



Benchmark[®]

DRIVING SUSTAINABILITY IN FOOD PRODUCTION

Interim Results 2020



H1 HIGHLIGHTS

Performance

Genetics

- Significant % margin increase from successful ramp-up of Salten facility

Advanced Nutrition

- Continuing challenge in shrimp and Artemia markets
- 25% growth in Health products
- Taking action to maintain market position and increase margins

Health

- Progress towards launch of BMK08 and CleanTreat®

Restructuring well advanced: focused on core aquaculture areas

- Completed 4 disposals, exited loss-making activities and restructured trial facilities
- Disposals underway expected to generate £27m-£30m
- Initiated review of vaccines strategy
- Restructuring and cost saving plan aim to deliver £10m+ p.a.
- New management team in place: CEO Trond Williksen joins 1 June

Resilience in Covid-19

- Strong liquidity - £63m
 - £42m raised in Feb 2020
 - Cash conservation
- Maintained customer supply and service
- Salmon markets resilient; moderate impact in sea bass/bream (together c. 60% revenues)
- Fundamentals remain strong

Revenue Continuing Operations

£57.0m

(H1 2019: £67.4m)

Adjusted EBITDA Continuing Operations

£2.8m

(H1 2019: £7.3m)

Long term debt facilities with reasonable covenants

NOK bond falls due 2023; RCF 2022



COVID-19 – IMPACT ON OUR MARKETS

Salmon resilient

- Volumes fairly maintained; 70% of demand from retail
- Price contraction but still at reasonable level; Weak NOK supports demand
- Norwegian exports show recovery starting in China and Italy

Impact on salmon eggs

- Longer production cycle = less volatility
- Limited supply chain disruption; some increased costs

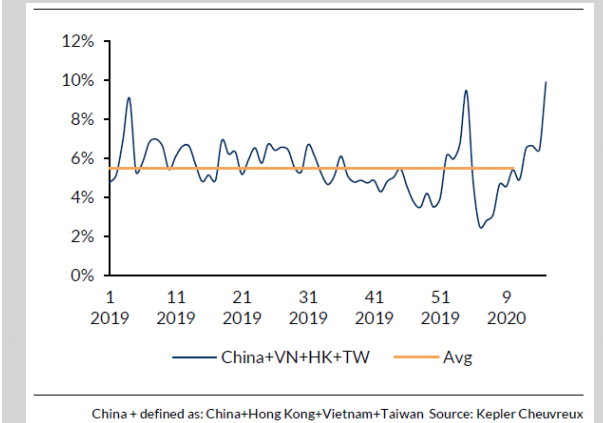
Shrimp demand linked to food services

- 60% of demand in food services
- Material price drop
- Disruption to production
- Low inventory in the system could support recovery

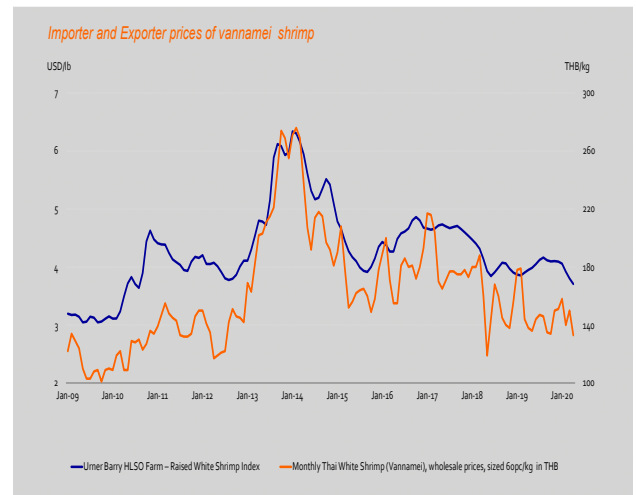
Impact on BMK products

- Short cycle = producers “wait and see”
- Hatcheries at lower capacity 20%-70% in main markets
- Signs of recovery; restocking on the rise

Share of Norwegian exports to China



Import and export shrimp prices



Source: Rabobank



COVID-19 | ACTIONS TAKEN

Early decision to protect health and wellbeing of staff

- Remote working for office-based employees
- Adapted shift patterns and enhanced safety measures at manufacturing sites

