

## Driving Sustainability in Aquaculture

**FY23 Results Investor Presentation** 

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GENETICS

**ADVANCED NUTRITION** 

**HEALTH** 

## Agenda

- 1. Highlights
- 2. Operational Update
- 3. Financial Update
- 4. Outlook
- 5. Q&A





## FY23: third consecutive year of financial and strategic progress

- Growth and progress on all key financial metrics despite headwinds in shrimp markets
  - Positive contribution across all business areas
  - Substantial increase in profitability and cash generation
- Strategic steps to further streamline and integrate the Group
  - Alignment of management team with customer base and product offering across species, creating synergy opportunities
  - Divestment of tilapia breeding business; maintaining ongoing presence through Genetics Services
- Progress in growth areas: Chile, shrimp genetics and Ectosan® Vet and Cleantreat®
- Agile, resilient organisation demonstrating capacity to adjust to market conditions and operational change

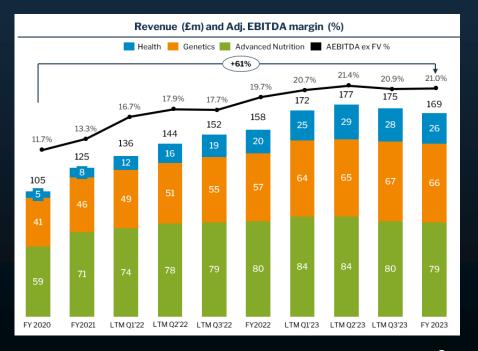
1) All prior year figures have been adjusted to reflect changes to the ongoing continuing business during the year following the disposal of the tilapia business



Revenues **£169.5**m +7%

Adj. EBITDA ex FV movements £35.6m +15%

Adj. Operating Profit ex FV movements £14.7m +61%



## **Q4: results affected by market factors good operational performance**

#### Genetics

- Strong performance in salmon eggs against an exceptional Q4FY22 which benefitted from supply constraints in the market
- Revenues -6% (+2% CER); 43% Adj. EBITDA margin ex FV movements

#### **Advanced Nutrition**

 Strong performance in difficult shrimp markets; revenues -9% (-3% CER)

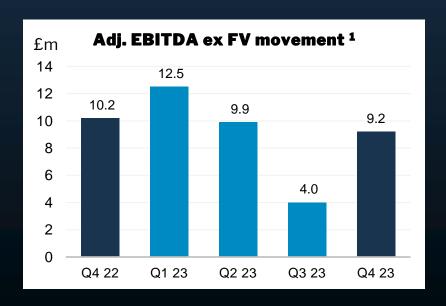
#### Health

- Delay in the peak season for sea lice treatments in Norway leading to low utilisation of CleanTreat® capacity; Ectosan® Vet and CleanTreat® sales increased post period end
- Group Adj. EBITDA margin ex FV movements: 25% (Q4 FY22: 24%)

<sup>1)</sup> FY22 figures have been restated to reflect changes to the ongoing continuing business during the year following the disposal of the tilapia business







## Operational Update





#### **Genetics**

#### Continued growth driven by salmon business Strategic actions taken in shrimp and tilapia

- Revenues +14% driven by higher salmon egg sales from our three facilities
  - Salmon egg volumes increased by 15% to a record 334 million eggs
  - Chile growing commercial traction with new customer wins; granted diseasefree compartment status enabling exports
- Inflationary pressure affected production costs and margins
- Shrimp genetics development of new product portfolio underway

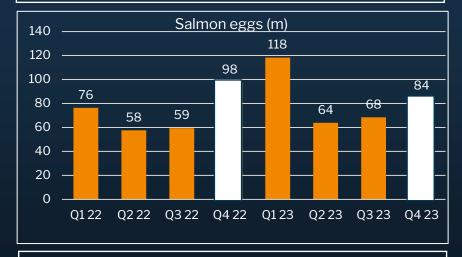
#### Strategic actions:

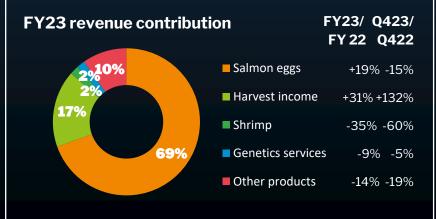
- Expanded R&D team with a focus on reproductive technologies
- Integration and reorganisation of shrimp activities across Genetics and Advanced Nutrition to realise synergies
- Acquired 10.5% minority interest in Benchmark Genetics Iceland
- Divestment of tilapia business via MBO; maintained presence in genetics services

