



Photo © Daily Scandinavian

Research analyst(s):

Philip Michael Scrase
+47 2200 9353
philip.scrase@carnegie.no

Henrik Longva Knutsen
+47 9483 9902
Henrik.Knutsen@carnegie.no

Fish Pool Christmas Seminar 2022

Market and price outlook

We expect high salmon prices in 2023 and beyond

- **Supply looks increasingly scarce, supporting a tight market balance**
 - Challenging farming conditions in key production regions. Biomass is down Y/Y
 - Strict regulations in Norway and Chile limit growth
 - Projects put on hold and license auction failing due to tax uncertainty

- **Demand looks resilient despite weaker economic conditions**
 - Record high export values show good demand – high volumes and very strong prices
 - Increased volumes to processing countries suggest good retail demand at high prices
 - Demand is normally resilient in economic downturns, shifting to home consumption

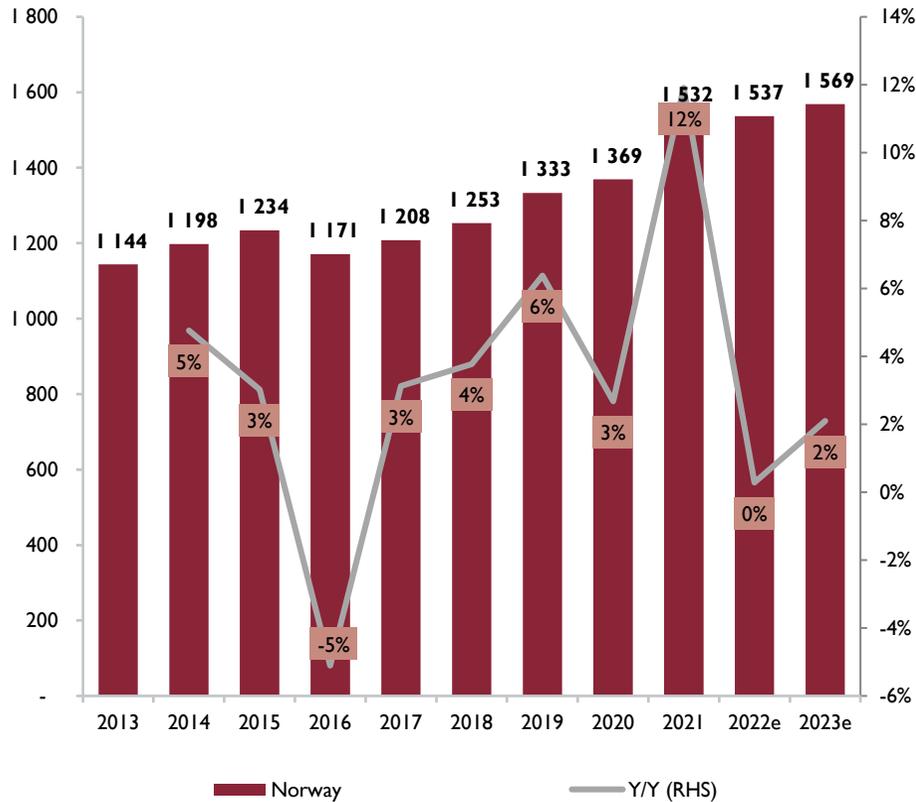
- **We expect Norwegian salmon price of EUR7.7/kg in 23-24e, slightly down Y/Y**
 - A very high price level in a historical context, reflecting tight supply and strong market position
 - The contract market is set to start up again following tax clarifications, securing demand in retail
 - Some consumer fatigue from high prices and reduced purchasing power



