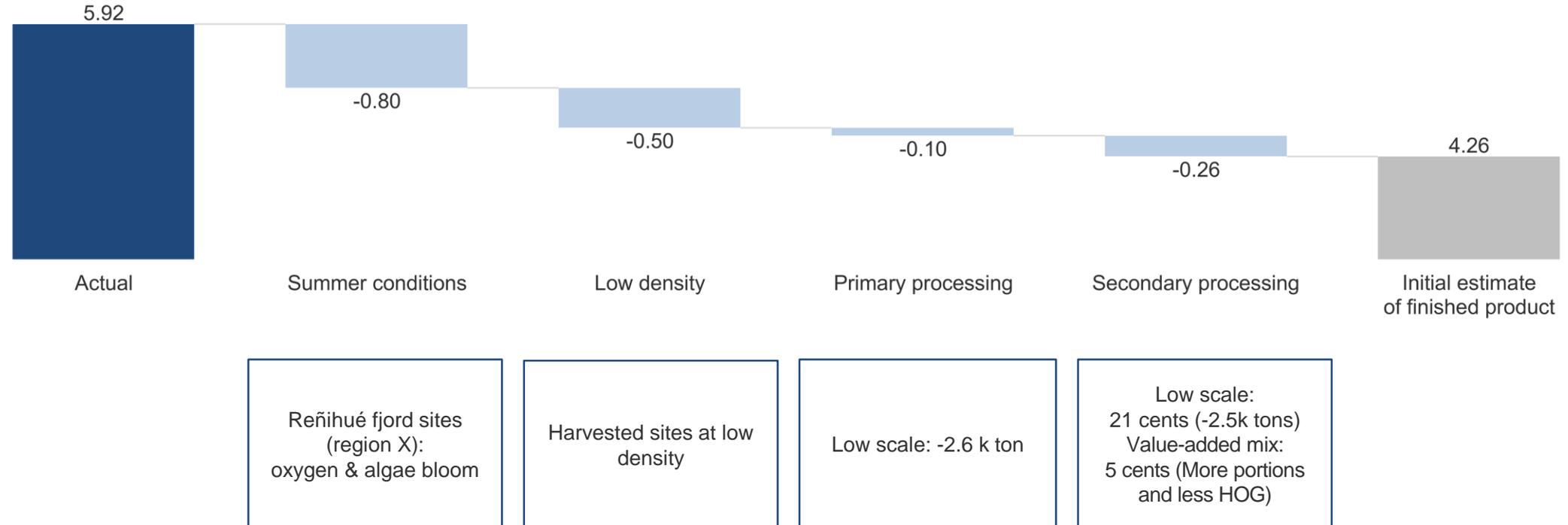
# Costs impacted by biological challenges and lower volume