<sup>(3)</sup> FY22 figures have been restated to reflect changes to the ongoing continuing business during the year following the disposal of the tilapia business



| (C va)                             | EV 22 | EV 22 | 0422  | 0422  |
|------------------------------------|-------|-------|-------|-------|
| <u>(£m)</u>                        | FY 23 | FY 22 | Q4 23 | Q4 22 |
| Revenue                            | 65.5  | 57.4  | 16.9  | 18.0  |
| Gross Margin ex FV mov             | 30.7  | 31.2  | 11.0  | 11.3  |
| Adj. EBITDA¹                       | 15.7  | 17.4  | 5.4   | 6.1   |
| Adj. EBITDA¹ ex FV mov             | 15.8  | 15.8  | 7.2   | 6.9   |
| Adj. Operating Profit <sup>2</sup> | 10.6  | 11.9  | 4.1   | 4.2   |
| Adj. Op. Profit ex FV mov          | 10.7  | 10.3  | 5.9   | 5.0   |





Adj. EBITDA is EBITDA (earnings before interest, tax, depreciation and amortisation and impairment), before exceptional items including acquisition related expenditure

<sup>(2)</sup> Adjusted Operating Profit is operating loss before exceptional items including acquisition related items and amortisation of intangible assets excluding development costs

## Continued growth in core salmon business and progress in Chile; shrimp remains area of focus and potential

|                          | Core Salm<br>Continued a<br>through ma<br>leadership a<br>innovation | growth<br>irket | Gaining con<br>traction; ne<br>capabilities | ew export | Developing<br>product lin<br>with Adv. N<br>create synd | e; aligned<br>lutrition to | Focus on achieving profitability in growth areas |      |
|--------------------------|--|-----------------|---|-----------|---|----------------------------|--|------|
| £m                       | FY23   | FY22            | FY23  | FY22      | FY23  | FY22                       | FY23   | FY22 |
| Revenue                  | 62.5   | 54.4            | 1.8   | 1.0       | 1.2   | 2.0                        | 65.5   | 57.4 |
| Gross profit             | 34.7   | 35.7            | (1.7)                                       | (2.0)     | (2.4)   | (0.8)                      | 30.6   | 32.8 |
| Gross profit ex FV       | 34.8   | 34.0            | (1.7)                                       | (2.0)     | (2.4)   | (0.8)                      | 30.7   | 31.2 |
| Adj EBITDA ex FV         | 22.2   | 20.9            | (2.8)                                       | (3.4)     | (3.6)   | (1.7)                      | 15.8   | 15.8 |
| Adj. EBITDA margin ex FV | 36%  | 38%             | nm  | nm        | nm  | nm                         | 24%  | 28%  |
| Adj EBITDA               | 22.1   | 22.5            | (2.8)                                       | (3.4)     | (3.6)   | (1.7)                      | 15.7   | 17.4 |
| Adj Op Profit ex FV      | 18.4   | 16.3            | (3.4)                                       | (3.9)     | (4.3)   | (2.1)                      | 10.7   | 10.3 |



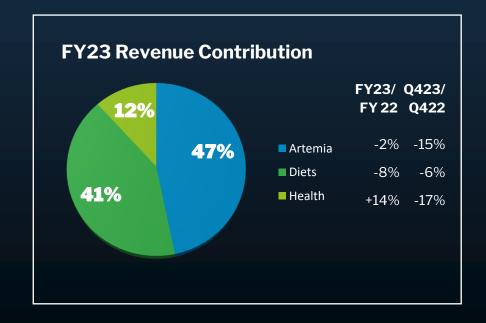


#### **Advanced Nutrition**

### Very strong performance in challenging shrimp markets further enhancing market leading position

- Shrimp markets impacted by consumer demand, farm gate prices, and rising costs leading to reduced pond stocking and lower demand for our products
- Revenues marginally behind the prior year at -2% (-7% CER) demonstrating business resilience and success of our commercial focus
- Adjusted EBITDA marginally down at -3% (-8% CER)
- Stable volumes in Mediterranean fish markets with some price pressure
- Implementing structured programme of operational efficiencies focused on automation, supply chain integration, and digitalised data management
- Continued focus on innovation
  - Successful launch of first AI-enabled tool SnappArt
  - Establishment of new R&D collaborations in Ecuador and Singapore to develop products tailored to local needs
- Sustainability milestone: MSC certification for Artemia harvested from the Great Salt Lakes

