

Fishpool Seminar - Seafood update

Barcelona, 24 April 2023

Analysts: Alexander Aukner
Mail: alexander.Aukner@dnb.no
Phone: +47 95 75 07 82

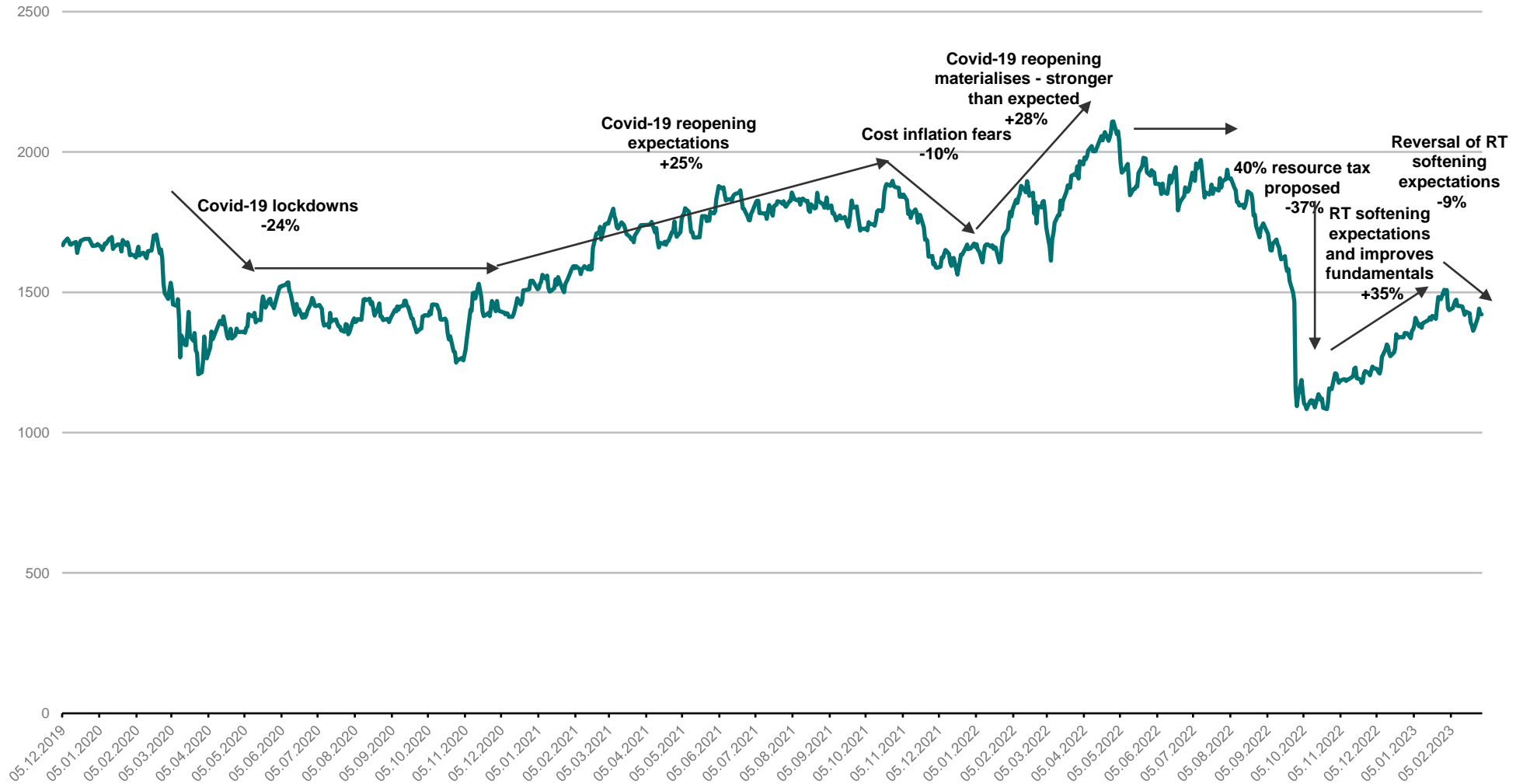
Ola Trovatn
Ola.Trovatn@dnb.no
+47 98 22 35 12

24 April 2023

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Oslo Seafood Index 2020–2023

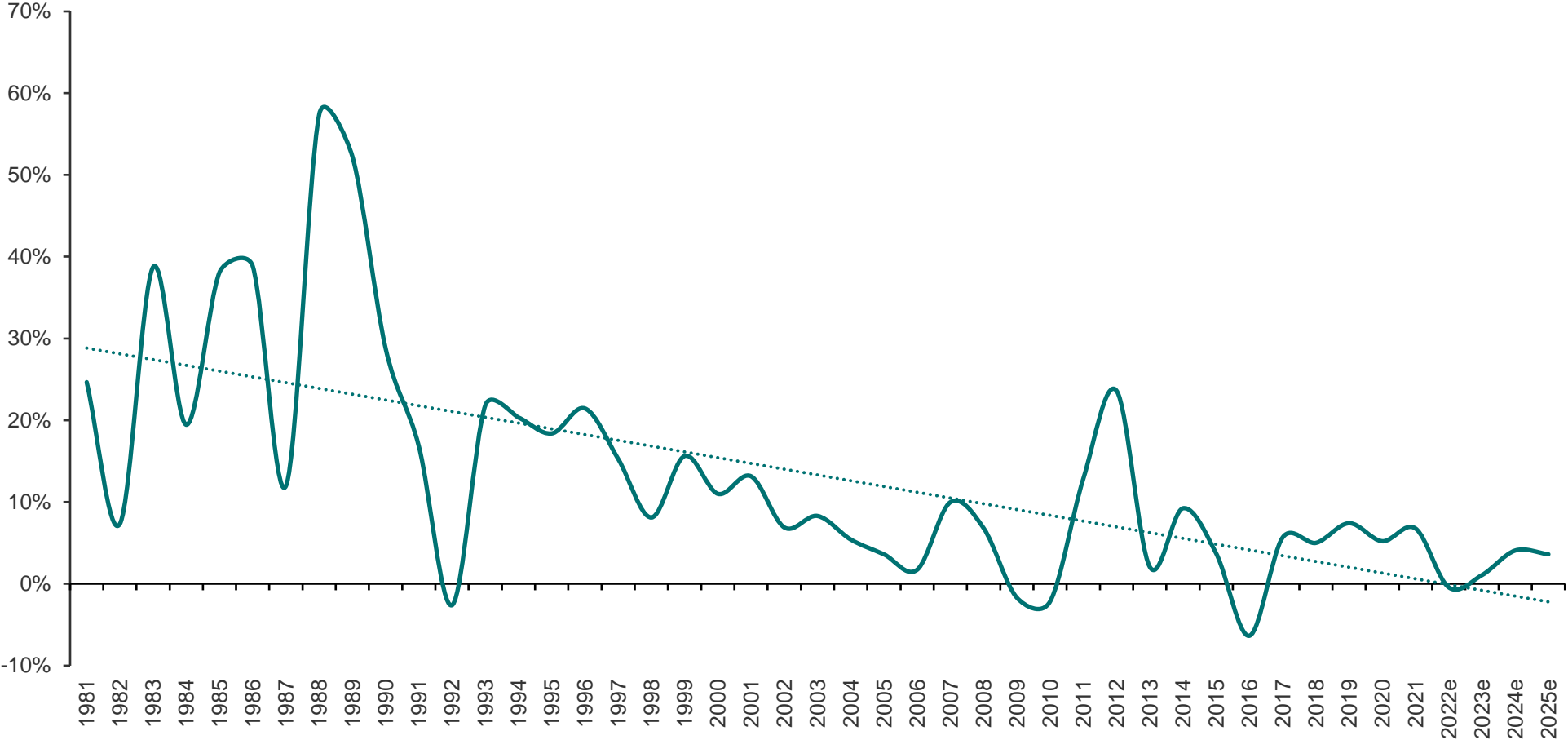
Volatile last three years – positive fundamental development, overshadowed by resource tax



Global supply growth continues to stagnate

Demand growth outpaces supply growth, translating into higher salmon prices

Salmon supply growth change (YOY, 1985–2025e)



Source: Kontali (historical figures), DNB Markets (estimates)

Supply

Alexander.Aukner@dnb.no

+47 95750782

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DNB Markets' salmon supply expectations

We expect global supply growth to increase by 3.6% in 2023, 2.5% in 2024, and 3.1% in 2025

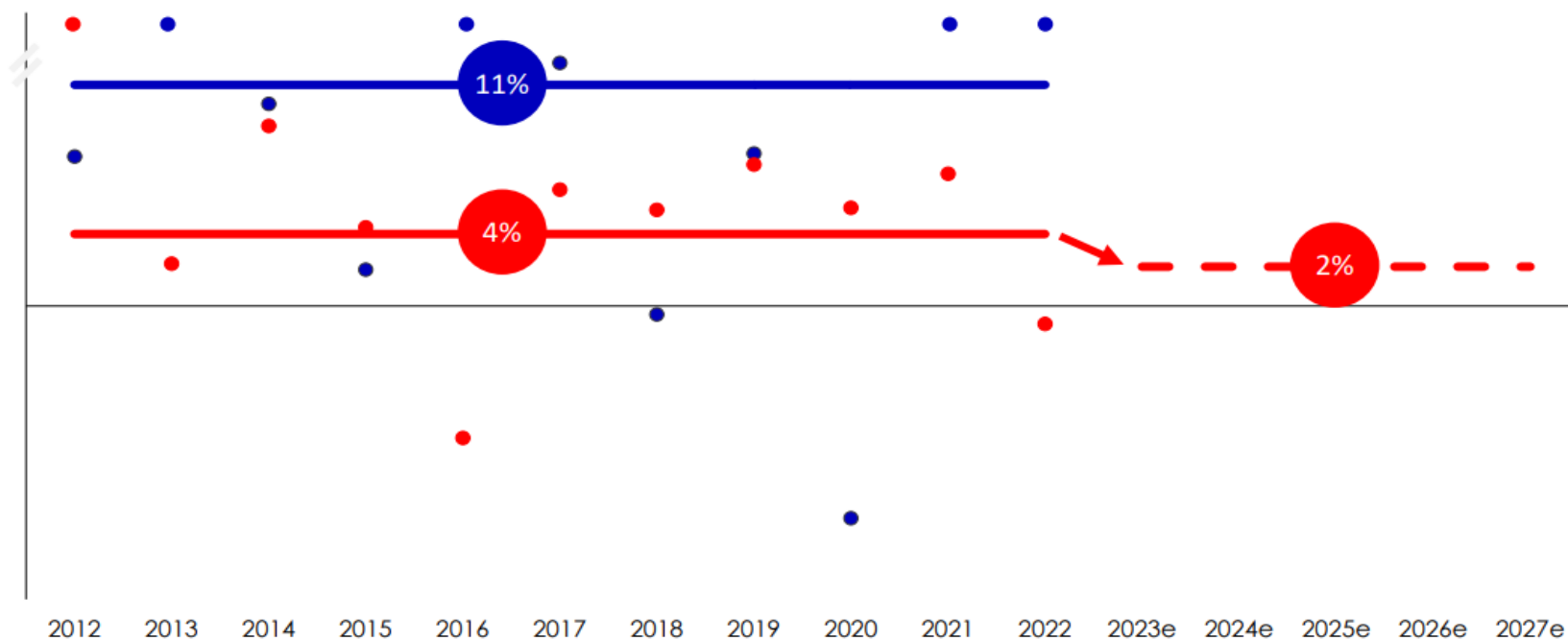
Atlantic salmon supply (kt, wfe)	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Norway	1,236	1,171	1,208	1,253	1,333	1,370	1,532	1,517	1,547	1,577	1,609
UK	166	157	174	150	191	178	200	165	180	191	200
Ireland	16	16	17	14	16	16	16	19	17	17	17
Faroese	77	76	80	72	87	81	106	100	103	106	111
Iceland	4	8	12	14	25	31	42	34	37	60	72
Total Europe	1,499	1,429	1,492	1,503	1,650	1,675	1,895	1,834	1,883	1,951	2,010
Chile	591	504	564	660	690	778	720	752	756	771	787
Canada	135	146	137	146	138	137	142	132	128	137	146
USA	20	23	22	19	21	20	19	20	19	19	20
Total Americas	746	673	723	825	849	936	881	903	903	927	953
Australia	54	51	61	63	61	83	88	89	90	90	90
Other/landbased	14	13	12	12	18	20	33	32	44	53	61
Total Atlantic (Harvest volumes)	2,312	2,165	2,288	2,402	2,578	2,714	2,897	2,857	2,919	3,022	3,114
Change frozen salmon inventory	-9	57	-27	8	-23	-61	-10	-10	30	-	-
Total supply Atlantic	2,303	2,222	2,261	2,410	2,556	2,652	2,887	2,847	2,949	3,022	3,114

