



Benchmark<sup>®</sup>

A leading aquaculture  
biotechnology company

# Driving sustainability in aquaculture

Interim Results FY21

18 May 2021



GENETICS



ADVANCED NUTRITION



HEALTH



# H1 2021: Good financial performance

- Growth in revenues and Adjusted EBITDA
- Strong performance in Advanced Nutrition
  - Enhanced commercial effort
  - Improvement in certain shrimp markets
- Genetics – solid result in H1 2021
  - Shift in order profile of salmon eggs in Q2 - as expected
  - Lower build-up in biological assets and income from harvested fish, a secondary revenue stream
- Health – performing well post restructuring
  - Good sales of Salmosan on a normalised basis
  - Continued investment in launch of BMK08 and CleanTreat®
- Ongoing financial discipline

**Revenue**  
**£59.5m**  
**(+6%,+11% CER)**  
( H1 2020: £56.2m)

**Adjusted EBITDA<sup>1</sup>**  
**£7.9m**  
**(+3%,+13% CER)**  
(H1 2020: £7.7m)

**Liquidity**  
**£64.5m**  
(30 Sep 2020: £83.2m)

**Net Debt**  
**-£56.5m**  
(30 Sep 2020: -£37.6m)

(1) Adjusted EBITDA – EBITDA before exceptional and acquisition related items



# Strategic progress in all business areas

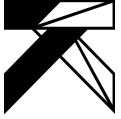
- Significant milestones towards commercialisation of BMK08 and CleanTreat®
- Enhanced and upskilled commercial effort in Advanced Nutrition
- Building on strength in salmon genetics to meet growth across production paradigms
  - New client wins in emerging land-based segment
  - Commenced expansion of incubation capacity in Iceland
- “One Benchmark” – further actions to unify and streamline the Group
  - Co-location of Genetics and Health in Norway and Chile
- ESG – focus and commitment
  - Positive impact of our solutions on aquaculture sustainability
  - Commitment to reduction in carbon emissions and improvement of our supply chain

## BMK08 Milestones

**First customer agreements signed for CleanTreat®**

**EU Ratification of Maximum Residue Level**

**Supply chain tested and operational team in place**



# Financial Review







# Financial highlights

| £m  | H1 2021<br>(unaudited) | H1 2020<br>(unaudited) | CER<br>H1 2021 | FY2020<br>(audited) |
|---|------------------------|------------------------|----------------|---------------------|
| <b>Adjusted</b>   |                        |                        |                |                     |
| Revenue from continuing operations                        | 59.5                   | 56.2                   | 62.3           | 105.6               |
| Gross profit from continuing operations                   | 30.8                   | 31.0                   | 32.3           | 55.0                |
| Adj. EBITDA from continuing operations                    | 7.9                    | 7.7                    | 8.7            | 14.5                |
| Adj. EBITDA excluding biological assets                   | 6.0                    | 5.1                    | 6.7            | 11.2                |
| Adj. Operating profit                                     | 4.4                    | 4.6                    | 5.2            | 7.9                 |
| Exceptional items   | (0.9)                  | (0.2)                  | (0.9)          | (2.1)               |
| <b>Statutory</b>  |                        |                        |                |                     |
| Loss for the period from continuing operations            | (3.1)                  | (13.8)                 |                | (22.8)              |
| Loss for the period - total incl. discontinued operations | (3.1)                  | (18.8)                 |                | (31.9)              |
| Basic loss per share from continuing operations           | (0.57)                 | (2.40)                 |                | (3.80)              |
| Net debt  | (56.5)                 | (55.8)                 |                | (37.6)              |
| Net debt excluding lease liabilities                      | (42.5)                 | (46.4)                 |                | (27.1)              |

- Revenues 6% ahead of the prior year (+11% CER)
- Gross margin from continuing operations 52% (H1 2020: 55%)
- Adjusted EBITDA from continuing operations £7.9m (+13% CER)
- Adjusted EBITDA margin 13% (H1 2020: 14%)
- Net loss from continuing operations £3.1m (H1 2020: £13.8m loss)
- Net Debt (£56.5m) (30 September 2020: (£37.6m))
  - Reflect planned capex and working capital investments in the period
- Cash H1 2021 £53.6m (30 Sept 2020: £71.6m)

\* H1 2020 results have been restated to reflect changes to the ongoing continuing business since they were previously reported.