|                                    |       |       |       | ı     |
|------------------------------------|-------|-------|-------|-------|
| <u>(£m)</u>                        | FY 23 | FY 22 | Q4 23 | Q4 22 |
| Revenue                            | 78.5  | 80.3  | 17.1  | 18.9  |
| Gross Margin                       | 43.8  | 42.6  | 10.1  | 11.5  |
| Adj. EBITDA <sup>1</sup>           | 18.4  | 19.0  | 3.5   | 4.7   |
| Adj. EBITDA margin                 | 23%   | 24%   | 20%   | 25%   |
| Adj. Operating Profit <sup>2</sup> | 15.9  | 16.8  | 2.9   | 4.1   |





Adj. EBITDA is EBITDA (earnings before interest, tax, depreciation and amortisation and impairment), before exceptional items including acquisition related expenditure

<sup>(2)</sup> Adjusted Operating Profit is operating loss before exceptional items including acquisition related items and amortisation of intangible assets excluding development costs



#### Health

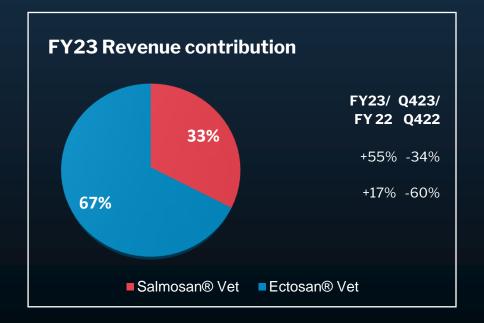
### A good result from our combined sea lice portfolio and recently integrated salmon commercial team

- Revenue +27%; Adjusted EBITDA margin of 19%
  - Growing customer adoption of Ectosan® Vet and CleanTreat® in the year across small and large producers throughout the Norwegian coastline
  - Success of new marketing label for Salmosan® Vet
- Progress on the development of a streamlined integrated CleanTreat® infrastructure with partners MMC and Salt Ship Design
- Focus on actions to reduce financial exposure in months with low capacity utilisation
- Increased relevance of our combined offering of sea lice treatments given animal health and welfare issues in the industry

<sup>(2)</sup> Adjusted Operating Profit is operating loss before exceptional items including acquisition related items and amortisation of intangible assets excluding development costs



| FY 23 | FY 22                      | Q4 23                                      | Q4 22   |
|-------|----------------------------|--|---|
| 25.5  | 20.1                       | 2.6  | 5.6   |
| 12.3  | 8.6                        | 0.6  | 2.6   |
| 4.8   | 0.1                        | (0.9)                                      | 0.6   |
| 19%   | 1%                         | (32%)                                      | 11%   |
| (8.6) | (13.9)                     | (4.3)                                      | (2.1)   |
|       | 25.5<br>12.3<br>4.8<br>19% | 25.5 20.1<br>12.3 8.6<br>4.8 0.1<br>19% 1% | 25.5       20.1       2.6         12.3       8.6       0.6         4.8       0.1       (0.9)         19%       1%       (32%) |



<sup>(1)</sup> Adj. EBITDA is EBITDA (earnings before interest, tax, depreciation and amortisation and impairment), before exceptional items including acquisition related expenditure

## Financial Update Benchmark<sup>®</sup>

#### **Progress towards medium term objectives**

|   | FY 2021 | FY 2022 <sup>(3)</sup> | FY 2023    | Medium term<br>objectives    | Progress and pathway   |
|---|---------|------------------------|------------|------------------------------|--|
| Revenue<br>growth p.a.                  | 18%     | <b>27</b> %            | <b>7</b> % | 15%-18%                      | Performance in the year affected by weak shrimp markets. However, CAGR performing within target post restructuring |
| Adj. EBITDA<br>margin                   | 16%     | 21%                    | 21%        | <b>25%-30%</b> period end    | Consistent margin improvement from revenue growth and cost control   |
| Cash<br>conversion <sup>(1)</sup>       | 29%     | 33%                    | 56%        | 70%-80%                      | Improving operating cashflow and measures in place to reach medium term goal  • Working capital management         |
| Free Cashflow <sup>(2)</sup><br>% sales | (17%)   | (8%)                   | <b>2</b> % | <b>10%-15%</b><br>period end | Progress driven by disciplined investment and control on capex   |