Atlantic salmon supply growth y/y	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Norway growth	3 %	-5 %	3 %	4 %	6 %	3 %	12 %	-1 %	2 %	2 %	2 %
UK growth	-2 %	-5 %	11 %	-14 %	27 %	-6 %	12 %	-17 %	9 %	6 %	5 %
Ireland	28 %	1 %	9 %	-19 %	11 %	2 %	1 %	18 %	-12 %	2 %	2 %
Faroese growth	-7 %	-1 %	5 %	-11 %	21 %	-7 %	31 %	-6 %	3 %	4 %	4 %
Iceland	-18 %	125 %	47 %	18 %	75 %	27 %	33 %	-19 %	11 %	60 %	21 %
Total Europe	2 %	-5 %	4 %	1 %	10 %	2 %	13 %	-3 %	3 %	4 %	3 %
Chile growth	2 %	-15 %	12 %	17 %	5 %	13 %	-7 %	4 %	1 %	2 %	2 %
Canada growth	33 %	8 %	-6 %	6 %	-5 %	-1 %	3 %	-7 %	-3 %	7 %	7 %
USA	-18 %	11 %	-4 %	-12 %	9 %	-4 %	-5 %	3 %	-5 %	5 %	2 %
Total Americas	5 %	-10 %	7 %	14 %	3 %	10 %	-6 %	2 %	0 %	3 %	3 %
Australia	30 %	-6 %	20 %	3 %	-3 %	36 %	6 %	1 %	1 %	0 %	0 %
Other/landbased	-10 %	-9 %	-3 %	-4 %	56 %	9 %	68 %	-5 %	38 %	22 %	15 %
Total Atlantic (Harvest volumes)	3.7%	-6.4%	5.6%	5.0%	7.4%	5.2%	6.8%	-1.4 %	2.2 %	3.5 %	3.1 %
Change frozen salmon inventory											
Total supply Atlantic growth	4.4%	-3.5%	1.7%	6.6%	6.1%	3.8%	8.8%	-1.4 %	3.6 %	2.5 %	3.1 %

Global supply growth continues to stagnate

Demand growth outpaces supply growth, translating into higher salmon prices

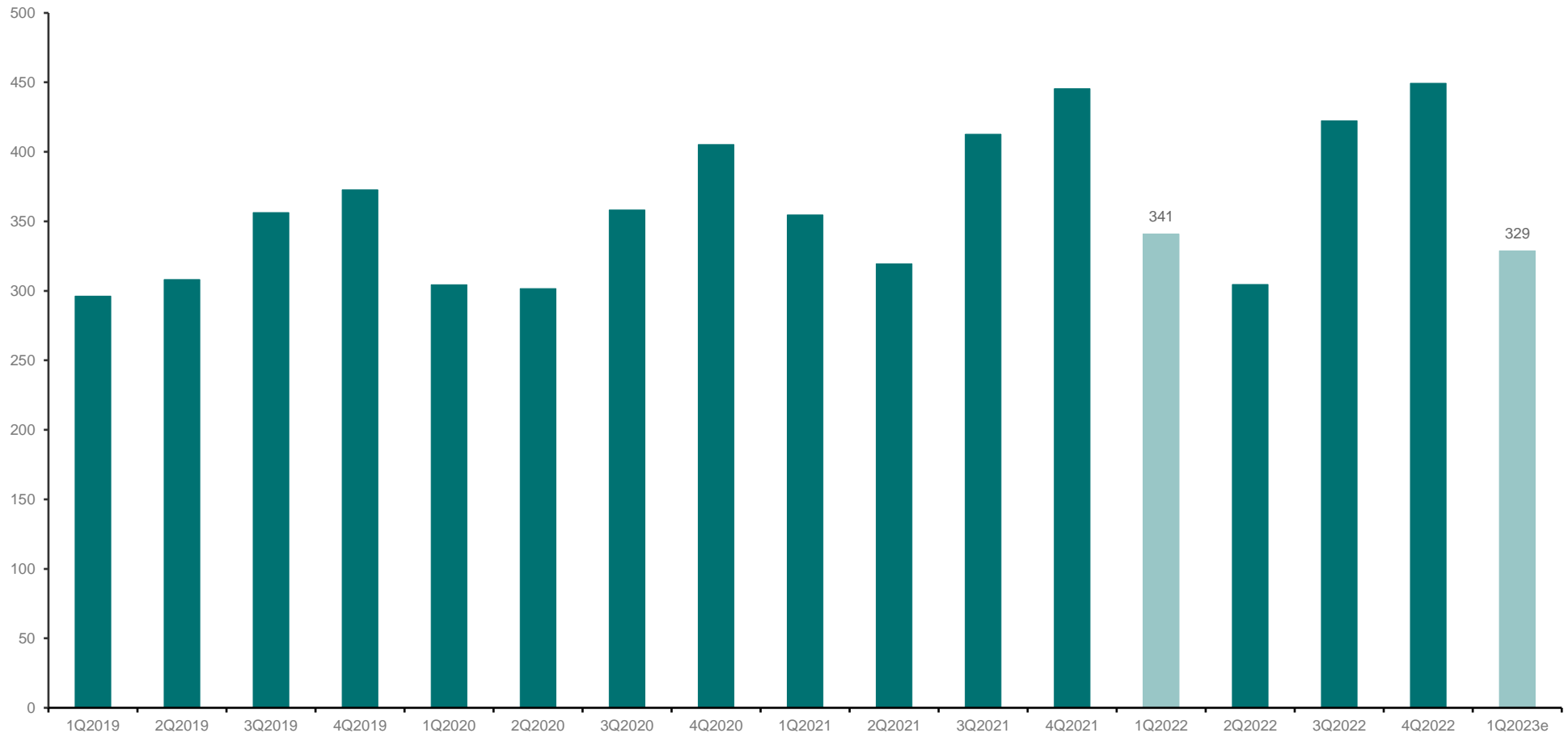
Demand-supply-discrepancy expected to continue



— Demand growth avg (2012-2022e) — Supply growth avg (2012-2022e) - - - Supply growth avg (2022e-2027e)
● Demand growth p.a. ● Supply growth p.a.

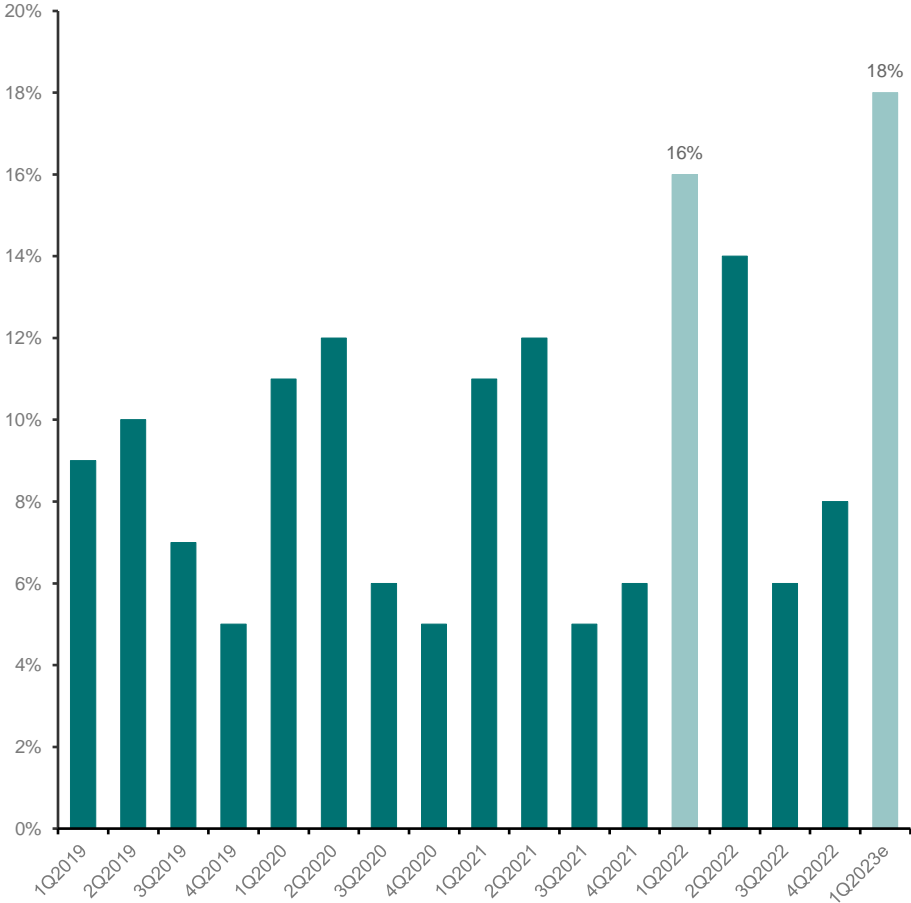
Decline in Q1 harvest, but high share of downgrades and low contract shr.
...meaning we should be even more impressed by the spot price strength in Q1

Norway – Historical harvest volumes (kt, HOG)