Continuity of supply and services for customers maintained

- Built inventory of product and raw materials
- Regular customer support webinars; building online sales channel

Conserve cash and maintain headroom

- Reduced variable costs; cuts and delays to R&D and capex expenditure
- Staff measures including temporary salary reductions for Board, Operations Board and significant number of employees

Preparing for next phase as markets recover following lockdown



FINANCIAL AND OPERATIONAL REVIEW



H1 FINANCIAL PRIORITIES

Financial priorities established in December 2019 following management changes

Strengthen balance sheet

- £42m net fundraise in February – existing and new investors
- Focus on disposals - advisers in place and completed four

Net debt¹

£55.8m

(H1 2019: £65.5m)

Liquidity²

£63.2m

(31 Dec 2019 :£28.2m)

Reduce cash burn

- Trial facilities closed – c.£1.3m per annum
- In-house marketing activities exited - £0.3m per annum
- Vaccine strategy under review
- Delayed launches aligning timing to market recovery
- Full benefits will come through in FY2021

Right-size cost base

- Review of end to end operations of continuing business
- Developed savings programme: raw materials, production processes, manufacturing arrangements, central costs
- 6 month implementation
- Q2 2020 operating costs excluding R&D
-4.7%
against Q2 2019

Commitment to move from R&D investment into profitability

without reliance on pipeline products

£10m+

target from identified restructuring and cost savings



H1 RESULTS

(Continuing Operations unless stated otherwise)

Results driven by good performance in Genetics offset by weakness in shrimp markets

Revenue^{1,3}

£67.0m

(H1 2019: £78.3m)

Continuing Operations

£57.0m

(H1 2019: £67.4m)

Adjusted EBITDA^{1,3}

£3.2m

(H1 2019: £7.5m)

Continuing Operations

£2.8m

(H1 2019: £7.3m)

Adj. EBITDA Margin¹

4.9%

(H1 2019: 9.5%)

Adv. Nutrition

Revenue

£31.3m

(H1 2019: £40.9m)

Adjusted EBITDA

£3.4m

(H1 2019: £9.9m)

Adj. EBITDA Margin

11.5%

(H1 2019: 23.4%)

- Ongoing weak markets
- Oversupply and price competition in Artemia
- Artemia -31%, Diets -23%; Health+25%

Genetics

Revenue

£22.5m

(H1 2019: £22.6m)

Adjusted EBITDA

£8.6m

(H1 2019: £4.9m)

Adj. EBITDA Margin

38.2%

(H1 2019: 21.8%)

- Revenues affected by volume shift from 3rd party and fx
- Premium price - genetic traits, off-season eggs
- Salten driving margins

Animal Health

Revenue

£3.7m

(H1 2019: £4.2m)

Adjusted EBITDA

£(7.5m)

(H1 2019: £(5.9m))

- Lower sales from toll manufacturing
- Preparation for launch of BMK08
- Vaccine strategy under review

(1) Continuing and discontinued

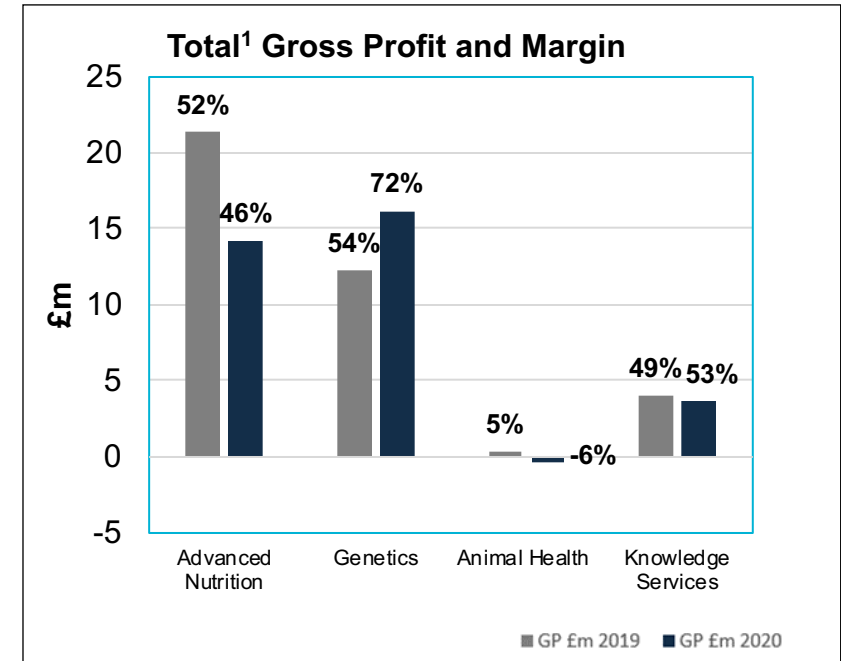
(2) EBITDA is earnings before interest, tax, depreciation and amortisation and impairment