<sup>1.</sup> Cash generated from operations after working capital and taxes as percentage of Adj. EBITDA

Free cash flow: Net cash from operating activities less capex and lease payments (excluding cash interest)
 Fy22 figures have been restated to reflect changes to the ongoing continuing business during the year following the disposal of the tilapia business

#### **Income statement highlights**

#### Continuing operations

| £m  | FY 23  | FY 22 <sup>3</sup> | % AER | % CER | Q4 23  | Q422   | % AER |
|---|--------|--------------------|-------|-------|--------|--------|-------|
| Revenue                                       | 169.5  | 157.7              | 7%    | 7%    | 36.6   | 42.4   | (14%) |
| Gross profit                                  | 86.8   | 83.9               | 3%    | 4%    | 19.9   | 24.6   | (19%) |
| R&D   | (6.1)  | (6.6)              | 9%    | 7%    | (1.6)  | (2.0)  | 20%   |
| Other operating costs                         | (45.2) | (44.1)             | (2%)  | (2%)  | (10.9) | (13.1) | 17%   |
| Adjusted EBITDA <sup>1</sup>                  | 35.5   | 32.6               | 9%    | 11%   | 7.4    | 9.4    | (21%) |
| Adj. EBITDA ex FV movement                    | 35.6   | 31.0               | 15%   | 16%   | 9.2    | 10.2   | (10%) |
| Adjusted Operating Profit <sup>2</sup>        | 14.6   | 10.7               | 36%   | 41%   | 2.1    | 4.2    | (51%) |
| Adj. Operating Profit <sup>2</sup> ex FV mov. | 14.7   | 9.2                | 61%   | 65%   | 3.9    | 5.0    | (23%) |
| Exceptional costs                             | (3.9)  | -                  | -     | -     | (0.7)  | (0.4)  | (62%) |
| Net finance costs                             | (7.4)  | (15.2)             | (51%) | (54%) | (5.0)  | (5.0)  | 1%    |
| Loss before tax                               | (12.7) | (21.4)             | 41%   | 44%   | (7.3)  | (6.1)  | (19%) |
| Loss for the period                           | (16.1) | (28.7)             | 44%   | 46%   | (9.2)  | (8.2)  | (13%) |

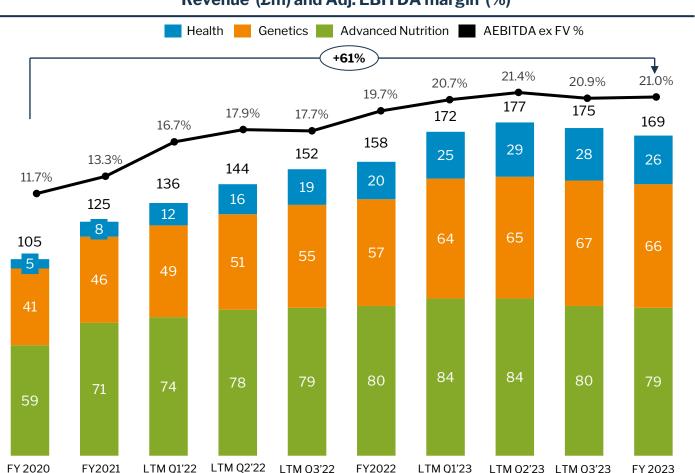
- (1) Adjusted EBITDA is EBITDA (earnings before interest, tax, depreciation and amortisation and impairment), before exceptional items including acquisition related expenditure
- (2) Adjusted Operating Profit is operating loss before exceptional items including acquisition related items and amortisation of intangible assets excluding development costs
- (3) FY22 figures have been restated to reflect changes to the ongoing continuing business during the year following the disposal of the tilapia business