Low supply growth supporting tight market outlook

Norwegian supply

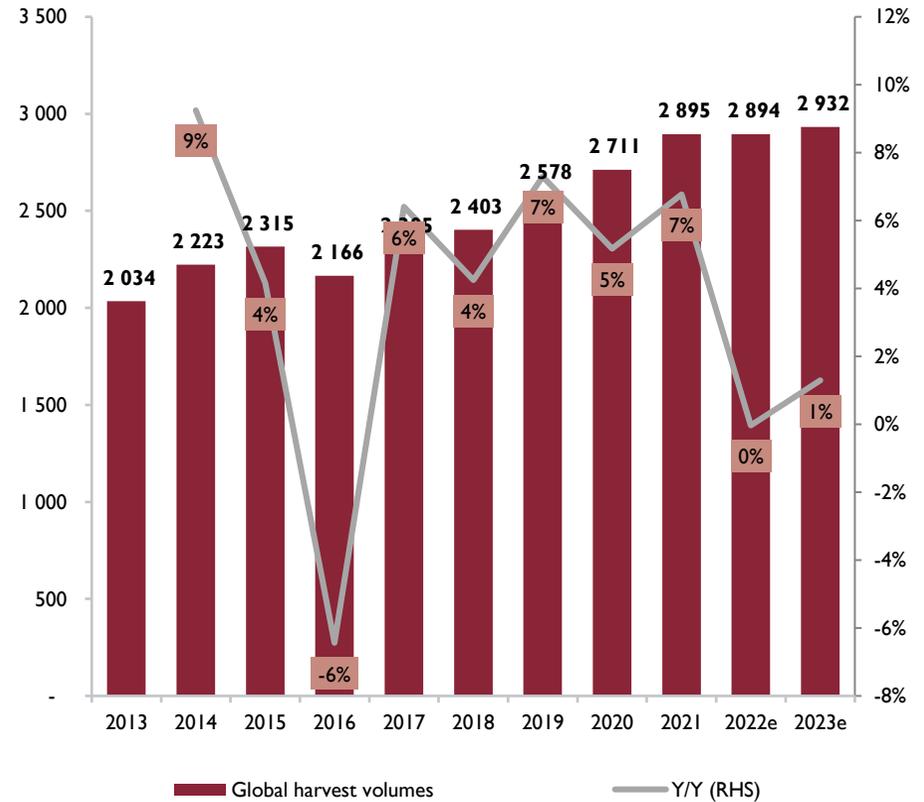
Supply, Norway - WFE kt



Source: Carnegie Research, Kontali

Global supply

Supply, Global - WFE kt

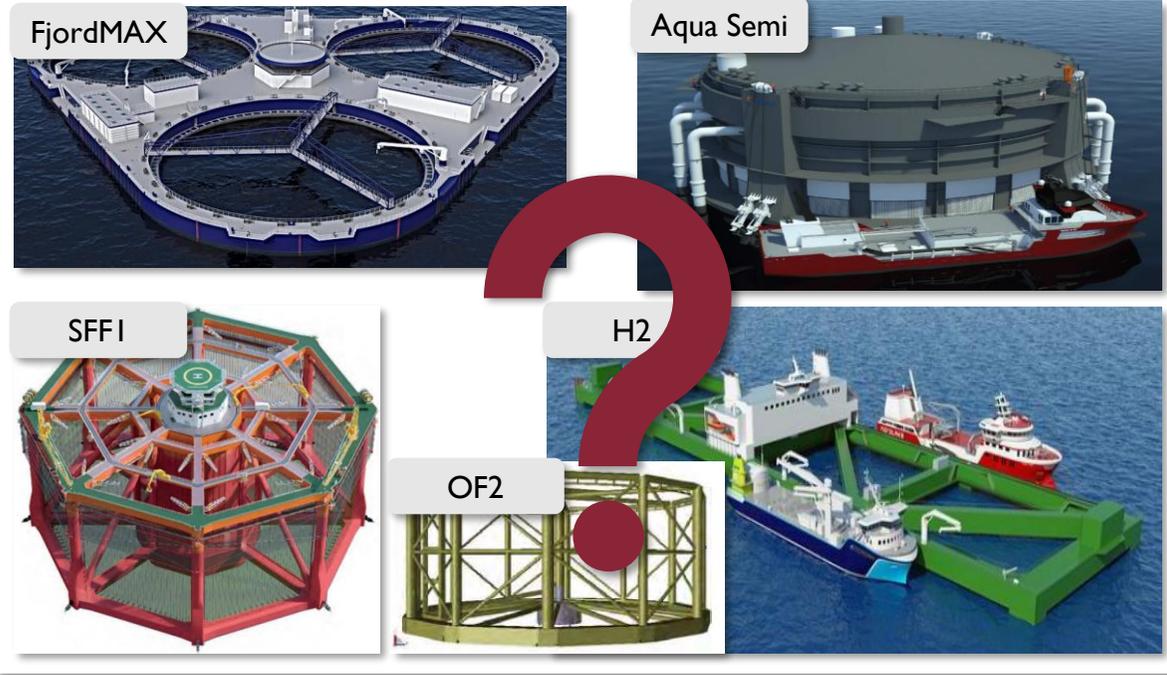


Source: Carnegie Research, Kontali

Salmon tax impacting investments and supply growth

- Development projects put on hold or canned
 - Will volumes ever materialize?

- Auction left salmon licenses unsold
 - Smaller players with lower MAB yield were the auction winners