(3) Adjusted EBITDA is EBITDA² before exceptional items and acquisition related expenditure



MARGIN IMPROVEMENT DRIVEN BY GENETICS

- Group gross profit margin higher at 51% (H1 2019: 49%) driven by Genetics gross profit margin 72% (H1 2019: 54%)
 - Move to in-house egg production at Salten
 - Higher egg prices and higher royalties
- Somewhat offset by
 - Lower activity in non-core vaccines toll manufacturing in Animal Health
 - Lower sale price for Artemia





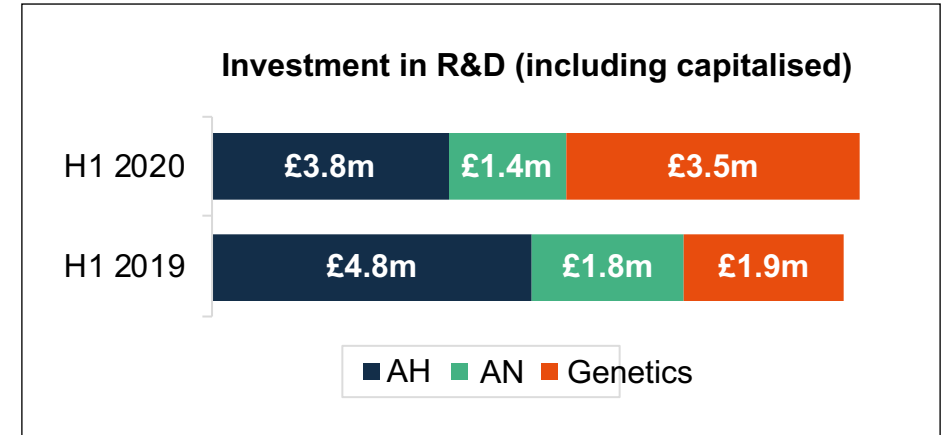
OPERATING COSTS REDUCED

Operating Costs down beginning to reflect actions taken to right-size cost base

- H1 operating costs down 1%; £20.0m (H1 2019: £20.2m)
- Q2 operating costs down 4.7%; £9.8 (Q2 2019: £10.3m)