- Double digit growth in Genetics and Health offset by marginal drop in Advanced Nutrition
- Continued cost control
  - Marginal increase in operating costs and lower R&D
- Significantly improved profitability across all metrics for the full year
  - Adj. Operating Profit excluding fair value movements which best reflects underlying performance increased by 61%
- Exceptional costs
  - Primarily associated with Oslo listing
- Net finance costs
  - Increase in interest due to higher utilisation of RCF facility and higher bond coupon offset by gain from movements on hedges



## **Substantial growth post restructuring Limited impact from FY23 market headwinds**





Significant growth in all business areas post restructuring despite challenges posed by the macroeconomic environment

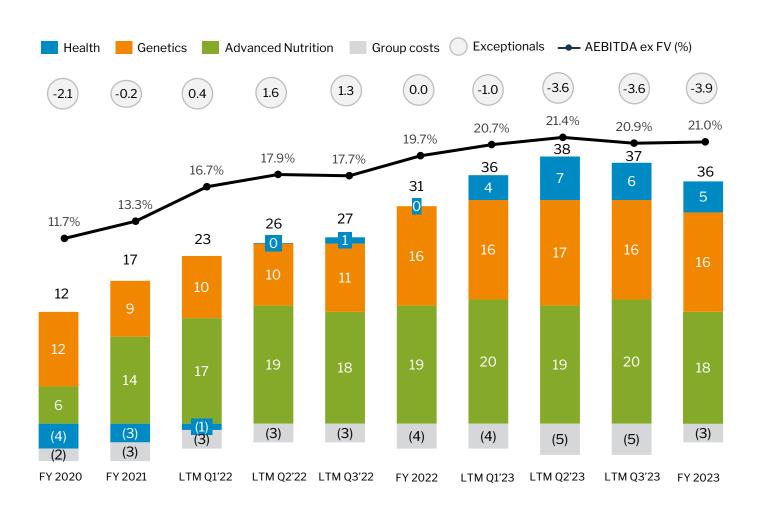
**Genetics** revenue up 59% since FY 2020, driven mainly by higher salmon egg sales

**Advanced Nutrition** revenue up 32% from FY2020 reflecting success of renewed commercial effort and continued innovation

**Health** revenue increased 5x over three years driven by the roll-out of Ectosan® Vet and CleanTreat®



## Significant progress in underlying profitability and margins

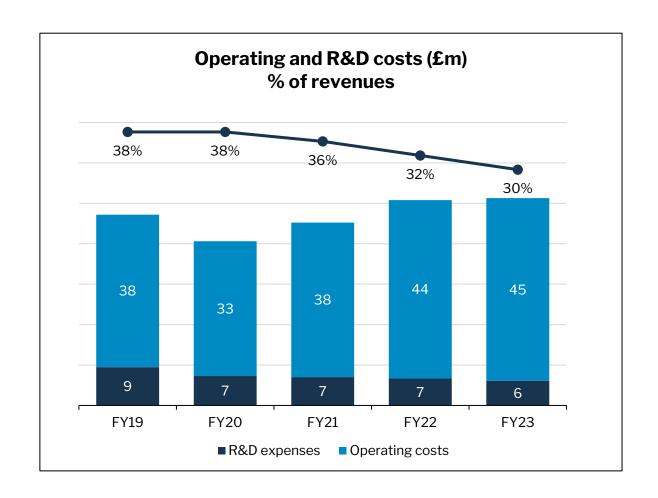


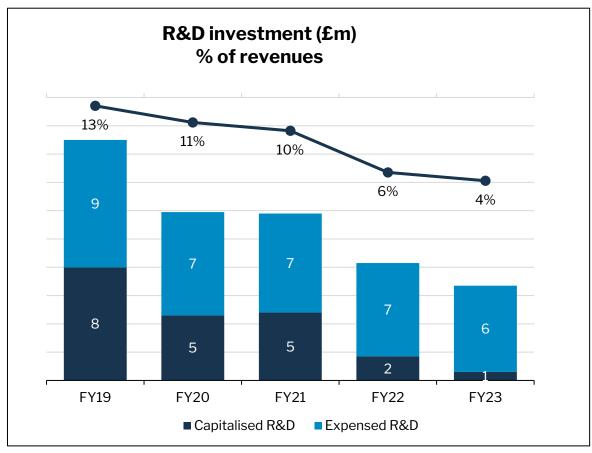
Revenue growth together with financial discipline have led to significant growth in Adj. EBITDA