Atlantic Finished Product Cost  
US\$/kg WFE



# Q2 2019 extraordinary costs

Total production cost  
US\$/Kg WFE



# Cash flow

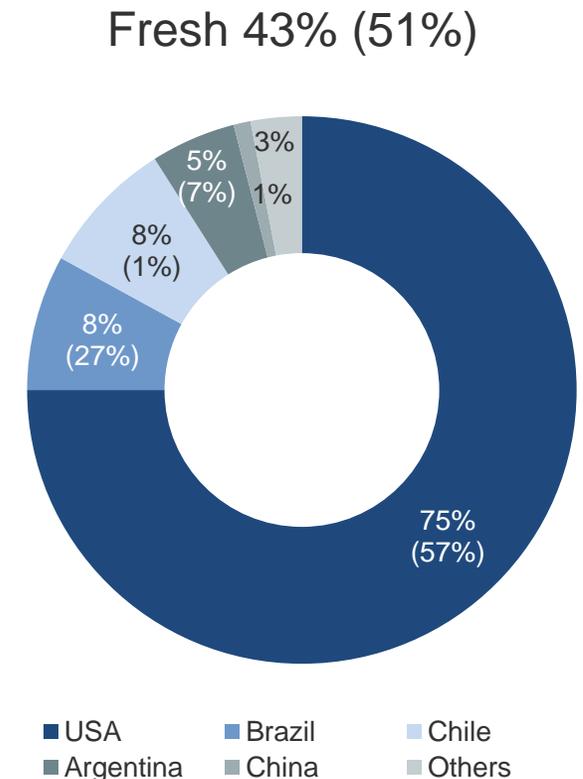
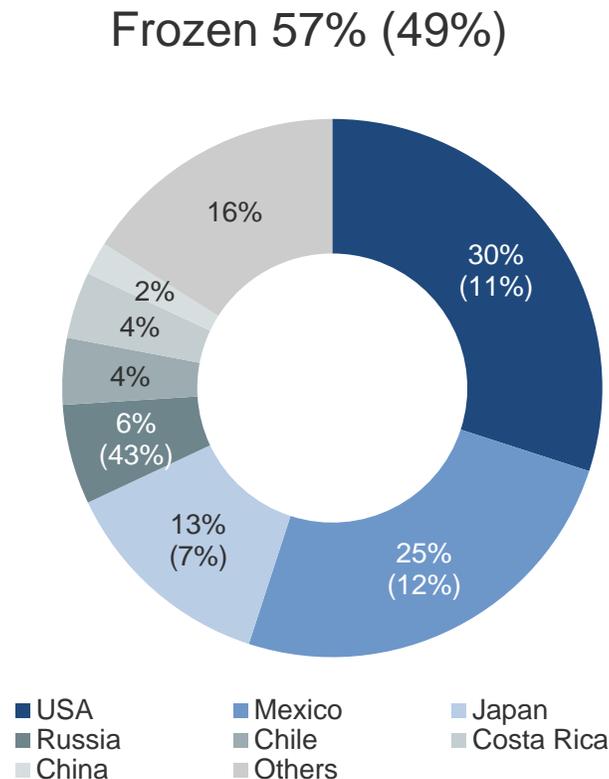
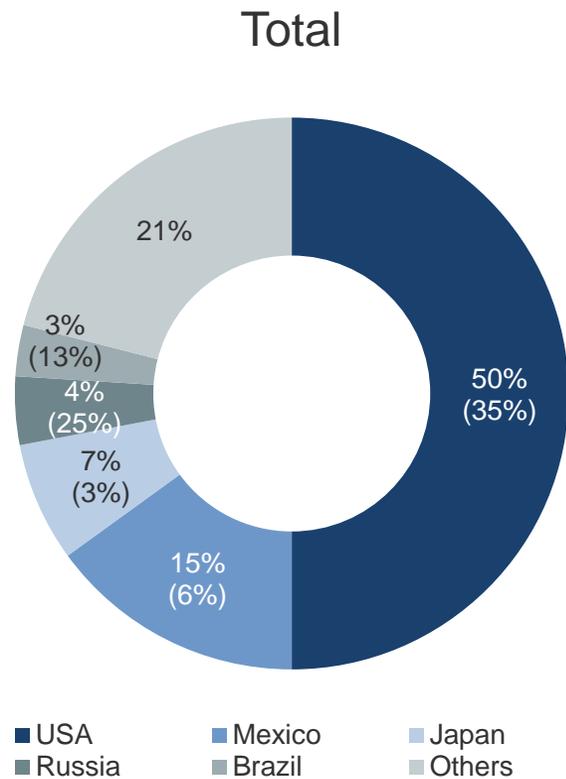
US\$ million	H1 19	H1 18
Cash flow from operating activities	3.6	13.4
Dividends paid (net)	-23.2	-1.9
Taxes paid	-5.4	-0.1
Cash flow from investment activities	-22.6	-16.4
Cash flow from financing activities	44.0	20.9
Cash at the end of the period	9.6	16.3

- Operating cash of US\$ 3.6 million affected by low production and working capital for Atlantic salmon and coho biomass
- Dividend pay-out of US\$ 23.2 million and taxes of US\$ 5.4 million
- Investments up some 40% y-o-y, in line with growth and efficiency plans for 2019-2021
- US\$ 44 million from financing activities due to use of the revolving line facility