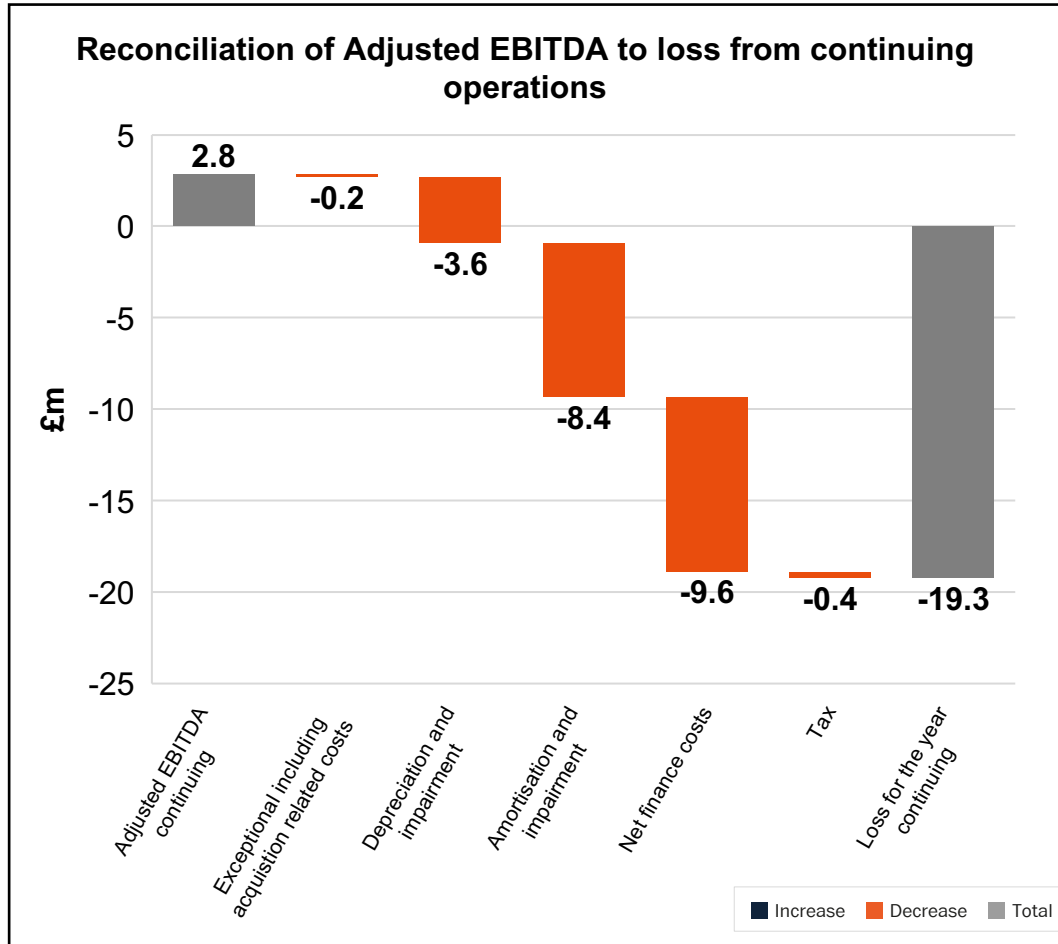
Total R&D spend (expensed and capitalised) in line with prior year

- Increase in BG R&D from breeding programmes (salmon and shrimp)





NET RESULT IMPACTED BY FINANCE COSTS AND INCREASED DEPRECIATION



- Finance costs - +£7.5m from H1 2019
 - Unrealised Derivative revaluation +£3.7m
 - Higher interest +£1.6m due to NOK bond
 - FX losses +£1.9m
 - Other movements +£0.3m
- Depreciation - +£0.6m from H1 2019 due to Salten coming onstream
- Exceptional costs – management restructuring