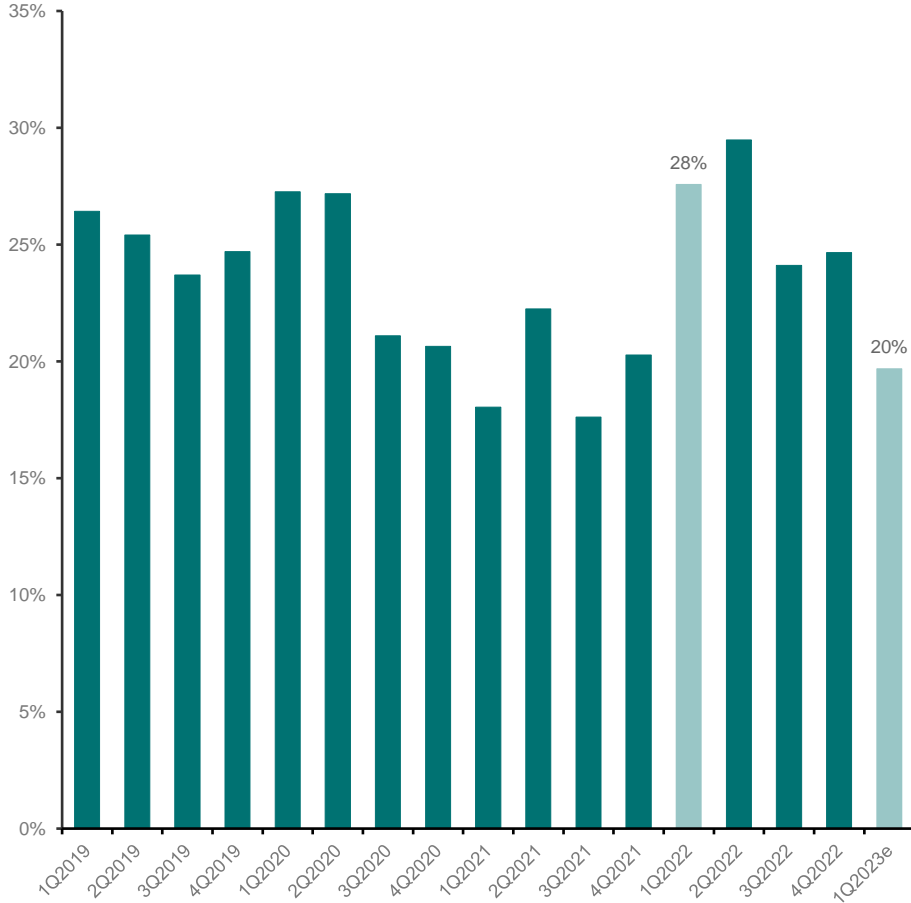


Decline in Q1 harvest, but high share of downgrades and low contract shr. ...meaning we should be even more impressed by the spot price strength in Q1

Norwegian estimated share of downgraded volume (% of total)



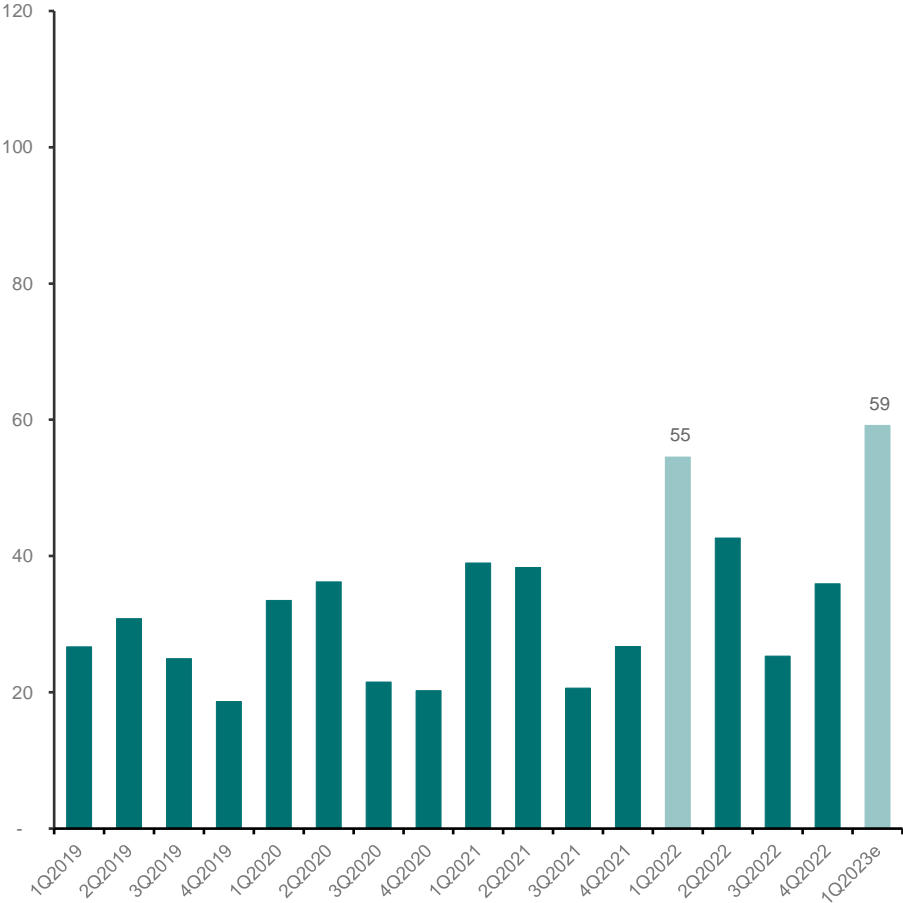
Norwegian estimated contract share (% of total)



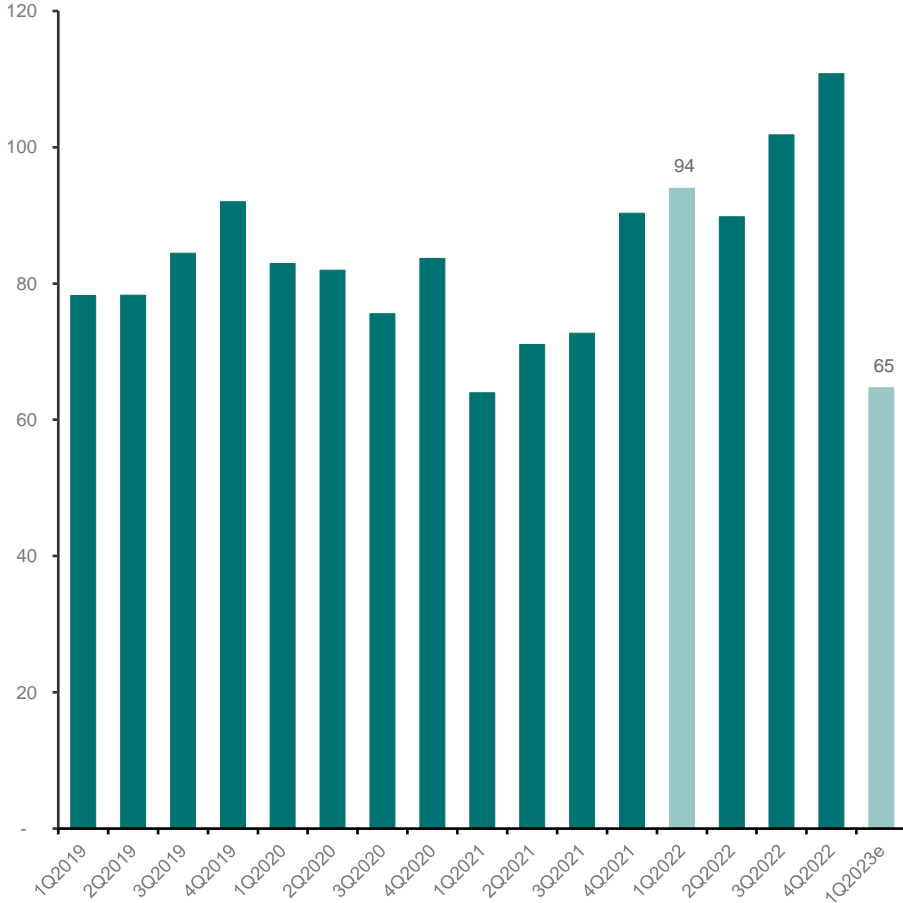
Source: DNB Markets (estimates) Company (historical), Kontali (historical)

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Norwegian estimated share of downgraded volume (kt, HOG)



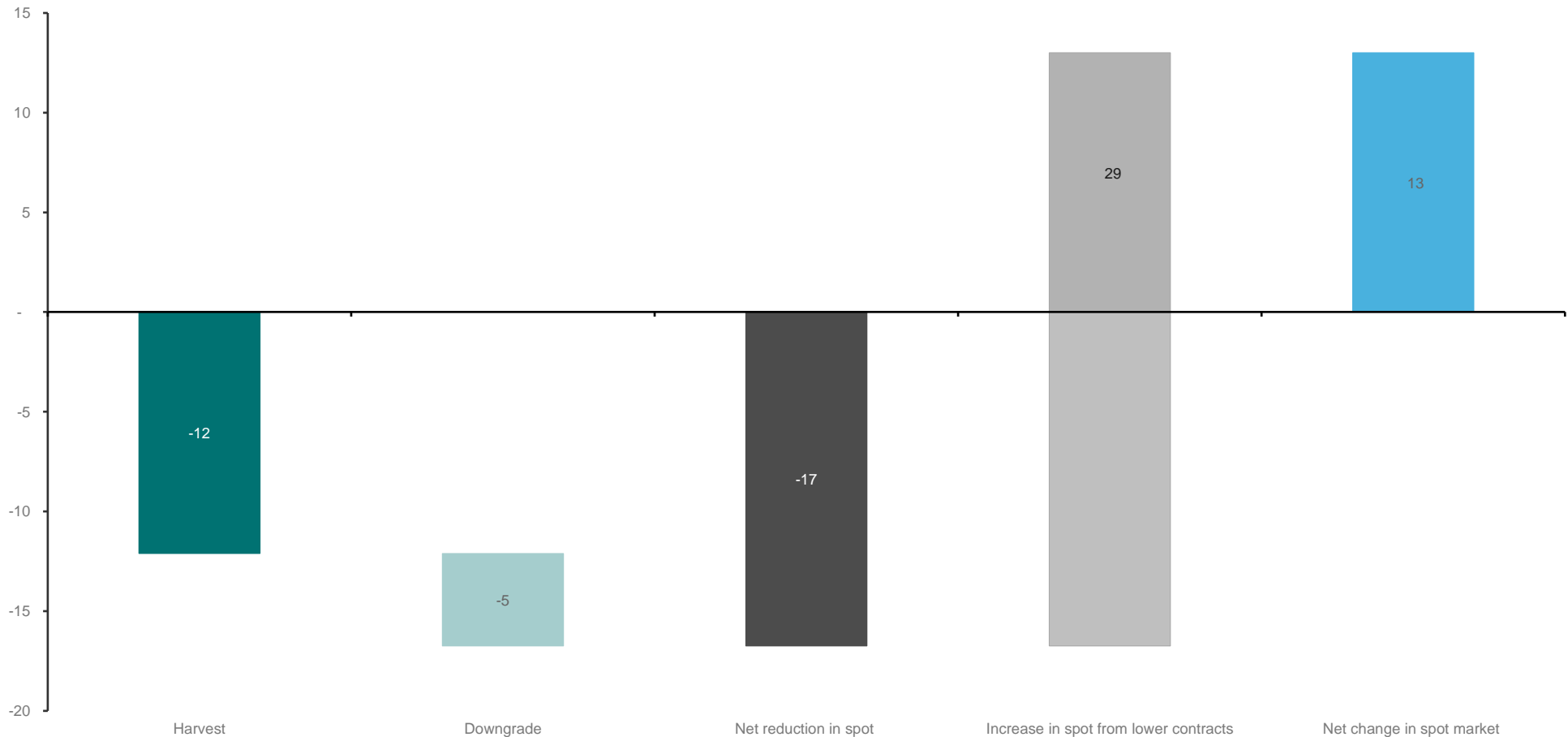
Norwegian estimated contract share (kt. HOG)