- Advanced Nutrition seen 3x increase since FY 2020, driven by revenue growth, operational leverage and cost control
- **Genetics** growth in core salmon business
- Health progressing towards profitability



#### **Cost control and streamlined R&D**



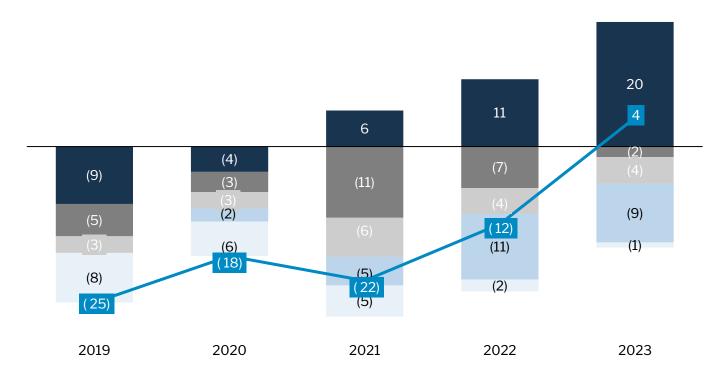




## **Substantial improvement in cash generation**

#### **Cash flow generation (£m)**



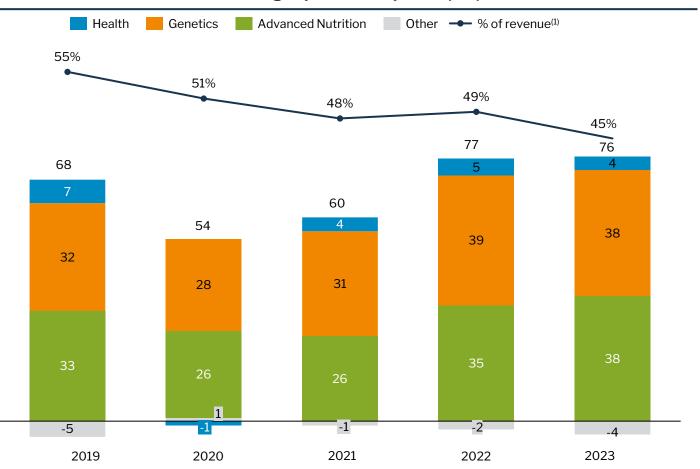


- Operational cash flow almost doubled from £11m to £20m
- Stable maintenance capex
- Minimal growth capex having completed significant investments in recent years
  - Salmon egg facility in Chile
  - Expansion of shrimp facility in Florida
  - Improvements to Adv. Nutrition plant in Thailand
  - CleanTreat® systems
  - New incubation centre in Iceland



## Working capital management delivering results

#### Working capital development (£m)



#### Drivers of working capital

- Sales growth
- **Genetics** biological assets
- Advanced Nutrition contractual obligation to prepay and purchase Artemia from the Great Salt Lakes co-op
- Health Ectosan® Vet and CleanTreat® inventory

Benchmark®

(1) From continuing operations

#### **Net finance expenses**

#### £m

| Net finance expenses                     | FY23  | FY22  |
|--|-------|-------|
| Interest income                          | (0.6) | (0.3) |
| Foreign exchange losses/(gains)          | (0.3) | (2.8) |
| Interest on bond and bank debt           | 8.4   | 6.2   |
| Amortisation of deferred finance fees    | 0.5   | 1.9   |
| Penalty for early settlement of NOK bond | -     | 1.6   |
| Movements of cashflow hedges             | (2.2) | 7.0   |
| Finance lease interest                   | 1.6   | 1.6   |
| Total net finance expenses               | 7.4   | 15.2  |

#### Primary drivers:

- £2.2m interest increase due to higher utilisation of RCF facility and higher interest coupon on the Group's NOK bond, and
- Lower forex gains related to movements in exchange rates on intercompany loans and external debt offset by:
  - movements on cashflow hedges relate to the Group's NOK bond
  - lower amortisation of deferred finance fees



