



Benchmark[®]

DRIVING SUSTAINABILITY IN AQUACULTURE

Trading Update — 29 November 2019

All FY2019 figures quoted in this presentation are based on unaudited accounts





CHALLENGING MARKETS LED TO DISAPPOINTING PERFORMANCE

- Conditions in shrimp and seabass/seabream markets significantly affected Advanced Nutrition
 - low shrimp prices after record harvests and overstocking
 - production reduced and delayed affecting demand for our products
 - effect in artemia exacerbated by strong harvests and price competition
- Delays and changes to commercial trials further impacted results
 - move to more conservative forecasting approach and focus on core operational profitability

(1) Continuing and discontinued

(2) Adjusted EBITDA² is earnings before interest, tax, depreciation, amortisation, impairments, exceptional items and acquisition related expenditure

Expected results
Total⁽¹⁾ Group Revenue

c. £148m

Revenue from Continuing Operations

c.£127m

Advanced Nutrition Revenue

-10%

Artemia revenue

-23%

Total ⁽¹⁾ Adj. EBITDA²

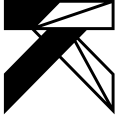
£13m-£14

(2018: £17.0m)

Continuing Operations Adj. EBITDA²

£11m-£12m

(2018: £19.1m)



MANAGEMENT CHANGES AND BUSINESS RESTRUCTURING

Interim Executive Chairman; recruitment of CEO well advanced
Appointment of Septima Maguire as CFO; excellent handover

1. Disposals and exits accelerated

- Appointed advisers for Knowledge Services and veterinary services
- In discussions with potential partners for companion animal

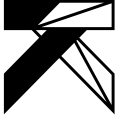
2. R&D Investment reviewed

- Restructuring of trial facilities
- Phasing of R&D spend, focus on near term products

3. Cost containment across the Group

- FY20 focus on efficiency

STRONG LEADERSHIP TEAM WITH BUY-IN



2020 PRIORITIES

1. Disposals, exits and cost reductions

- fundamental to execution of product development programme and support of continuing operations while maintaining adequate liquidity

2. Continued execution of strategy in core businesses

- Genetics: Salten ramp-up, local production in Chile, SPR shrimp
- Advanced Nutrition: focus on high margin diets and health products including probiotics

3. Commercial readiness for product candidate BMK 08 (next generation sea lice treatment)

- focus on scaling CleanTreat[®] and achieving regulatory approval





BMK 08 - A TRANSFORMATIONAL SOLUTION TO ONE OF THE BIGGEST INDUSTRY CHALLENGES

**Sea lice treatment
and prevention**

£2-3bn

+ reputation &
production loss

No treatment in the market is fully efficacious



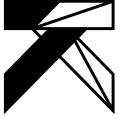
BMK 08

99% Efficacy

Zero environmental impact

Superior animal welfare

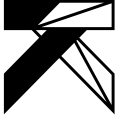
- Extensive programme of trials over 24 months
 - Significant efficiency improvements achieved
 - Demonstrable growing interest from customers
- Regulatory approval progressing; expected late 2020 CY
- Preparing commercial launch



CLEANTREAT® - TRANSFORMING THE SUSTAINABILITY LANDSCAPE FOR MEDICINAL TREATMENTS IN AQUACULTURE

- Winner of the 2019 Aquaculture Innovation Award
- Addresses environmental contamination; one of most pressing societal concerns in sustainability
- Broad application for current and future medicinal treatments in the industry
- Proven - removed medicines and other pollutants in large scale trials - 300,000+ m3 water treated
- Now defining optimal strategy for commercial scale-up