# Advanced Nutrition

## Strong H1 performance

- Enhanced commercial effort and Artemia pricing strategy showing results
- Recovery in selected shrimp markets – pond restocking as lockdown eases in consuming markets
  - Expect trend to continue although uncertainty remains in some key producing countries
- Normalised 2020/21 GSL Artemia harvest
- Growth in Artemia and Diets; drop in Health
  - By region, improvement in Asia and Turkey while the Americas continue to be challenging
- Significant uplift in Adjusted EBITDA due to growth in sales and ongoing cost containment
- Selective investment to upgrade facilities - £1.4m capex investment to enhance safety in Thailand

### Revenue

**£35.0m**

**+11% (+17% CER)**  
H1 2020: £31.3m

### Gross Margin

**47%**

H1 2020: 46%

### Adj. EBITDA

**£6.2m**

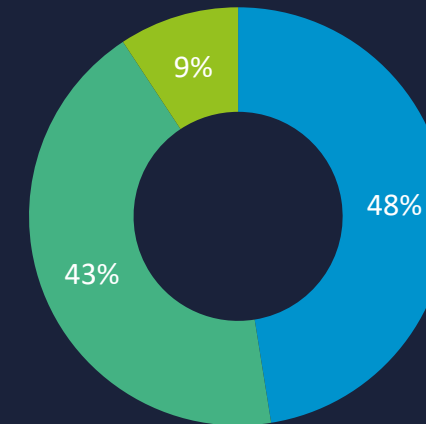
**82% (+93% CER)**  
H1 2020: (£3.4m)

### Adj. EBITDA %

**18%**

H1 2020: (11%)

## Revenue Contribution



### Revenues H12021/2020

|         |      |
|---------|------|
| Artemia | +18% |
| Diets   | +26% |
| Health  | -11% |

**H1 2021 capex investment : £2.8m**



# Genetics

## Solid trading in H1 with expected seasonality

- Increase in egg sales (+5%) driven by Norway; drop in Scotland as anticipated
- Lower royalties and harvest income as a result of lower salmon prices in the period
- Q2 revenues of £9.5m (Q2 2020: £10.4m) reflect expected fluctuations in order profile with egg deliveries shifting to H2
- Lower contribution from biological assets due to normalised biomass growth
- Significant new client wins in emerging land based segment, establishing a leading position
- Continued selective investment in growth areas
  - Expansion of incubation capacity in Iceland
  - SPR shrimp – expansion in Fellsmere, US

### Revenue

**£22.1m**

H1 2020: £22.5m

**-2% (+3% CER)**

### Gross margin

**62% (ex FV 53%)**

H1 2020: 72% (ex FV 60%)

### Adj. EBITDA

**£6.0m**

H1 2020: £8.6m

**-30%**

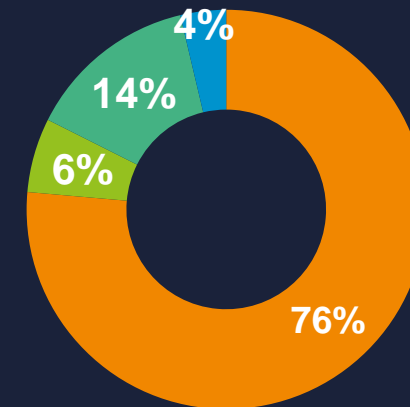
### Excl. FV Movement

**£4.0m**

H1 2020: £6.0m

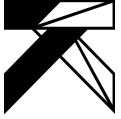
**-33%**

### Revenue Contribution



|                                | Revenues<br>H12021/2020 |
|--------------------------------|-------------------------|
| Salmon eggs                    | +5%                     |
| Royalties and Genetic Services | -32%                    |
| Other products                 | -6%                     |
| Harvest income                 | -38%                    |

**H1 2021 capex investment: £4.6m**



# Health

## Significant milestones towards launch of BMK08 + CleanTreat® in Q2 CY 2021

- BMK08 + CleanTreat®
  - EU Ratification of MRL
  - First customer agreements signed
  - Progressing towards MA approval
  - Operational team and capacity in place; supply chain tested
  - Work commenced with customers to adapt wellboats
- Salmosan - normalised sales with 2020 benefitting from customers in Canada stockpiling due to Covid-19 uncertainty