Note - all figures are from Continuing Operations unless otherwise stated

(1) Continuing and discontinued

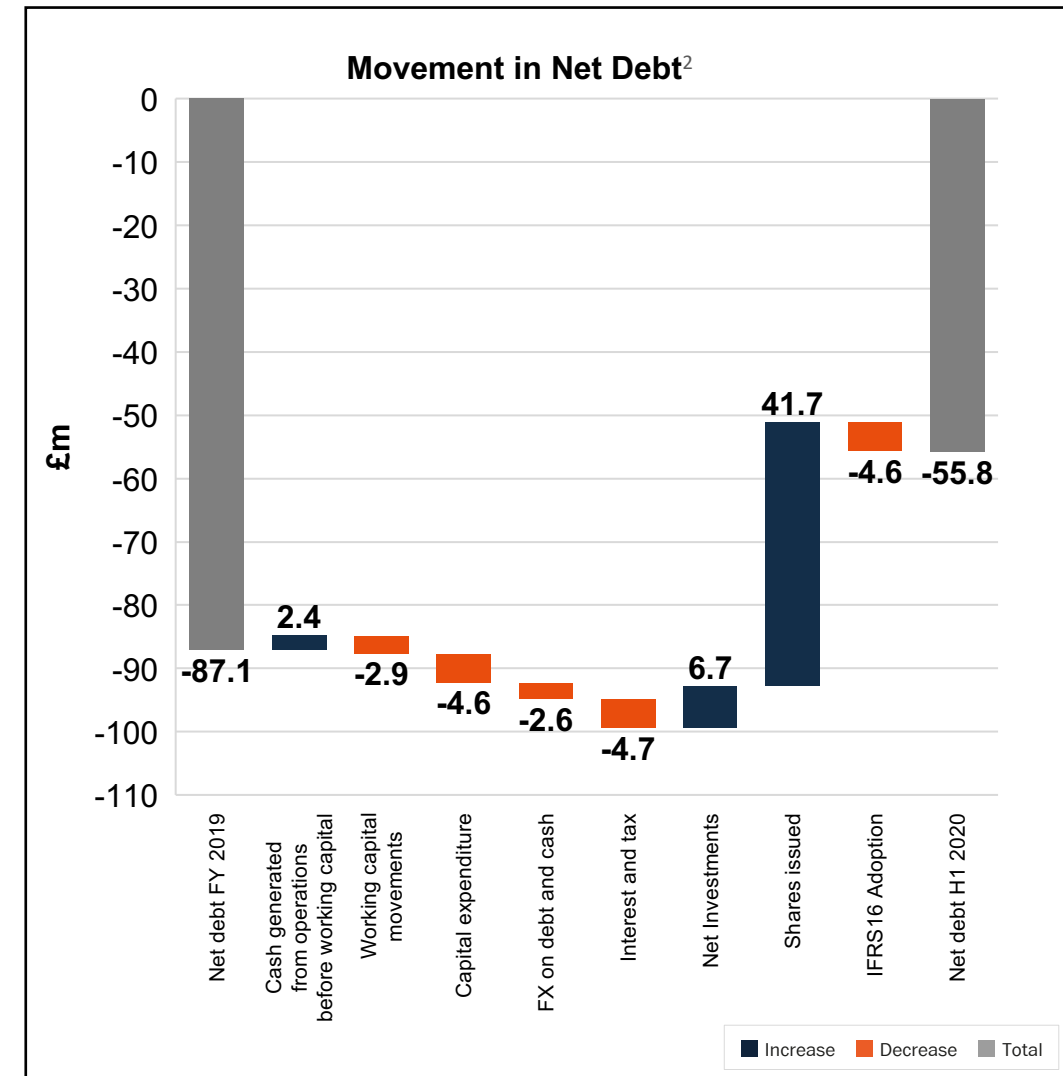
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CASHFLOW, NET DEBT AND LIQUIDITY

- **Free Cash Flow¹ outflow of £7.8m (2019: outflow of £2.5m)**
 - Adjusted EBITDA lower by £4.5m
 - Increase in inventory for new Genetics production facility similar to previous year
 - Normalised maintenance/regulatory capex spend
- **Liquidity³ of £63.2m at 31 March 2020**
 - Comprises £51.6m cash and £11.6m fully undrawn RCF
 - Significant headroom against £10m covenant
- Liquidity of £67.6m at 27 May 2020
- Further improvement from expected disposals and restructuring and cost savings plan



Note - all figures are from Continuing Operations unless otherwise stated

(1) Free Cash Flow is operating cashflow less net capex (including intangibles)

(2) Net debt is cash and cash equivalents less loans and borrowings

(3) Liquidity is defined as undrawn facilities plus cash balances



FINANCIAL OVERVIEW: Q2 2020

Positive evolution in Advanced Nutrition in the period improved margins for the Group against Q1

Total¹ Revenue £36.9m (Q2 2019: £43.9m) Adj. EBITDA³ £4.9m (Q2 2019: £5.9m)	Continuing Operations Revenue £32.0m (Q2 2019: £37.7m) Adj. EBITDA³ £4.6m (Q2 2019: £5.2m)	Adv. Nutrition Revenue £19.9m (Q2 2019: £25.0m) Adj. EBITDA^{1,3} £3.7m (Q2 2019: £6.9m)	Genetics Revenue £10.4m (Q2 2019: £10.8m) Adj. EBITDA^{1,3} £5.2m (Q2 2019: £1.7m)
		Animal Health Revenue £2.1m (Q2 2019: £1.9m) Adj. EBITDA^{1,3} (£3.7m) (Q2 2019: (£2.7m))	Operating costs £9.8m (Q2 2019: £10.3m) -5%