Source: DNB Markets (estimates) Company (historical) Kontali (historical)

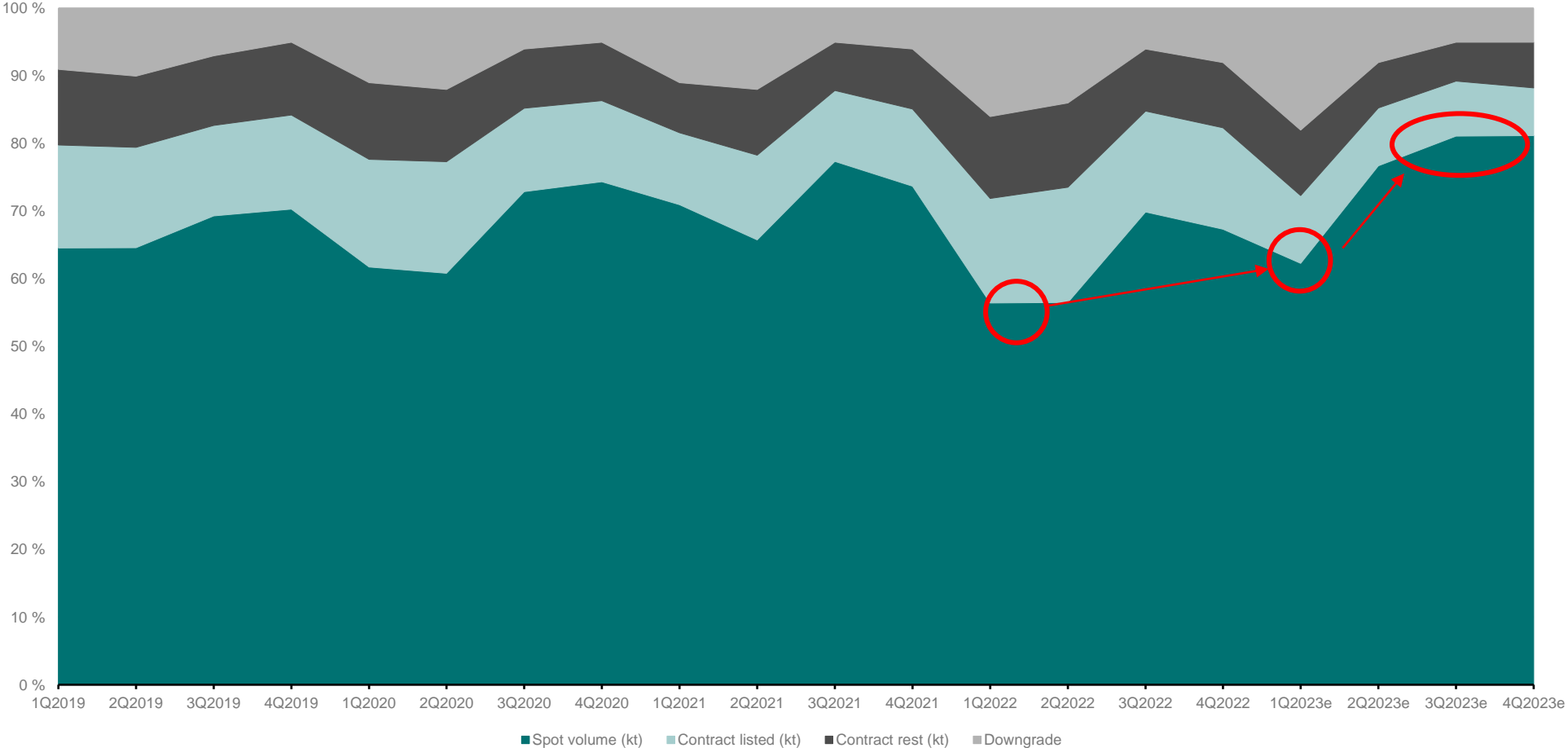
Decline in Q1 harvest, but high share of downgrades and low contract shr. ...meaning we should be even more impressed by the spot price strength in Q1

Change in available spot volume Q1 2023 vs Q1 2022 (kt, HOG)



Decline in Q1 harvest, but high share of downgrades and low contract shr. ...but next quarters will see significant increase in spot volumes from Norway

Change in available spot volume Q1 2023 vs Q1 2022 (kt, HOG)

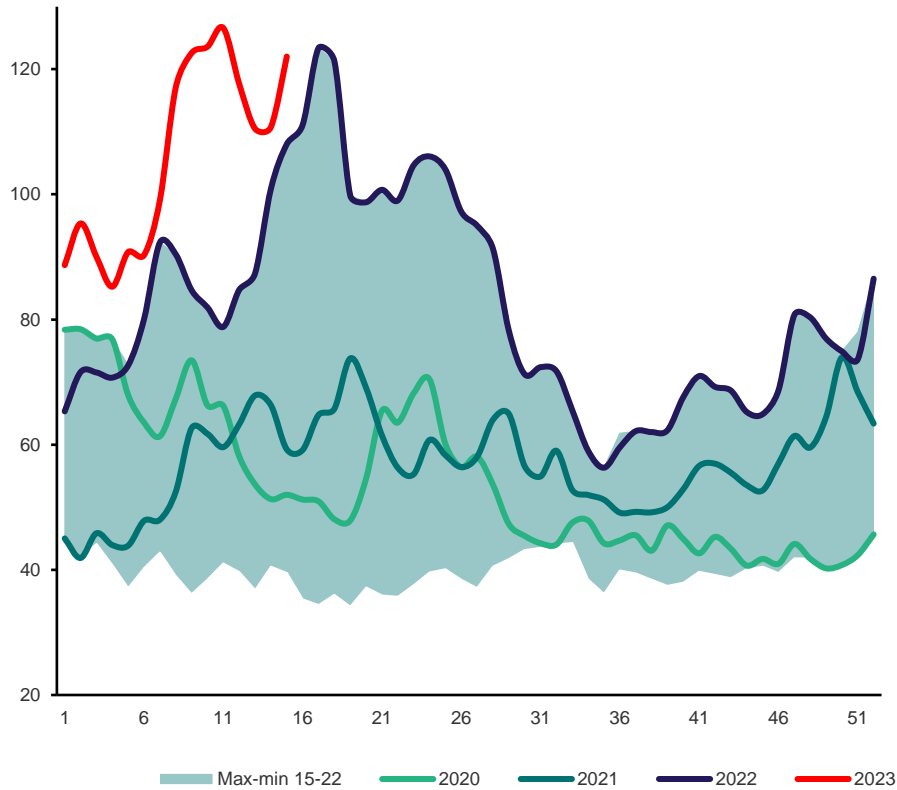


Source: DNB Markets (further calculations and estimates) Company data (historical)

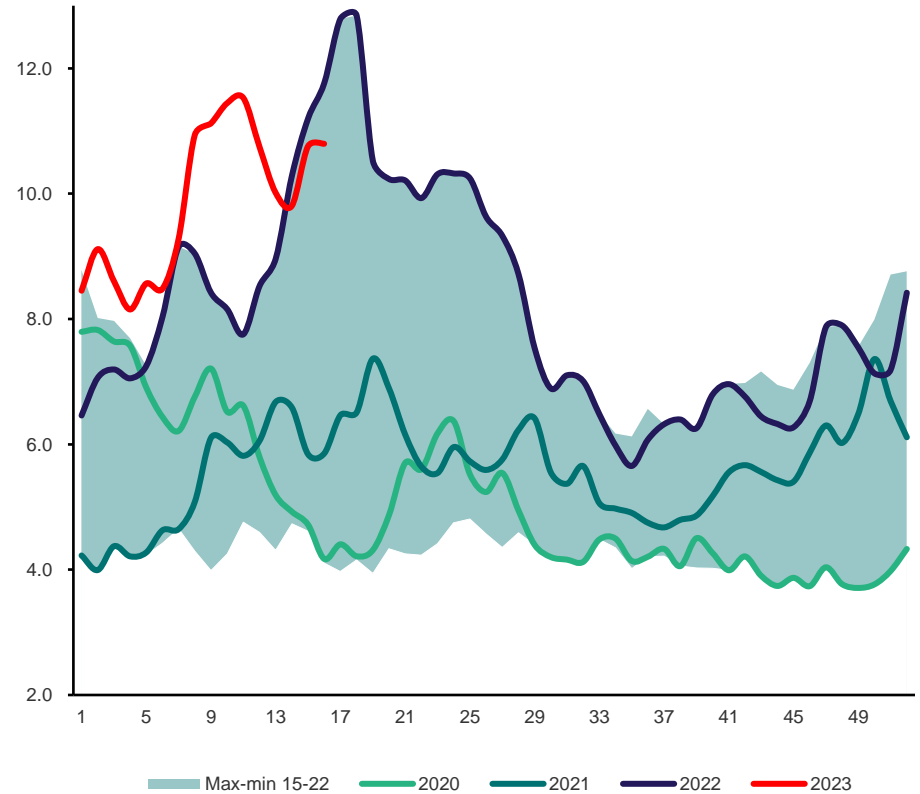
Q1 preview comments

Record-high spot price, low contract share, but still-high share of downgraded fish

Salmon price (NOK/kg)



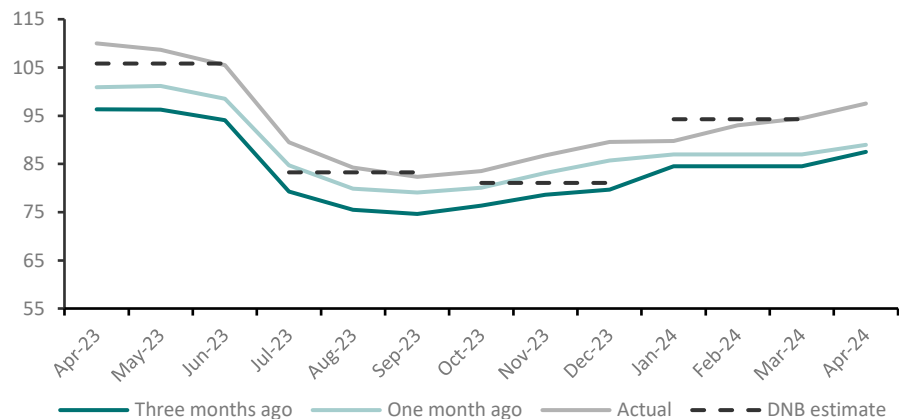
Salmon price (EUR/kg)