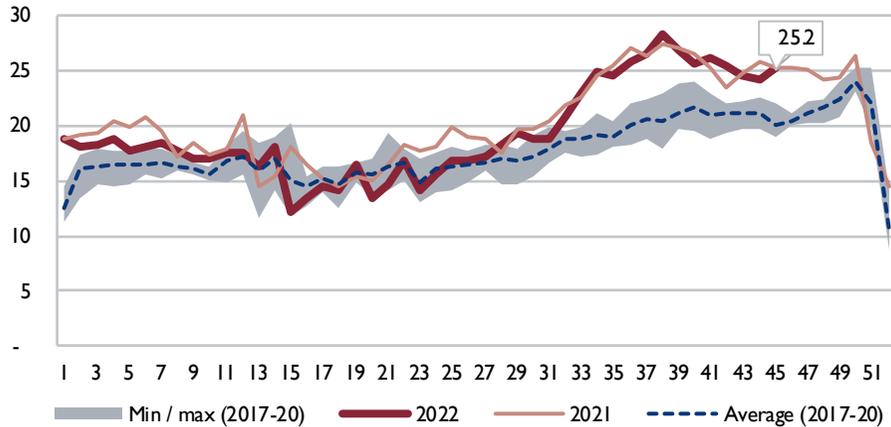


PA	MAB offered (tonnes)	MAB sold (tonnes)	MAB not sold (tonnes)	% of total offered not sold	Min price ('000 NOK/t)	Price achieved ('000 NOK/t)	Proceeds (NOKm)	Price achieved 2020 ('000 NOK/t)	Delta price 2022 vs 2020
1	1 249	0	1 249	4%	100		0	156	
6	8 189	8 189	0		121	157	1 288	242	-35%
8	4 908	4 305	603		109	177	762	219	-19%
9	5 150	5 150	0		128	154	791	255	-40%
10	3 729	3 729	0		100	135	503	n/a	
11	3 219	3 071	148		109	142	435	220	-35%
12	5 372	200	5 172	16%	100	100	20	190	-47%
13	1 071	0	1 071	3%	100		0	200	
SUM	32 887	24 644	8 243	25%		154	3 799	220	-30%

Source: Carnegie research, Directorate of Fisheries

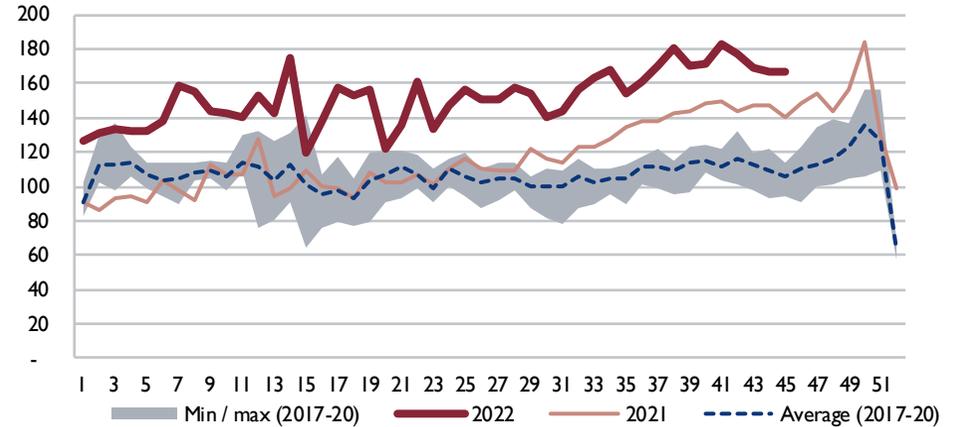
Record Norwegian export value on strong demand

Norway: Salmon export in '000 tonnes (fresh + frozen)



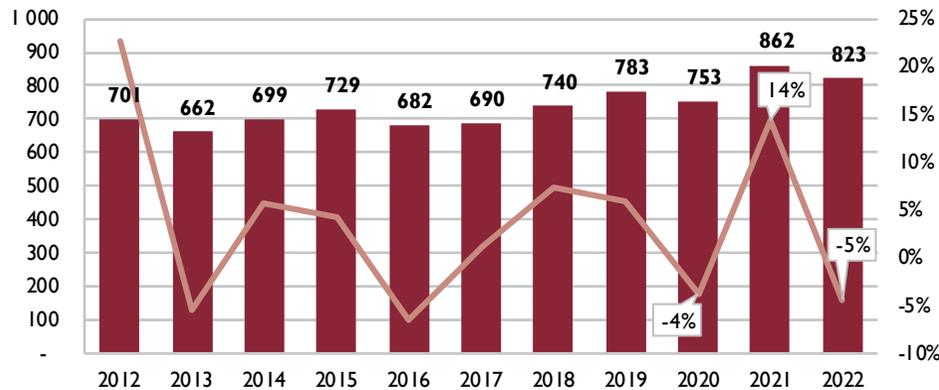
Source: Carnegie Research, SSB

Norway: Salmon export value (EURm)