FINANCIAL REVIEW



FINANCIAL OVERVIEW: FY19

Total¹ revenue c.£148m (2018: £151.5m) – 2%	Revenue from Continuing Operations c.£127m (2018: £131.6m) – 3%	Animal Health Total¹ revenue +10% Veterinary services discontinued	Genetics Total¹ revenue +11% Increased salmon egg sales and pricing	Advanced Nutrition Total¹ revenue -10% Weak markets in shrimp and sea bass/ bream
Total¹ Adjusted EBITDA³ £13m to £14m (2018: 17.0m)	Adjusted EBITDA³ from Continuing Operations £11m to £12m (2018: 19.1m)	Knowledge Services Total¹ revenue All discontinued	Free cash outflow⁴ c. £24m 2018: £36.1m Capex Investment c. £12m 2018: £25.1m	Net debt⁵ £87.1m Following refinancing in June 2018: £55.7m

(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

(4) Free Cash Flow is operating cashflow less investment capex (including capitalised development costs)

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

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



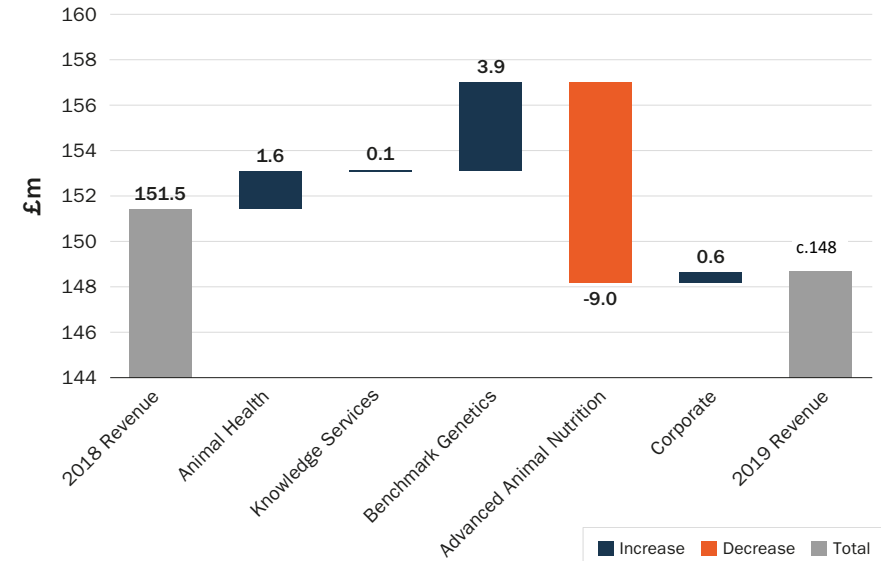
REVENUE IMPACTED BY ADVERSE MARKETS IN ADVANCED NUTRITION

2% decrease in Total¹ Group revenue

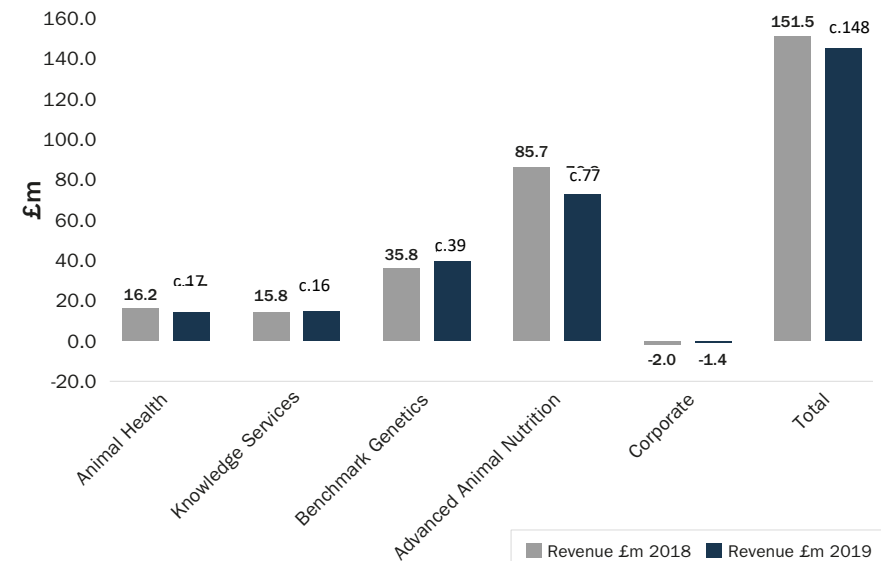
- **Advanced Nutrition c.-10%**
 - Weak markets
 - Aggressive price competition from CIS artemia producers
- **Genetics c.+9%**
 - Increased salmon egg prices and volumes
 - Revenues ahead of growth in sector
- **Health c.+5%**
 - Increased Salmosan sales
 - Reduced field trials contribution
 - Veterinary and diagnostics (Discontinued)