Salmon forward price

Fish Pool forward contracts

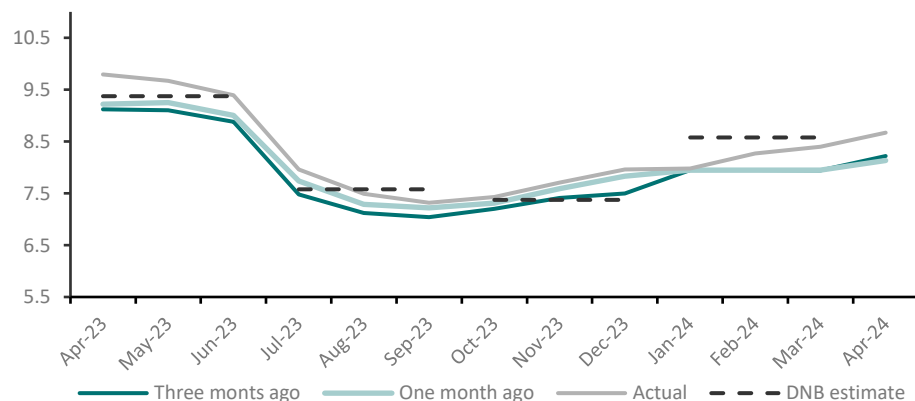
Fish Pool forward prices (NOK/kg)



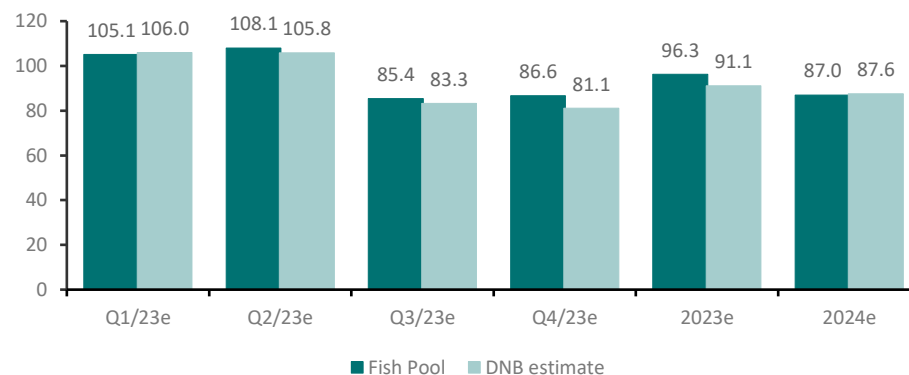
Fish Pool Index (NOK/kg)

NOK/kg	Actual	Last week	Last month	3 months
Q1 2023e	105.1	122.5	97.8	91.8
Q2 2023e	108.1	108.1	100.2	95.6
Q3 2023e	85.4	83.5	81.2	76.5
Q4 2023e	86.6	85.1	83.0	78.2
Next 12m	93.1	92.1	87.9	83.7
2023e	96.3	95.3	89.9	85.5
2024e	87.0	87.0	82.0	80.5

Fish Pool forward prices (EUR/kg)



DNB Markets' price estimates versus Fish Pool Index (NOK/kg)



Source: Fish Pool (forward price), DNB Markets (estimate on price)

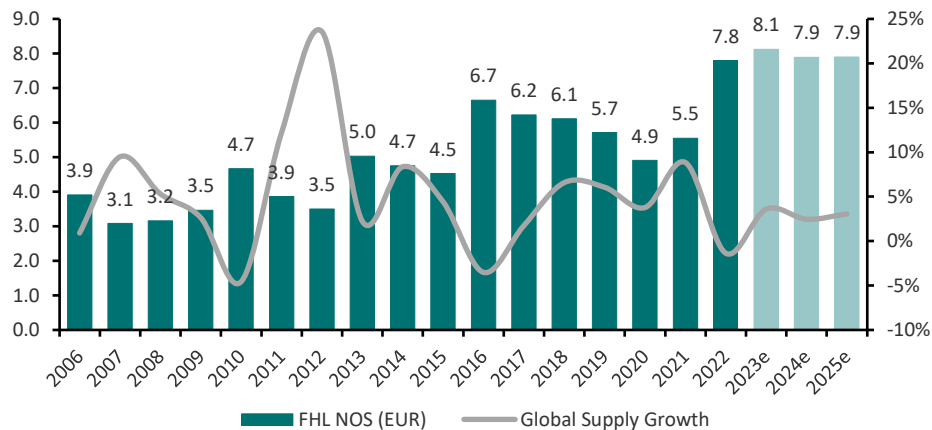
Note: The forward price reflects the expectations of market participants for the next 24 months. The trend illustrates the development in prices during the past week.

Note: From 2015, Fish Pool forward prices include a trading/exporter margin of NOK0.75/kg, which needs to be deducted to get the old NOS price delivered for Oslo. To get price back to farmer, another NOK0.5–1.0/kg needs to be deducted for freight costs.

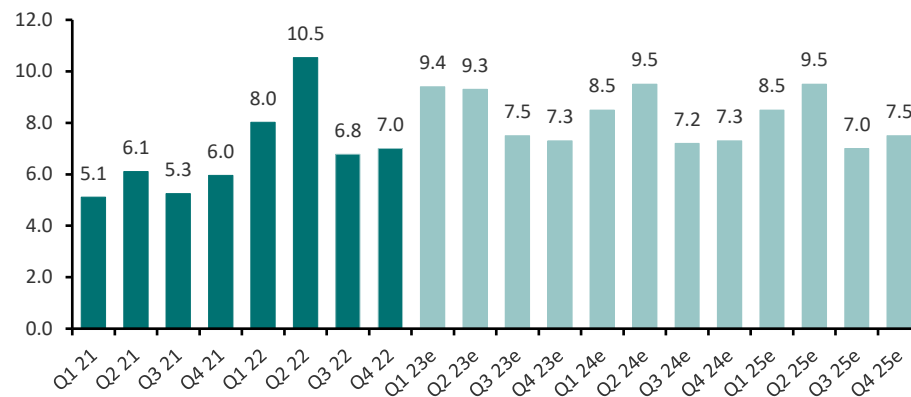
DNB Markets' salmon price/kg expectations

NOK90/kg for 2023e, NOK87/kg for 2024e, and NOK87/kg for 2025e

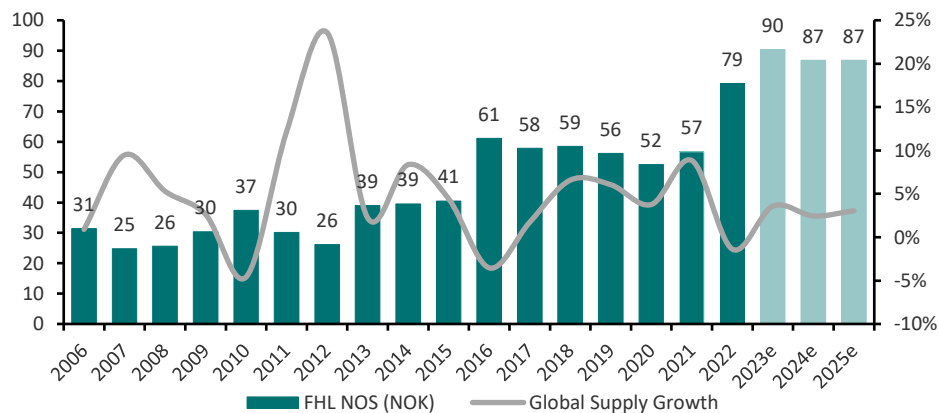
Annual salmon prices (EUR/kg) and global supply growth



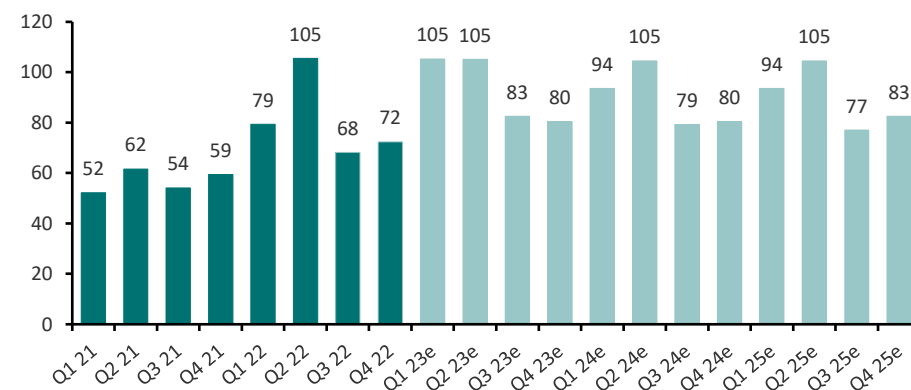
Quarterly salmon prices (EUR/kg)



Annual salmon prices (NOK/kg) and global supply growth



Quarterly salmon prices (NOK/kg)



Demand

Alexander.Aukner@dnb.no

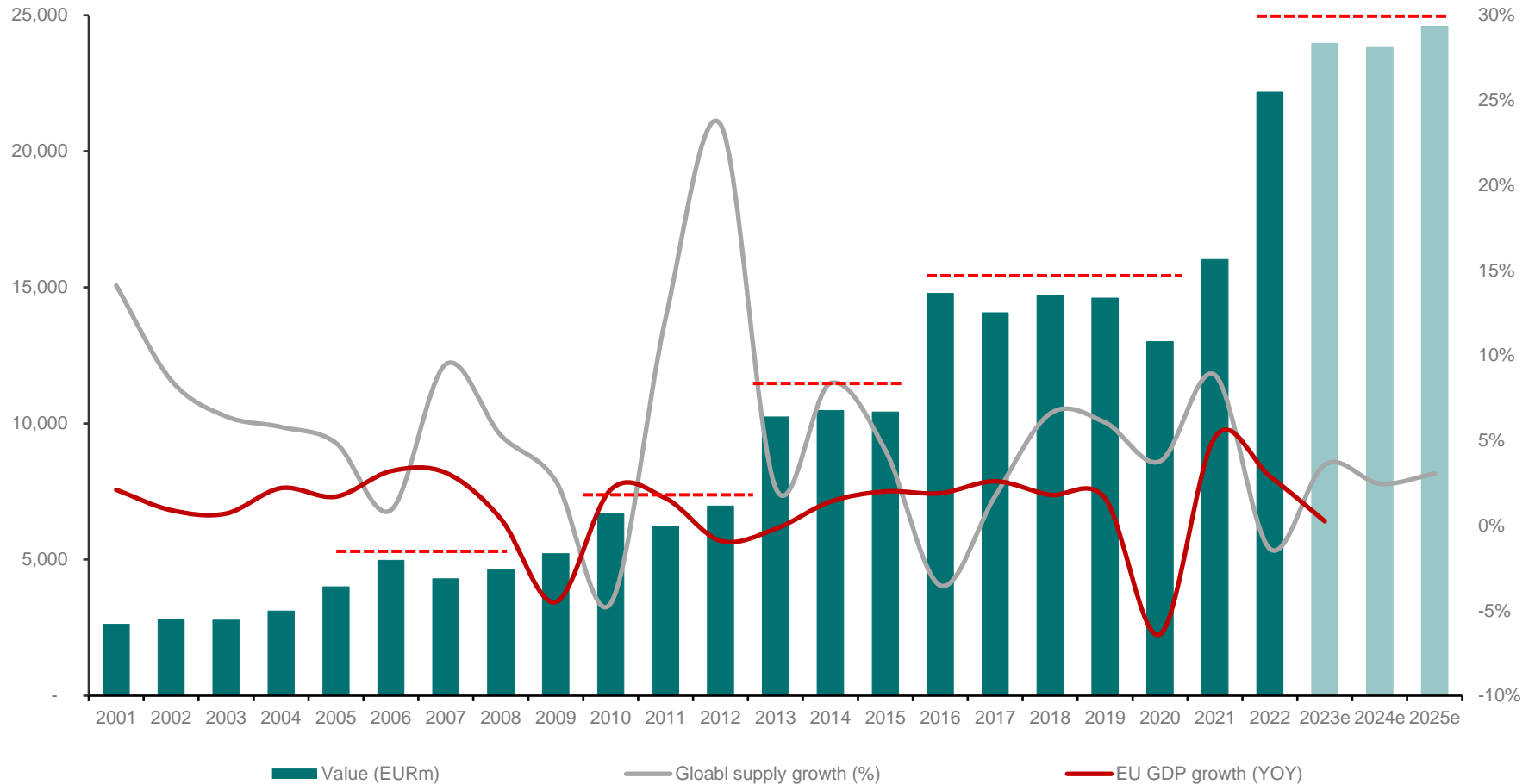
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Demand has increased stepwise historically