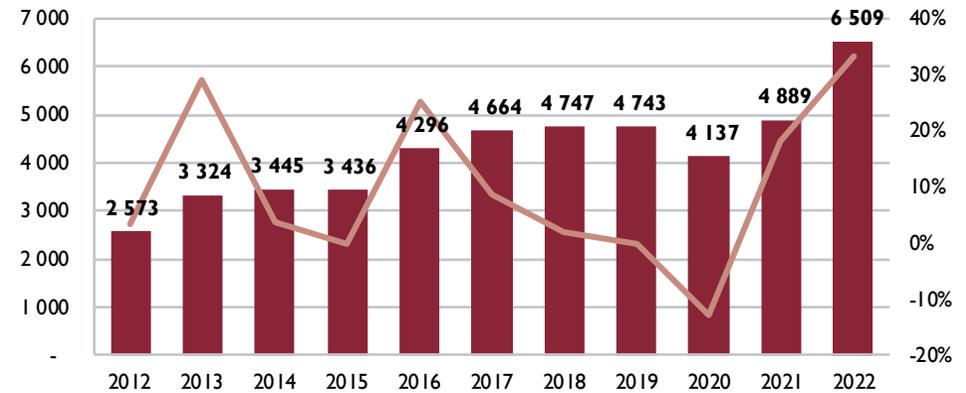
Source: Carnegie Research, SSB

Norway: Export in '000 tonnes YTD



Source: Carnegie Research, SSB

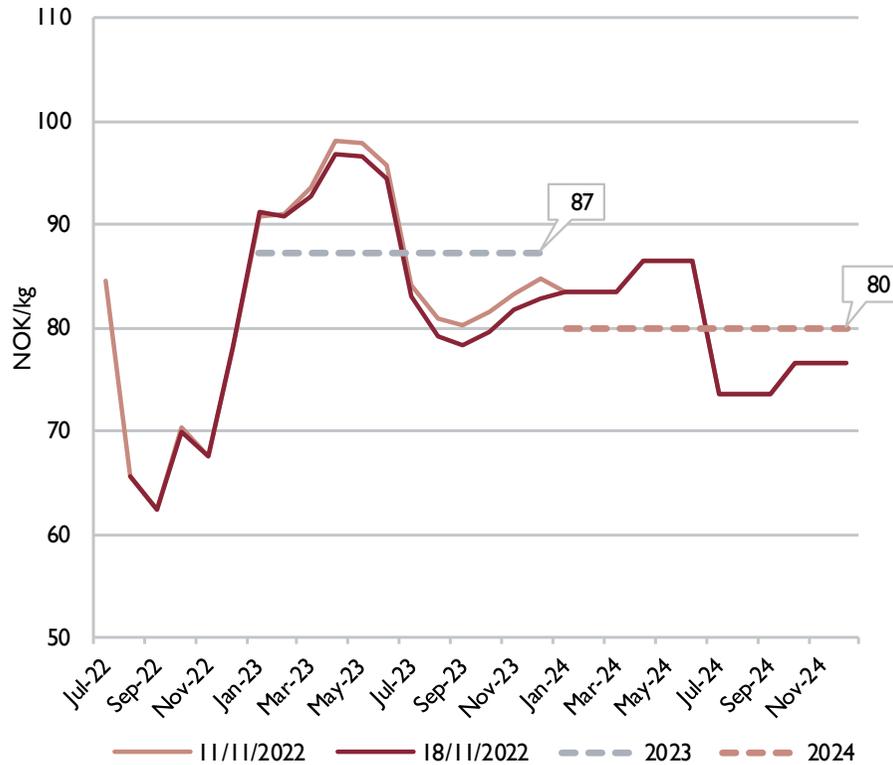
Norway: Export value YTD comparison (EURm)



Source: Carnegie Research, SSB

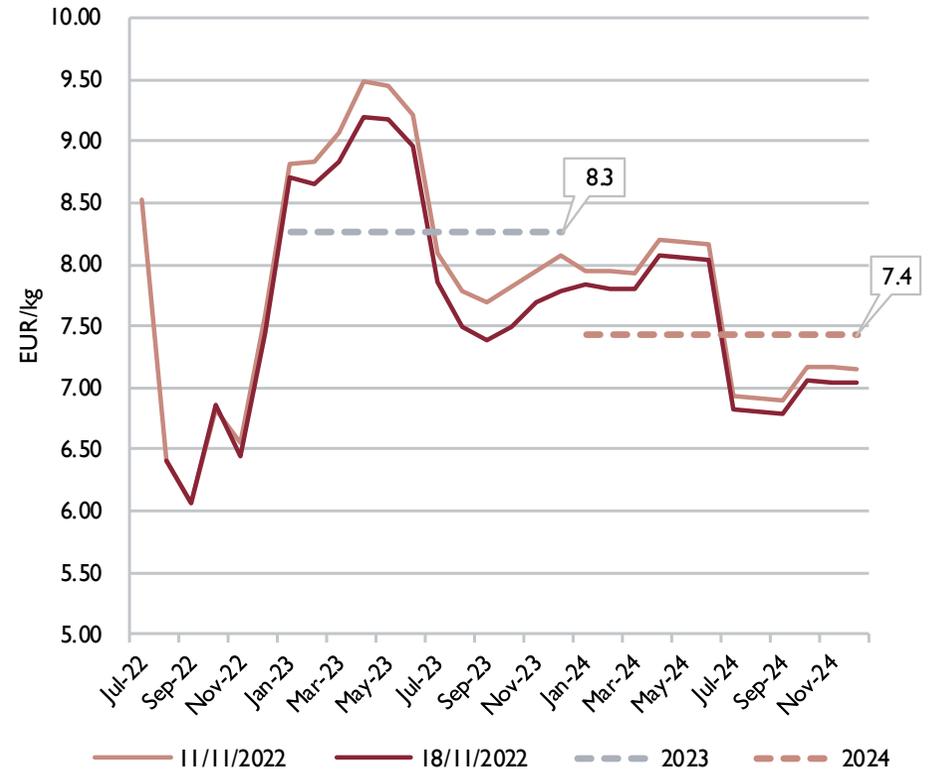
Physical contracts at high levels, sourcing outside Norway