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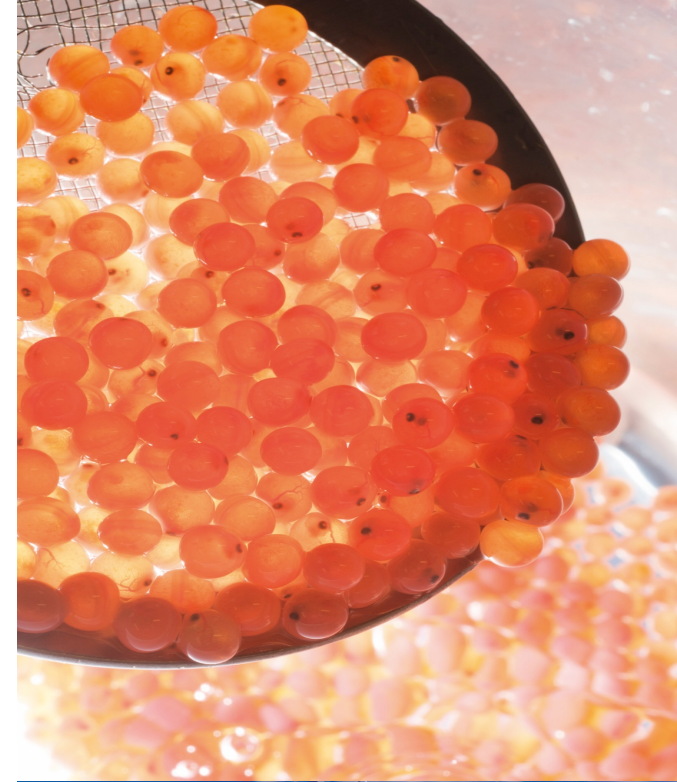
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ADDITIONAL OPERATIONAL HIGHLIGHTS

- Submission of regulatory dossier for BMK08
- Procurement for the next CleanTreat[®] system commenced
- New grow-out facility of salmon eggs in Curacalco, Chile, now operational
- First test market sales of SPR shrimp in China and Indonesia
 - Trials continue in China, Thailand, Vietnam and Peru
 - Construction of multiplication centre with partner in Thailand underway
 - Timing of commercial launch aligned to market recovery





STRATEGY AND OUTLOOK





CORE STRATEGY REINFORCED

- **Long term market fundamentals remain strong**
 - Increasing need for sustainable food production
 - Aquaculture continues to be a growth market
 - Environmental and animal welfare challenges require solutions – increasing urgency
- **Impact from Covid-19 reinforces our core strategy to move from R&D investment into profitability**
 - Focus on core areas of competency
 - Increase financial flexibility
 - Drive synergies and invest selectively



STRATEGIC PRIORITIES – WHAT HAS CHANGED

- 1 Complete restructuring and deliver £10m annual savings**
 - Disposals, exits and cost reductions
 - INITIATED REVIEW OF VACCINE STRATEGY INCLUDING MANUFACTURING

- 2 Commercial delivery of major pipeline products in Health**
 - BMK08 + CleanTreat
 - Vaccines – INITIATED REVIEW OF VACCINES

- 3 Grow in established markets**
 - Salmon genetics - Ramp up production in Norway; expand in Chile
 - Advanced Nutrition - expand into nursery and grow-out segments

- 4 Focused investment in markets that leverage Group platform**
 - SPR Shrimp – TIMING ALIGNED TO MARKET RECOVERY

- 5 Position Benchmark in areas of future growth**



OUTLOOK



OUTLOOK

REMAIN FOCUSED ON MOVING FROM R&D INVESTMENT TO PROFITABILITY

- Solid financial position supported by liquidity and cash conservation plan
 - Programme of disposals and restructuring ongoing
 - Full benefit of cost reductions in FY21
- Continued focus and progress on launch of BMK08 and CleanTreat®
- Good visibility of order book in Genetics and resilient salmon market
- Challenging conditions in shrimp to continue through the end of the financial year. Some evidence of gradual recovery in countries emerging from lockdown
- Appointment of Trond Williksen as CEO from 1 June 2020



INTRODUCTION TO CEO, TROND WILLIKSEN



- Highly experienced in international aquaculture and seafood industries – 20+ years
- CEO of SalMar ASA, one of the world's largest producers of farmed salmon
- CEO of AKVA group ASA, the leading global aquaculture technology and service provider
- Senior roles in Aker ASA's Seafoods, Ocean Harvest and BioMarine divisions
- Chairman of the Research Council of Norway, Oceans Portfolio, Mørenot Group and Calanus AS; Board Member of SinkabergHansen AS



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