We are slightly more offensive than the historical relationship suggests

Salmon value increase versus EU GDP growth and supply growth (2001–2025e, EURm)



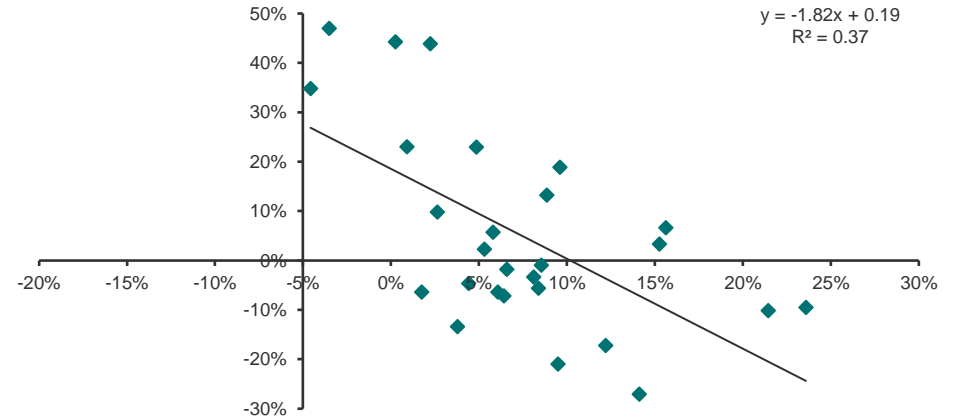
Demand

Salmon prices are driven by supply change, not changes to EU GDP

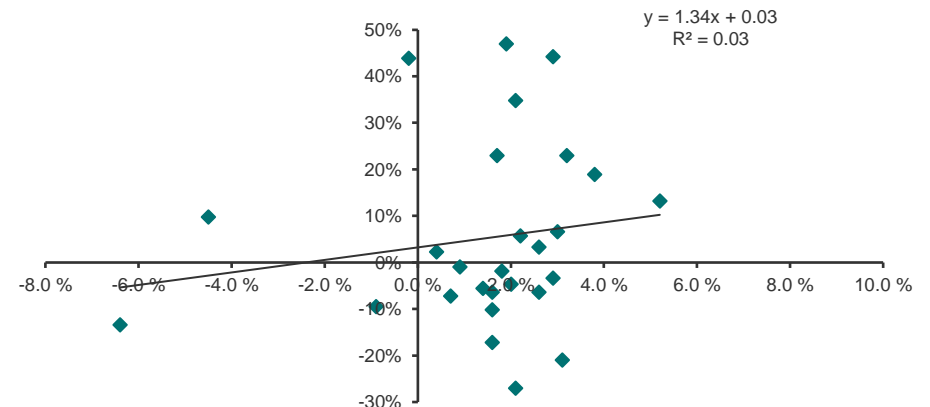
Comments

- With looming recessions in the US and EU, and consumers losing buying power from inflation, there is concern related to the impact on demand for salmon.
- Looking at historical correlations, we find that changes to supply have the best explanatory power for changes in salmon price measured in Euros.
- Changes to EU GDP, on the other hand, have practically no explanatory power for change in salmon price measured in Euros.
- It could be 'different this time' as the ongoing consumer crunch could be more severe for consumer spending than the corresponding impact from the Global Financial Crisis and EU debt crisis.
- Consequently, we have been on the cautious side in our price estimates, being positioned below what the historical relationship would suggest.

Change in salmon price (EUR) versus supply growth (1996–2022)



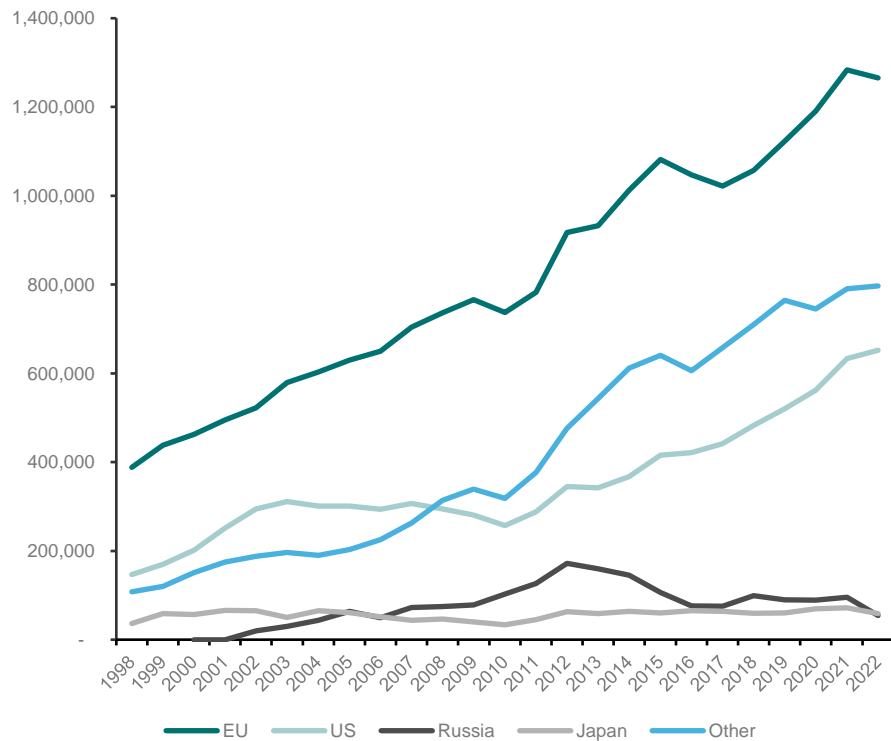
Change in salmon price (EUR) versus change to EU GDP (1996–2022)



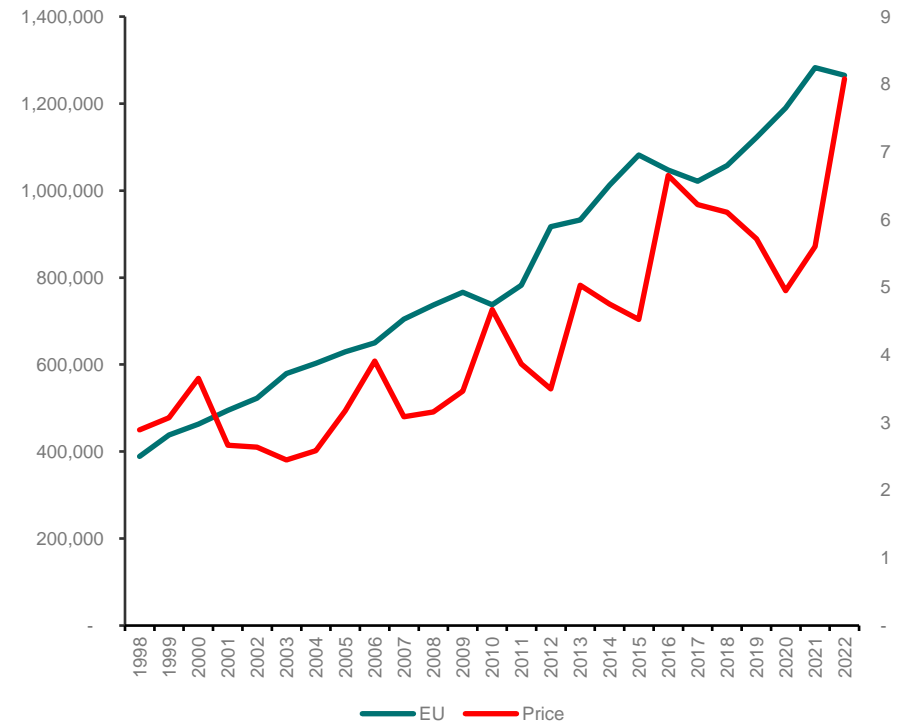
Consumption in various markets

Historical development

12month rolling salmon consumption (wfe)



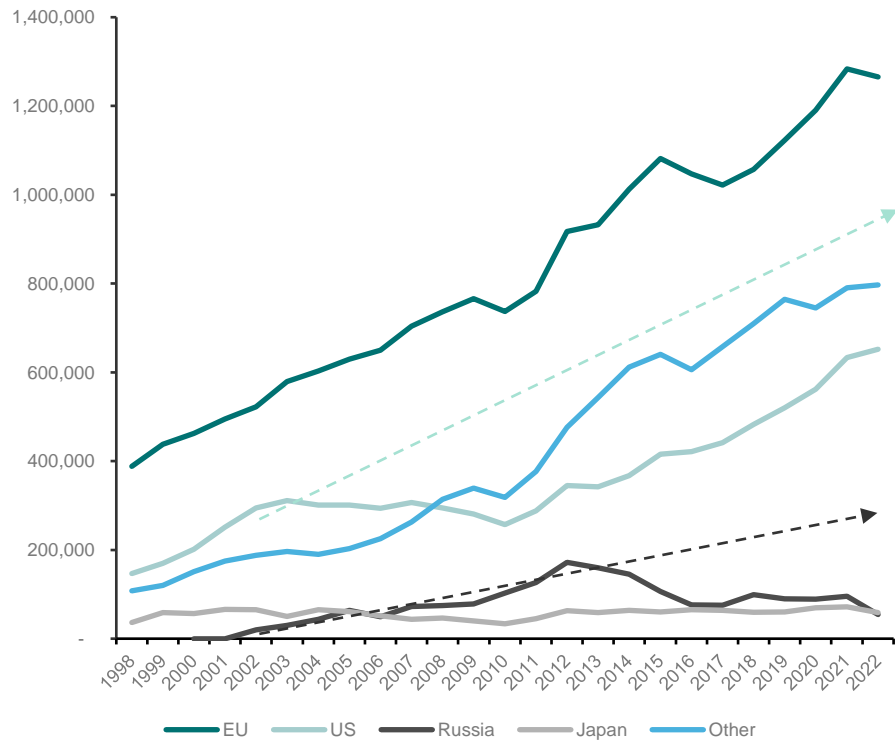
EU consumption (wfe) vs salmon price (EUR/kg)