Salmon prices: Forward curves (NOK/kg)



Source: Carnegie Research, Fish Pool

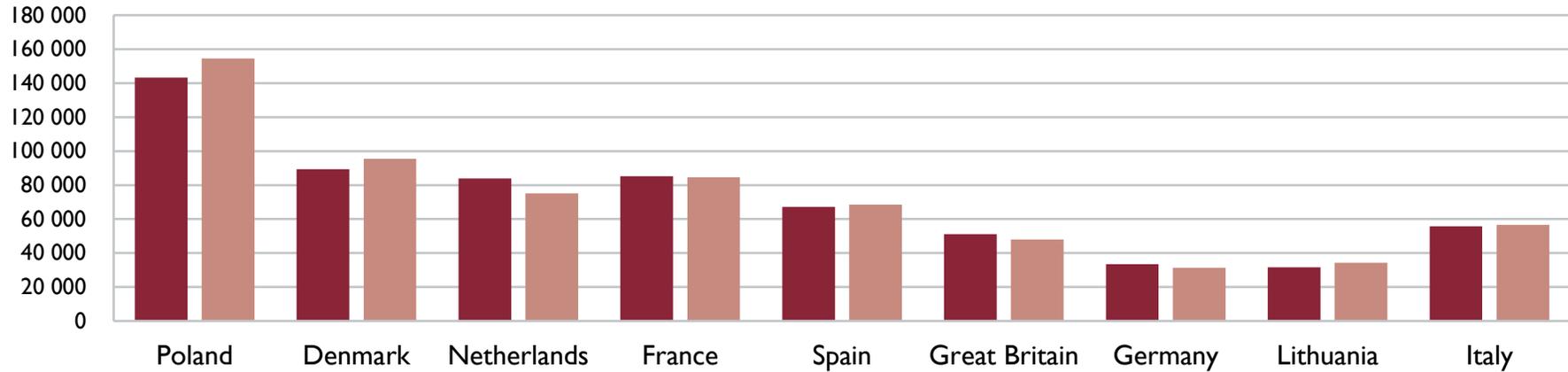
Salmon prices: Forward curves (EUR/kg)