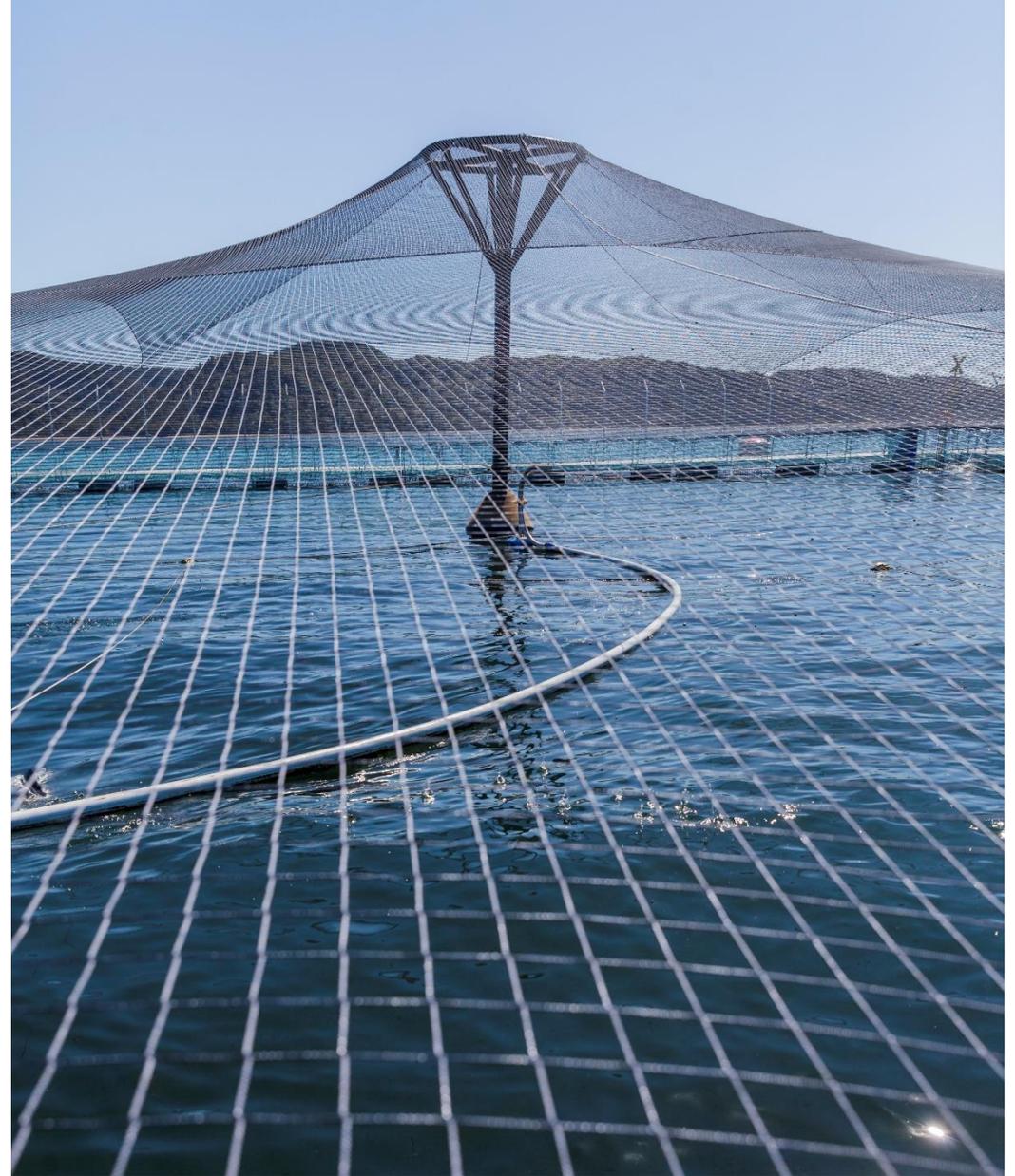
# Sales distribution of Atlantic salmon based on US\$ sales

Q2 2019 (Q2 2018)



# H1 2019 Summary

- Extraordinarily low-scale quarter, as expected, Atlantic harvest volume 13% of full year estimate
- Earnings impacted by higher costs, driven by algae blooms, low oxygen and harvest from low-density sites
- Higher processing costs due to lower volumes
- Harvest forecast for 2019 raised to 54,000-55,000 tons due to high expected harvest of 37,000-38,000 tons in H2 2019





Feeding the world from the *ocean*