Revenue

**£2.3m**

H1 2020: £2.5m

Gross Margin

**26%**

H1 2020: 17%

Adj. EBITDA

**-£2.6m**

H1 2020: -£2.7m

**H1 2021 capex investment : £1.9m**

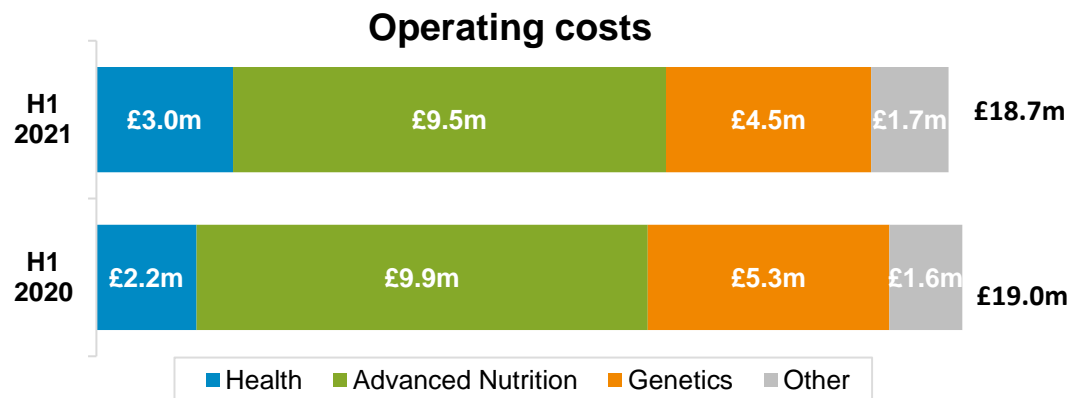






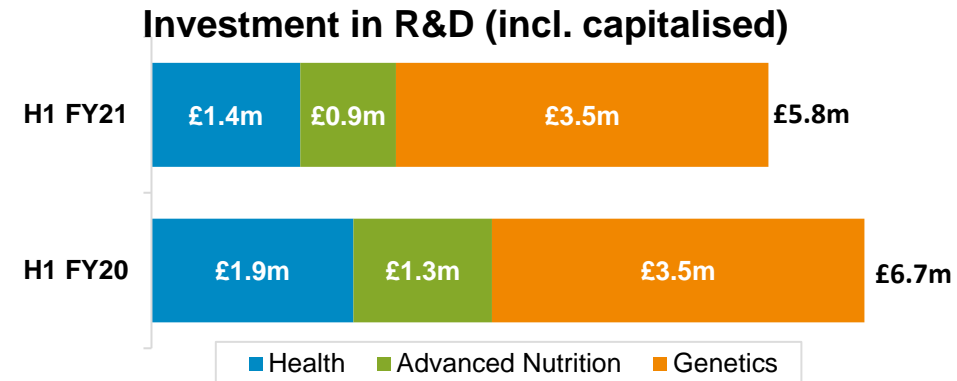
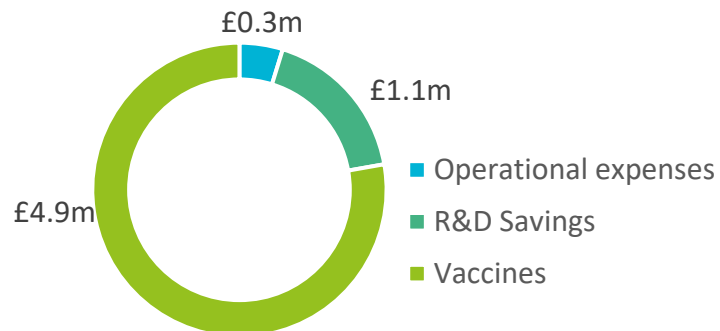
# Operating costs and R&D

Continued cost containment and investment in growth areas



- Health – investment in launch of BMK08 + CleanTreat®
- 4% reduction in Ad. Nutrition; 15% reduction in Genetics

## £6.3m YTD savings - restructuring and cost containment



- R&D expenses of £3.6m 23% down (H1 2020: £4.7m)
- Total R&D investment (excluding discontinued business) was £5.8m (H1 2020: £6.7m)
  - 31% reduction in Advanced Nutrition
  - 26% reduction in Health
  - Genetics in line with H1 2020 - includes costs of maintaining breeding programmes



# Cashflow, net debt and liquidity

£m

**Net debt<sup>1</sup> at 30 September 2020**

**-£37.6m**

Cash generated from operations

£7.8m

Movement in working capital

-£7.3m

Interest and taxes

-£5.9m

Shares issued (options)

£0.6m

Capital expenditure

-£9.0m

New lease liabilities

-£5.4m

Other non cash movements

-£0.6m

Foreign exchange on cash and debt

+£0.9m

**Net debt<sup>1</sup> at 31 March 2021**

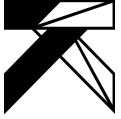
**-£56.5m**

- Net cash outflow of £17.3m (H1 2020: inflow £36.2m)
  - Investing activities outflow of £9.1m (H1 2020: inflow £2.2m) – planned capex in growth vectors
  - Operating activities net outflow of £1.5m (H1 2020: £1.8m outflow) – investment in working capital in line with plan
- Liquidity of £64.5m providing £54.5m headroom
- Liquidity as at 14 May 2021: £62.5m
  - Cash as at 14 May 2021: £51.8m
- NOK bond listed on Oslo Stock Exchange

(1) Net debt is cash and cash equivalents less loans and borrowings.