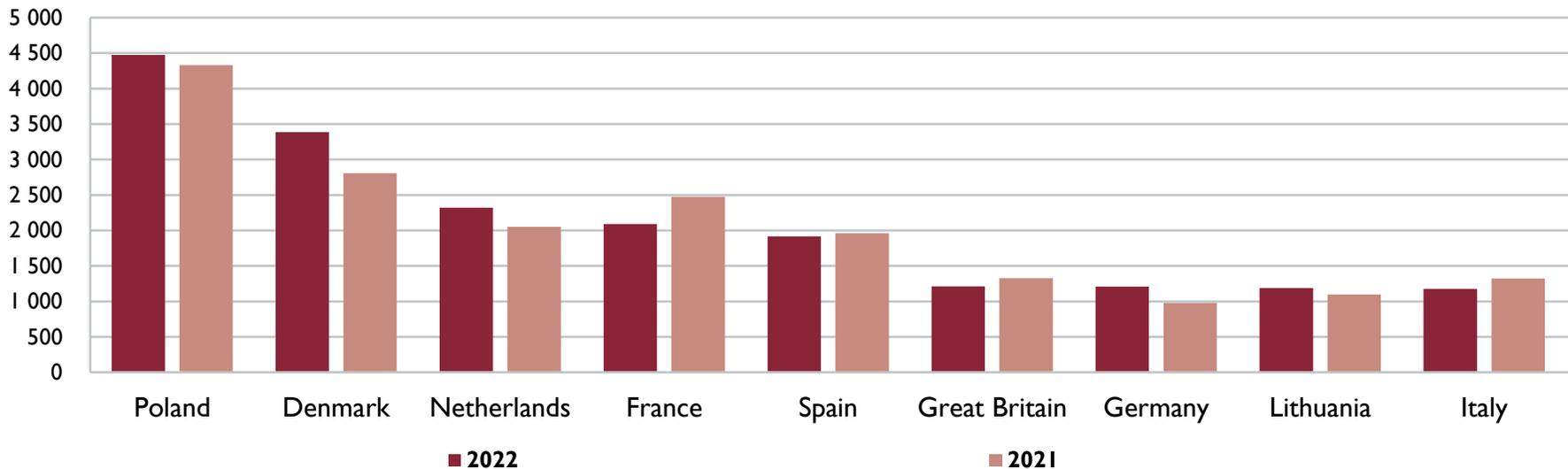
Source: Carnegie Research, Fish Pool

Processing countries increasing market share at lower prices

Export volume, GWE kt, YTD



Export volume, GWE kt, last week



Source: Carnegie Research, The Norwegian Seafood Council

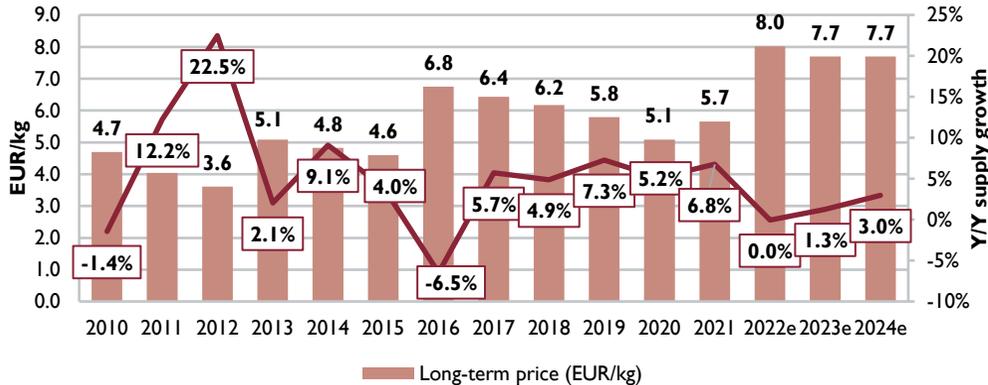


Prices driven by supply / demand – little correlation with GDP

We expect prices of EUR~7.7/kg next two years

Supply is a key driver of salmon prices

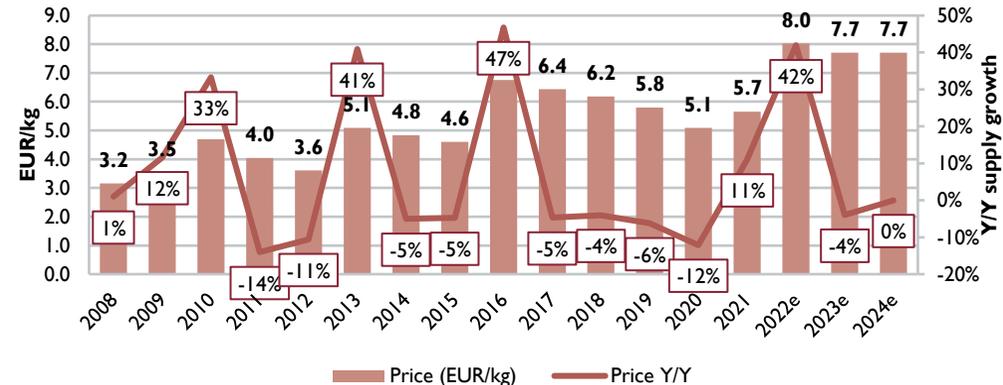
Norway: Long-term price (EUR/kg) and supply development (Y/Y)