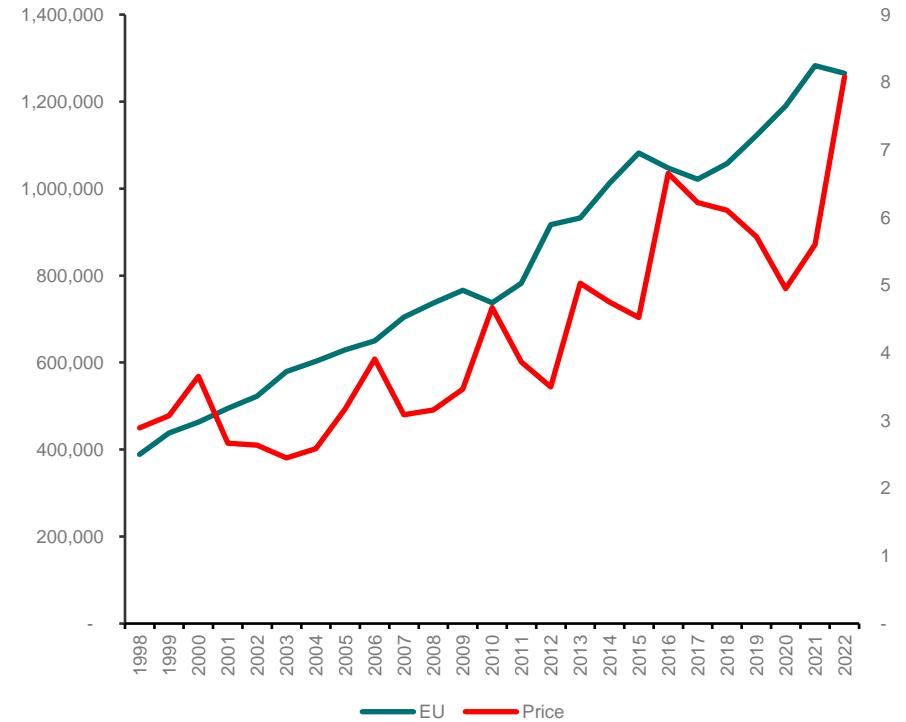
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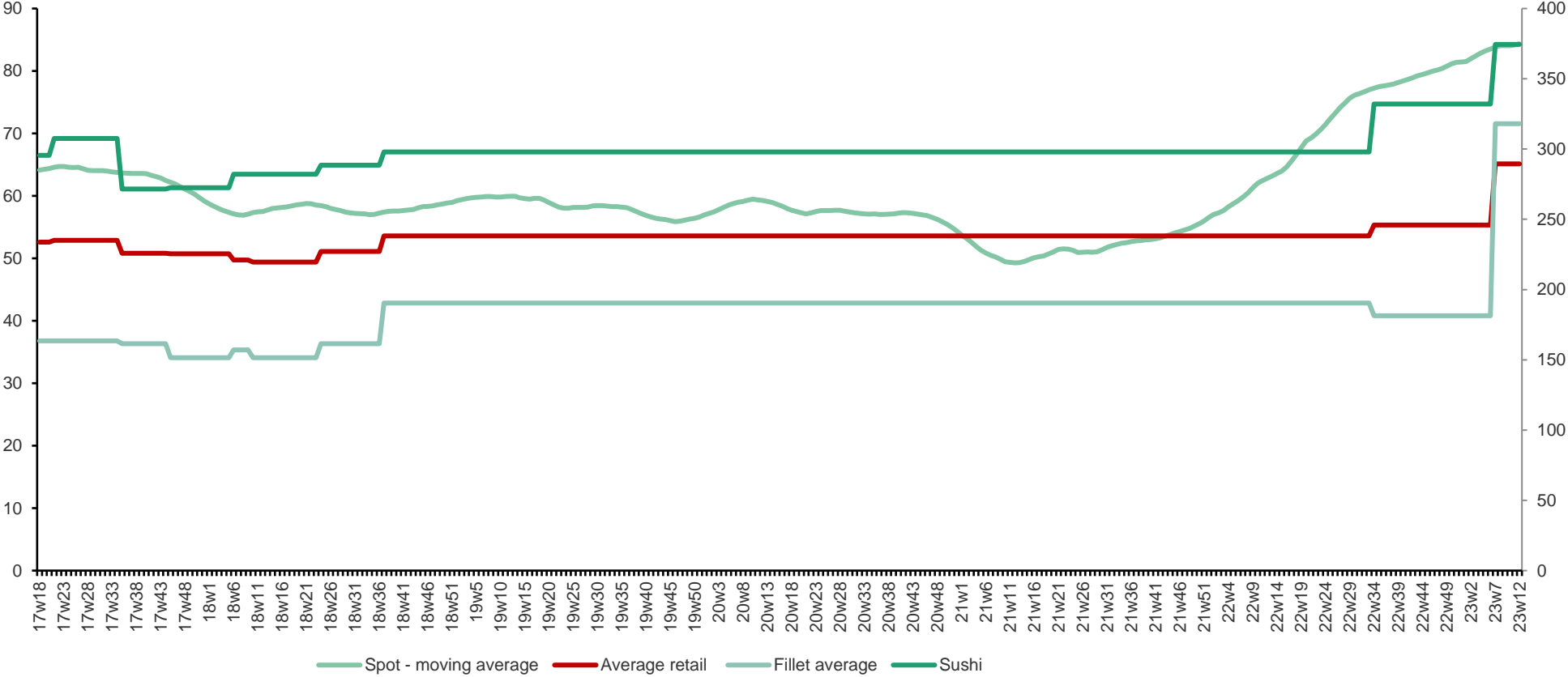
EU consumption (wfe) vs salmon price (EUR/kg)



Retail price development

Price for salmon in local retail taken a significant step up

Price of various salmon products in Norwegian retail shop (NOK/kg)