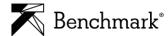
## Lower net debt driven by cash generation and working capital management

| Net debt <sup>1</sup> at 30 September 2022 (£m)       | (73.7) |
|---|--------|
| Cash from operations excl. working capital and taxes  | 29.6   |
| Movement in working capital                           | (1.1)  |
| Taxes   | (8.5)  |
| Net cash from operations                              | 20.0   |
| Capital expenditure                                   | (6.8)  |
| Other disposal activities                             | 0.2    |
| Proceeds from disposal of subsidiaries                | 1.3    |
| Foreign exchange on cash and debt                     | 4.3    |
| Interest  | (8.6)  |
| Acquisition of subsidiaries net of cash/debt acquired | (0.2)  |
| Investment in associates                              | (0.6)  |
| Acquisition of non-controlling interest               | (8.0)  |
| New/modified lease liabilities (IFRS16)               | (3.7)  |
| Shares issued   | 10.9   |
| Other non-cash movements                              | (0.6)  |
| Net debt <sup>1</sup> at 30 September 2023            | (65.5) |
| excluding lease liabilities                           | (45.6) |

- Net cash from operations £20.0m (FY22: £10.8m)
- Capex £6.8m down from £12.7m
- £10.9m from share issuance in the period
- Liquidity as at 27 November 2023: £41.5m
- Cash as at 27 November 2023: £29.3m

|   | FY 2021 | FY 2022 <sup>(3)</sup> | FY 2023    |
|---|---------|------------------------|------------|
| Cash<br>conversion <sup>(1)</sup>       | 29%     | 33%                    | 56%        |
| Free Cashflow <sup>(2)</sup><br>% sales | (17%)   | (8%)                   | <b>2</b> % |

Cash generated from operations after working capital and taxes as percentage of Adi. EBITDA

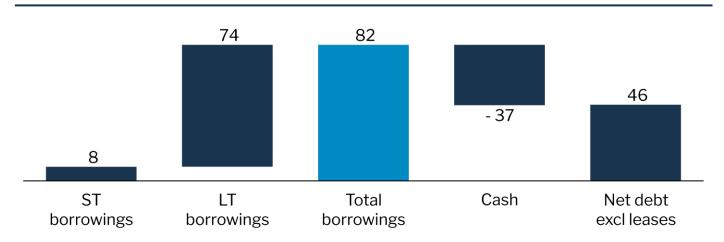


<sup>(2)</sup> Free cash flow: Net cash from operating activities less capex and lease payments (excluding cash interest)

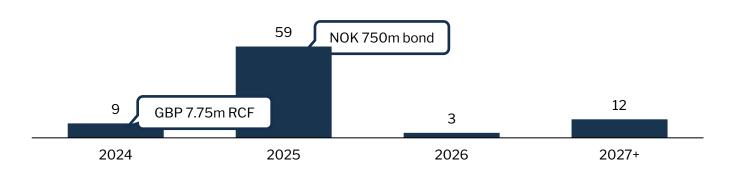
<sup>(3)</sup> FY22 figures have been restated to reflect changes to the ongoing continuing business during the year following the disposal of the tilapia business

#### **Overview of net debt**

#### **Total borrowings and cash (£m)**



#### **Borrowing maturity schedule (£m) (outstanding amounts)**



- NOK750m senior unsecured green bond maturing in September 2025
  - 6.5% coupon above 3 month Norwegian
     Interbank Offered Rate ("NIBOR")
- Borrowing facilities totaling c. £20.0m held within Benchmark Genetics Salten AS
  - ringfenced
  - interest 2.5%; 4.2% above reference rate (3 month NIBOR/Norges bank base rate)



#### Outlook 2024

Good start to the year and momentum in all business areas





## **(**

#### **Genetics**

- Good visibility of salmon egg sales; normalised volumes with supply issues in the market now resolved
- Progress in Chile and on SPR shrimp key focus areas in coming periods

#### **Advanced Nutrition**

- Early indications of improvement in shrimp market; expect to translate into increased demand from Q2 FY24
- Stable Mediterranean fish markets

#### Health

- Good Q1 visibility; normal seasonality expected with low season in Q3/Q4
- Focus on options to optimise infrastructure and cash flow as we transition to new business model



#### Market leading, aquaculture biotechnology company

- a unique bet on the aquaculture industry





# Thank you Q&A Benchmark<sup>®</sup>

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