Source: Carnegie Research, Fish Pool

Price level and Y/Y development

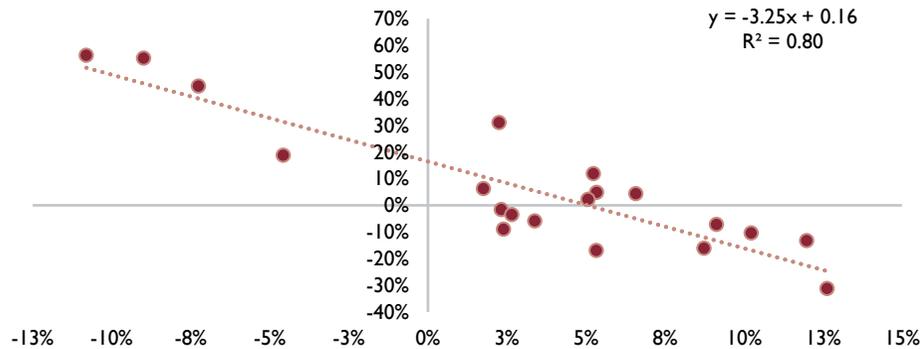
Long-term price level (EUR/kg) and Y/Y



Source: Carnegie Research, Fish Pool

Underlying demand growth is estimated to ~5% Y/Y over time

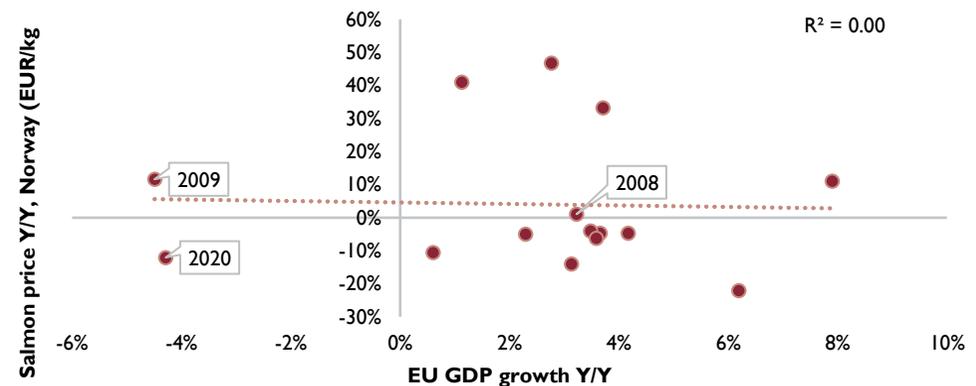
Global supply change Y/Y vs price change Y/Y (EUR/kg)



Source: Carnegie Research, Fish Pool, Kontali

Salmon prices show little/no correlation with GDP growth

EU GDP and salmon price change Y/Y (2007-2021)



Source: Carnegie Research, Eurostat, Fish Pool



Disclosures and disclaimers

Carnegie Investment Bank AB – Carnegie Investment Bank AB (publ) is a leading investment bank with a Nordic focus. The Carnegie group of companies, together “Carnegie”, generates added value for institutions, companies and private clients in the areas of trade in securities, investment banking and private banking. Carnegie has approximately 600 employees, located in offices in six countries.

Ratings and risk assessment structure

Current rating system as of October 2011

Buy (B), upside of at least 10% to the target price and with an attractive risk/reward profile

Hold (H), neutral risk/reward profile or the stock is trading relatively near its target price

Sell (S), unattractive risk/reward profile and the stock is trading above its target price

Not rated (NR), Under review (UR), Under bid (UB). The investment rating, if any, has been suspended temporarily

Ratings may from time to time deviate from the definitions above owing to market volatility. Any such deviation will be assessed regularly to determine whether it should no longer be considered temporary.

Risk assessment – The risk assessment is based on the analyst’s evaluation of the company’s equity beta based on the business risk (asset beta) and financial risk (gearing).

Low risk estimated equity beta <0.75

Medium risk estimated equity beta 0.75 to 1.25

High risk estimated equity beta >1.25

Valuation, methodology, and assumptions

Target price – Carnegie publishes a target price for most of the stocks in our Research Universe. The target price is the analyst’s assessment of expected total return over the coming six to 12 months based on various fundamental valuation methods. A commonly used method is DCF valuation, where future cash flows are discounted to today. Analysts may also use different valuation multiples, e.g. P/E ratio and EV/EBIT multiples, relative to industry peers to obtain a target price. For companies where it is appropriate, a target price can also be based on the analyst’s assessment of a fair ratio relative to the net asset value of the company. Target prices are revised when earnings and cash flow forecasts are changed. Thus, changes to estimates are a key risk to the target price. Other reasons for revising target prices include changes in the underlying value of a company’s assets and when factors affecting the required rate of return change, which can also be seen as risk factors to the target price.

Information – You will find detailed information about the valuation or methodology, the underlying assumptions and risks on Carnegie Edge (www.carnegie-edge.com). The complete history of research reports and previous recommendations can also be found on Carnegie Edge.

Research coverage – Carnegie’s research analysis consists of case-based analyses, which implies that the frequency of the analytical report may vary over time. Unless otherwise expressly stated in the report, the analysis is updated when considered necessary by the research department, for example in the event of significant changes in market conditions or events related to the issuer/the financial instrument.

Analyst certification – The research analyst or analysts responsible for the content of this report certify that, notwithstanding the existence of any potential conflicts of interests referred to herein, the views expressed in this report accurately reflect the research analyst’s personal views about the companies and securities covered. It is further certified that the research analyst has not been, nor is or will be, receiving direct or indirect compensation related to the specific ratings or views contained in this report.

Potential conflict of interest – Carnegie, or its subsidiaries, may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any company mentioned in this report. Any such publicly announced business activity, during the past 12 months, will be referred to in this report. A set of rules handling conflicts of interest is implemented in the Carnegie Group. Investment Banking and other business departments in Carnegie are surrounded by arrangements (Chinese walls) to restrict the flows of sensitive information. Persons outside a Chinese wall may gain access to sensitive information only after having observed applicable Chinese wall crossing procedures. The remuneration of persons involved in preparing this report is not tied to investment banking transactions performed by Carnegie or a legal person within the same group.

Confidential and non-public information regarding Carnegie and its clients, business activities, and other circumstances that could affect the market value of a security is kept strictly confidential and may never be used in an undue manner.

Internal guidelines are implemented to ensure the integrity and independence of research analysts. In accordance with the guidelines the Research department is separated from the Investment Banking department and there are no reporting lines between the Research department and Investment Banking. The guidelines also include rules regarding, but not limited to, the following issues: contacts with covered companies; prohibition against offering favourable recommendations; personal involvement in covered companies; participation in investment banking activities; supervision and review of research reports; analyst reporting lines and analyst remuneration.