# Outlook



# FY21 Outlook

- Current trading in line with management expectations for the full year
- Good visibility of revenues for the second half of the year:
  - Shift in demand profile for salmon egg sales in Genetics to H2
  - Continued momentum in Advanced Nutrition with expected recovery in the shrimp market as Covid-19 restrictions ease - although uncertainty remains
  - Progress towards commercialisation of BMK08 & CleanTreat® subject to obtaining marketing authorisation in Norway





# Attractive long-term outlook

## Aquaculture is at a pivotal point

- One of fastest growing areas in food production – population growth, rising middle class, health and climate change awareness
- Growth has impacted fish health and welfare, antimicrobial resistance, environment, biodiversity and sustainability of feed sources
- Innovation is THE key driver of a shift to sustainable production
  - Biotechnology and health
  - Smart farming and new production systems/paradigms
  - Sustainable feed

Opportunity for sustainable solutions  
is larger than apparent

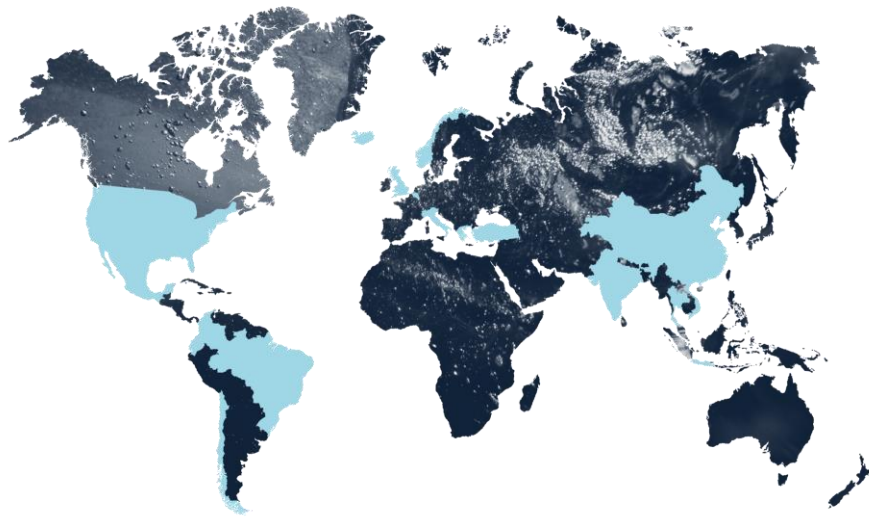
## Main catalysts

1. **Stakeholder interests** – consumers, governments, shareholders
2. **Investment** – “Blue finance”
3. **New Technologies** – biotechnology, AI, new paradigms
4. **Regulation and Government commitments**
  - EU commitment to 50% antimicrobial reduction
  - 14 countries committed to manage waters sustainably by 2025 with focus on ocean food



# BMK is uniquely positioned

Only aquaculture biotechnology player with a complementary offering across most major species, market leading positions and global capabilities



## ESG Commitment



- Aquaculture has a lower carbon footprint than other animal proteins
- BMK solutions improve resource efficiency in aquaculture
- BMK commitment to reduce own carbon footprint



- Focus on fish health and welfare
- BMK solutions promote reduced antibiotic use
- Certified sourcing of marine ingredients
- CleanTreat® avoids release of medicines



- Improving productivity increases availability of nutritious food for a growing population
- Range of species can address needs of developing and developed markets
- Supporting a diverse workforce and local communities



Responsible operator



Proactive industry leader



Real impact across the value chain



Benchmark<sup>®</sup>

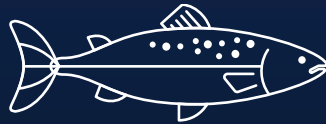
# Thank you Q&A





# Uniquely positioned to deliver on one of the biggest ESG opportunities: sustainable food production

## An attractive market



Aquaculture is inherently sustainable and growing faster than any other animal protein production creating a need for products that improve productivity and support sustainable growth

## Uniquely positioned



With a complementary offering, market leading positions, a focused strategy and an experienced team, we are well positioned to deliver on this opportunity

## Committed to profitability



Having completed an extensive streamlining programme exiting non-core and loss-making activities we are now in a strong financial position to achieve profitability and deliver growth