(1) Continuing and discontinued

Change in total¹ revenue by division



Total¹ revenue by division





ADJUSTED EBITDA IMPACTED BY LOWER SALES AND HIGHER OPEX INVESTMENT

- **Total¹ Adjusted EBITDA³**
 - Expected to be in the range £13m to £14m (2018: £17.0m)
 - Margin of c. 9% (2018: 11%)
- **Continuing Operations Adjusted EBITDA²**
 - Expected to be in the range £11m to £12m (2018: £19.1m)
 - Margin of c. 9% (2018: 15%)
 - Increased “investment” opex
 - R&D (focus on products close to launch) and leadership in core markets
 - Offset by one-off Other Income
- **Exceptional**
 - Restructuring of management
 - Discontinued operations
- **Impairments**
 - Impact of challenging market conditions on Advanced Nutrition and exit from some discontinued operations

(1) Continuing and discontinued

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

(3) Adjusted EBITDA² is earnings before interest, tax, depreciation, amortisation, impairment, exceptional items and acquisition related expenditure



CASHFLOW, NET DEBT AND LIQUIDITY

- **Reduced Free Cash Flow⁴ outflow of c. £24m (2018: outflow of £36.1m)**
 - Increased biological assets (inventory) in new Genetics production facilities
 - Inventory increase linked to Advanced Nutrition key supplier agreement
 - Timing of sales resulted in higher accounts receivable
 - Passed peak of investment capex
- **Movement in net debt⁵**
 - Increase of £31.4m
 - Resulting from FCF outflow; and
 - Interest payments
- **Liquidity⁶ of £28.6m at year end**
 - Minimum liquidity covenant of £10m
 - Significant headroom in equity ratio covenant

(4) Free Cash Flow is operating cashflow less investment capex (including capitalised development costs)

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

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



MARKET CONDITIONS AND OUTLOOK

- Weakness in the shrimp and sea bass/bream markets continues
 - unlikely to recover to 2018 levels in FY2020
- Overall, expect to deliver underlying Adjusted EBITDA (before one-off other income) in line with FY19
- Disposals are fundamental to ability to execute investment plan and support continuing operations while maintaining adequate headroom

Salmon

Favourable conditions continue

- Growing demand and consistently high prices
- Expect to continue, driven by demand from US and Asia (China)

Shrimp

Challenging markets

- Lowest price level in 30 years as a result of overstocking following record harvest volumes in 2018
- Some recovery expected but not expected to return to 2018 levels in 2020

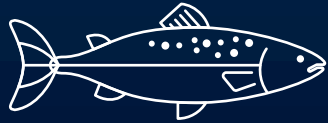
Sea bass/bream

Challenging markets

- Low prices for sea bass/bream following period of overstocking resulting in reduced production. Exacerbated by economic environment in Turkey.
 - Challenging markets continue
-



POSITIONED TO BE A LEADER IN RAISING THE SUSTAINABILITY STANDARDS IN AQUACULTURE DELIVERING SHAREHOLDER VALUE



Improving **animal health and welfare** across the production cycle



Strong **innovation** track record bringing to market disruptive solutions supported by patents



Environment and sustainability



Strategy to move from R&D Investment phase to **profitability**



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