Research Disclaimer – Carnegie Investment Bank AB is responsible for the preparation of this research report in Sweden, Finland, Denmark, and the UK. Carnegie AS is responsible for the preparation of this research report in Norway. Carnegie Inc. is responsible for this research report in the US.

The information in this report was obtained from various sources. While all reasonable care has been taken to ensure that the information is true and not misleading, Carnegie does not guarantee its accuracy or completeness. If the report has been disclosed to the issuer and amended following this disclosure before its dissemination, it will be referred to in the company-specific disclosures. Carnegie, its subsidiaries and any of their officers or directors may have a position, or otherwise be interested in, transactions in securities that are directly or indirectly the subject of this report. Any significant financial interests held by the analyst, Carnegie or a legal person in the same group in relation to the issuer will be referred to in the company-specific disclosures.

This research report is prepared for general circulation and general information only. It does not have regard to the specific investment objectives, financial situation or particular needs of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Past performance is not necessarily a guide to future performance. Carnegie and its subsidiaries accept no liability whatsoever for any direct or consequential loss, including, without limitation, any loss of profits arising from the use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose. The document may not be distributed to physical or legal entities that are citizens of or domiciled in any country in which such distribution is prohibited according to applicable laws or other regulations.

Carnegie Investment Bank AB is a bank incorporated in Sweden with limited liability which is authorised and regulated by the Swedish Financial Supervisory Authority (Finansinspektionen). This report is distributed in Sweden by Carnegie Investment Bank AB. This report has been issued in the UK by Carnegie UK which is the UK Branch of Carnegie Investment Bank AB. Carnegie UK is deemed authorised and regulated by the Financial Conduct Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority’s website. In Finland this report is issued by Carnegie Investment Bank AB, Finland Branch. The Finland branch is authorised by the Swedish Financial Supervisory Authority and subject to limited regulation by the Finnish Financial Supervisory Authority (Finanssivalvonta). In Norway this report is issued by Carnegie AS, a wholly owned subsidiary of Carnegie Investment Bank AB. Carnegie AS is regulated by the Financial Supervisory Authority of Norway (Finanstilsynet). In Denmark this report is issued by Carnegie Investment Bank AB, Denmark Branch. The Denmark branch is authorised by the Swedish Financial Supervisory Authority and subject to limited regulation by the Danish Financial Supervisory Authority (Finanstilsynet). This report is distributed in the US by Carnegie Inc., a US-registered broker-dealer and a member of FINRA and SIPC. Carnegie analysts located outside of the United States are employed by non-US affiliates that are not subject to FINRA regulations. This report is provided for informational purposes only and under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy any securities. Any US person who wishes to effect transactions based on this report should contact Carnegie Inc. Investors in the US should be aware that investing in non-US securities entails certain risks. The securities of non-US issuers may not be registered with, nor be subject to, the current information reporting and audit standards of the US Securities and Exchange Commission.

Company specific disclosures

The following disclosures relate to relationships between Carnegie Investment Bank AB (with its subsidiaries, “Carnegie”) and the subject company.

Within the past 12 months Carnegie (refer to definition in disclaimer text) has received compensation for investment banking services regarding Agilyx, Aker Clean Hydrogen, Aker Horizons, Aker Offshore Wind, Cary Group, Cint, Cloudberry Clean Energy, Crayon, Flyr, F-Secure, Hexagon Composites, Humble Group, Karnov, Kongsberg Gruppen, NEL, Nordic Nanovector, Norsk Titanium, Norske Skog, PGS, SalMar, Targovax, Topdanmark, Trianon, VEF, WithSecure, VNV Global and Vår Energi.

Within the past 12 months Carnegie (refer to definition in disclaimer text) has managed or co-managed a public offering of securities of BHG, Cantargia, Deyver, Duell Corporation, Emilshus, engcon, Fasadgruppen, Humble Group, Irras, Kempower, Nilar, Nordic Lights, Norva24, Pierce, Renewcell, Securitas, SLP and TF Bank.

Please see Carnegie AS’ website for a full list of shares owned by employees of Carnegie AS in relation to potential conflicts of interest: www.carnegie.no (General business terms and more / Employees holdings). Carnegie AS may also own shares in connection with trading. This disclosure is made to meet Norwegian best practice.

A Board member of Carnegie Investment Bank AB (who is not an analyst) is a member of the Board of Directors of Kinnevik . A Board member of Carnegie Investment Bank AB (who is not an analyst) is senior advisor to the CEO of Storytel . Carnegie Investment Bank AB acts as a market maker in the Vimian share. Carnegie Investment Bank AB acts as a market maker in the Sagax share. Carnegie Investment Bank AB acts as a market maker in the Fastpartner share. Carnegie Investment Bank AB acts as a market maker in the Kindred share. Carnegie Investment Bank AB acts as a market maker in the Solar share. Carnegie Investment Bank AB acts as a market maker in the TF Bank share.