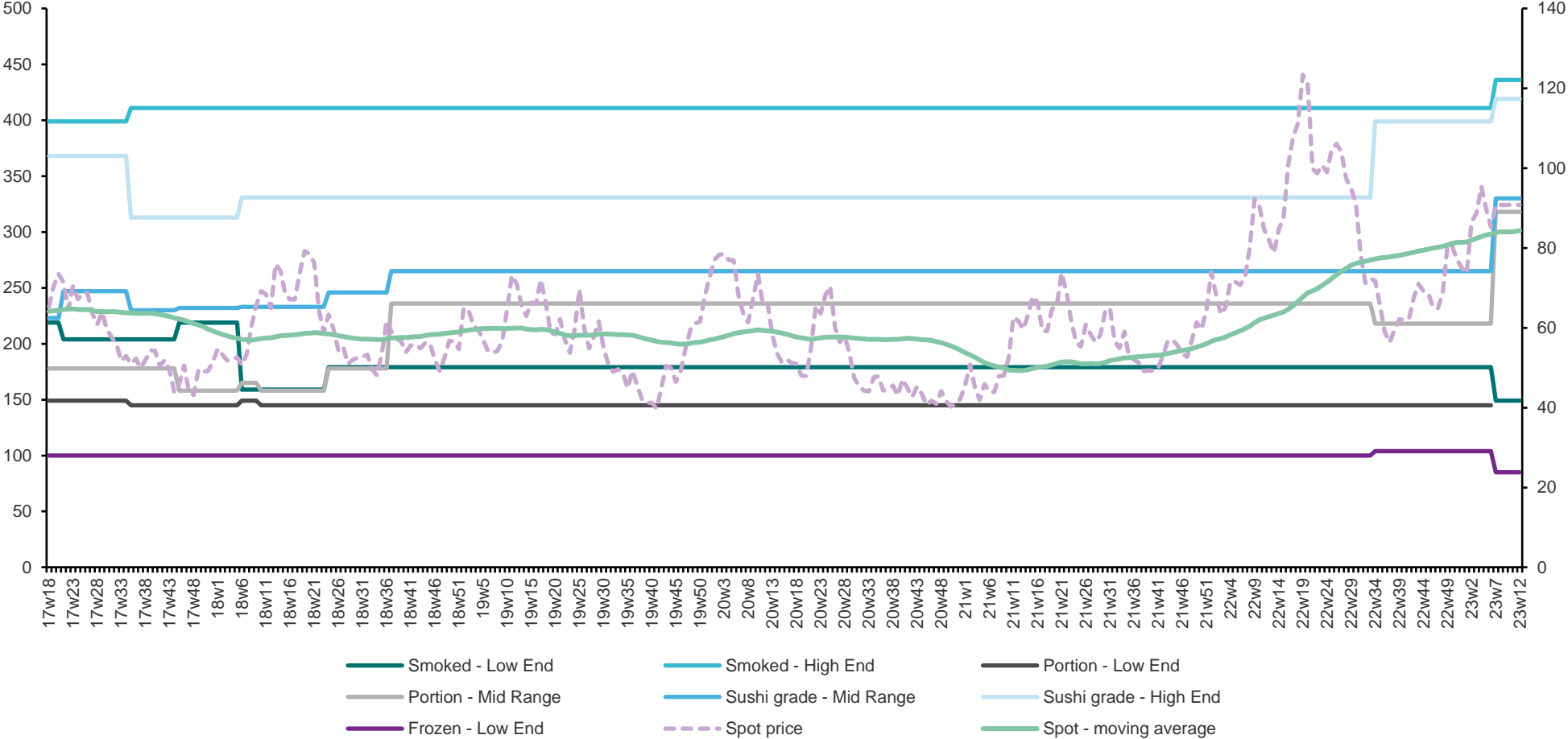


Source: DNB Markets, Fishpool

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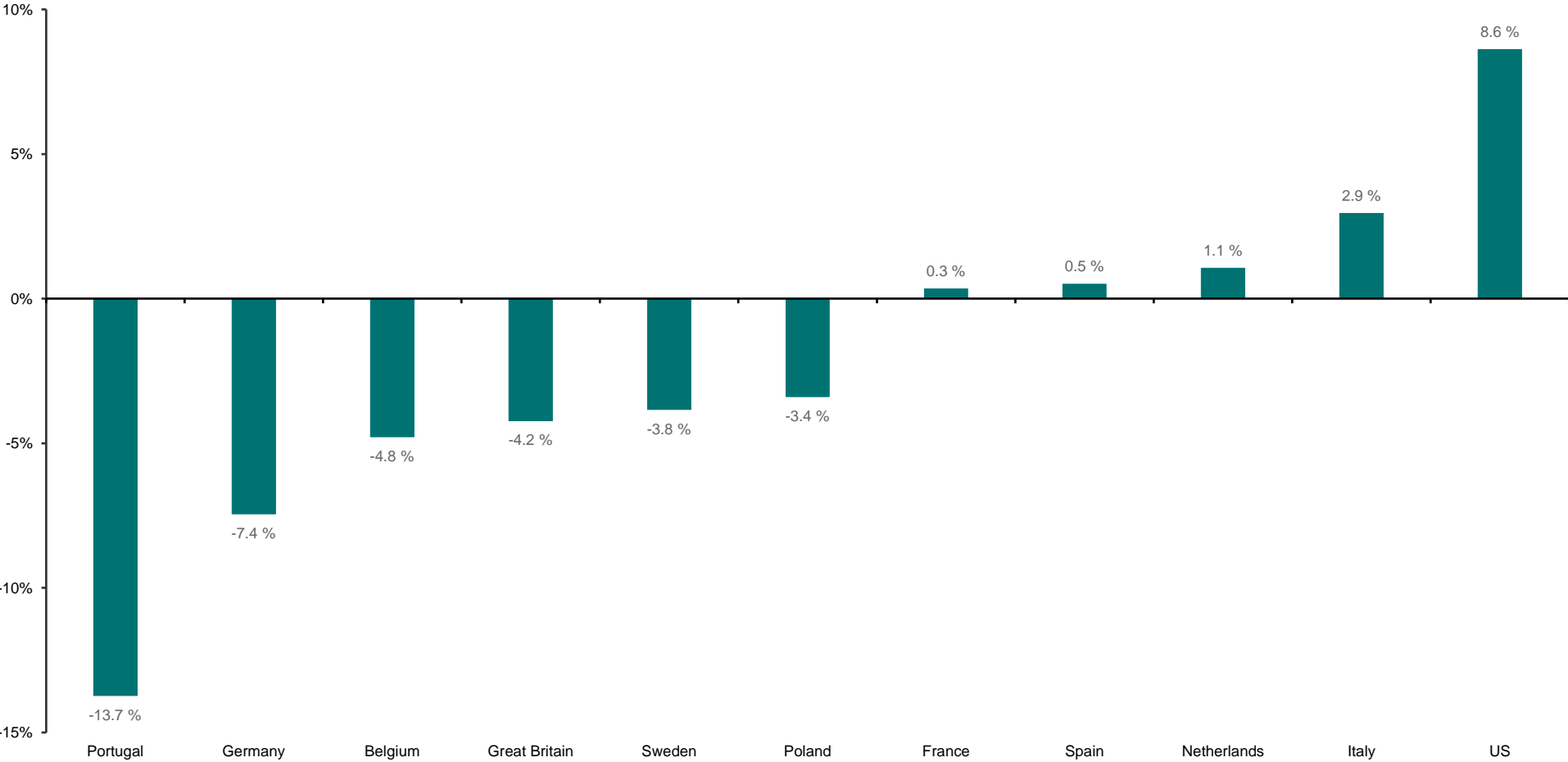


Source: DNB Markets, Fishpool

Five countries show value/demand increase in retail LTM

US showing strength both in retail and HoReCa

Five countries have shown value increase in retail LTM

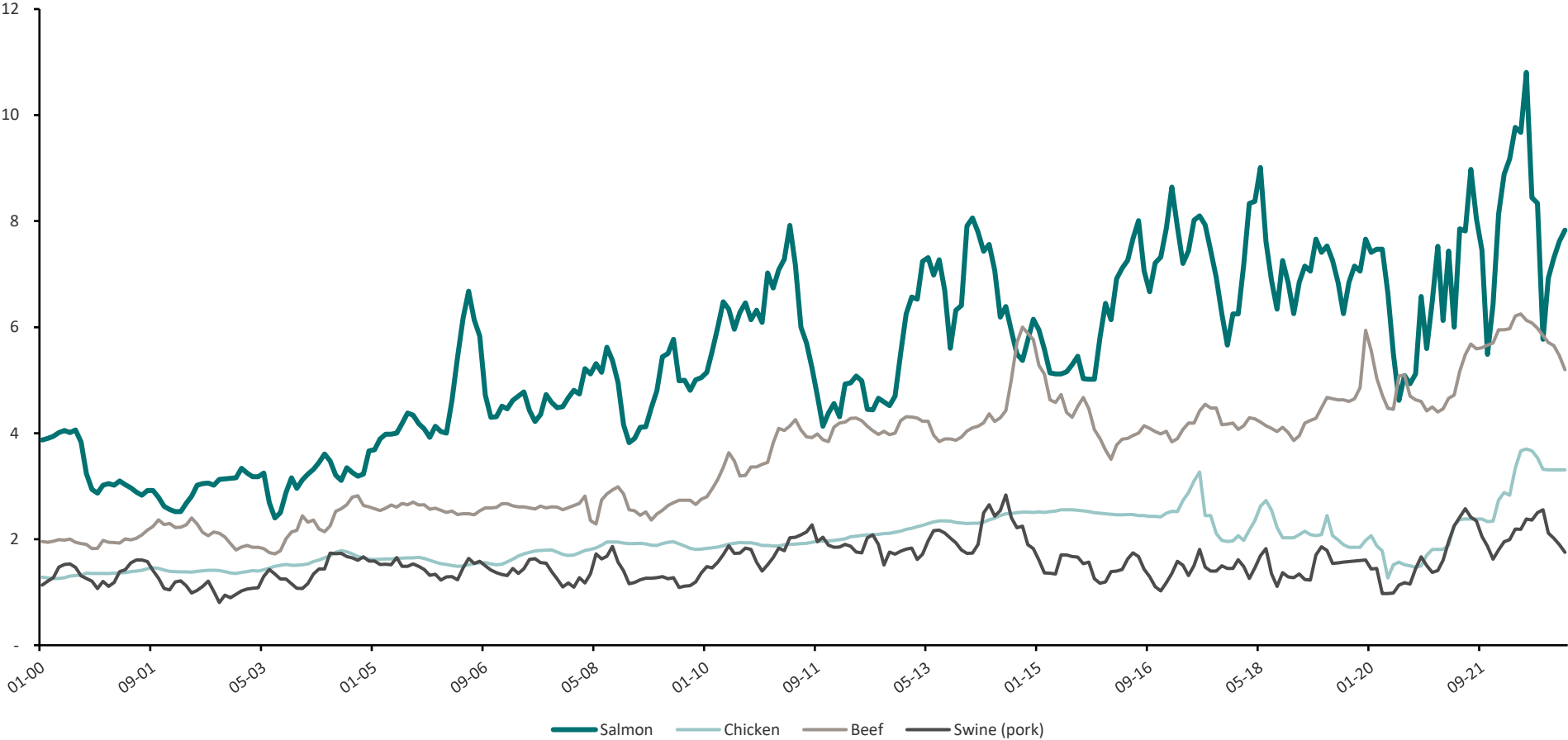


Source: Milarex, DNB Markets

Salmon versus other animal protein prices

Evolution of salmon price compared to beef, chicken, and pork

Prices of various proteins (USD/kg)

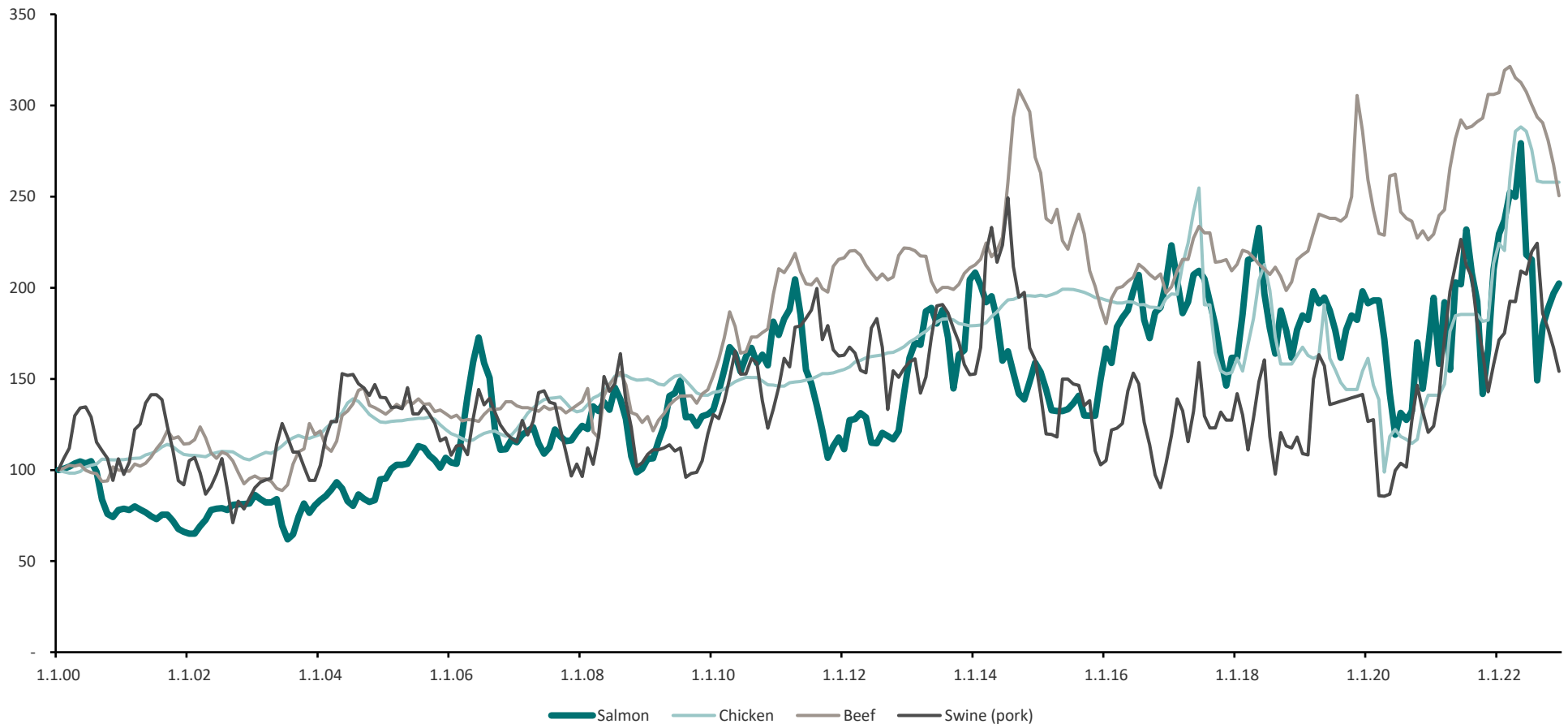


Source: Index Mundi
Note: Prices are not measured in the same markets

Salmon versus other animal protein prices

Evolution of salmon price compared to beef, chicken, and pork

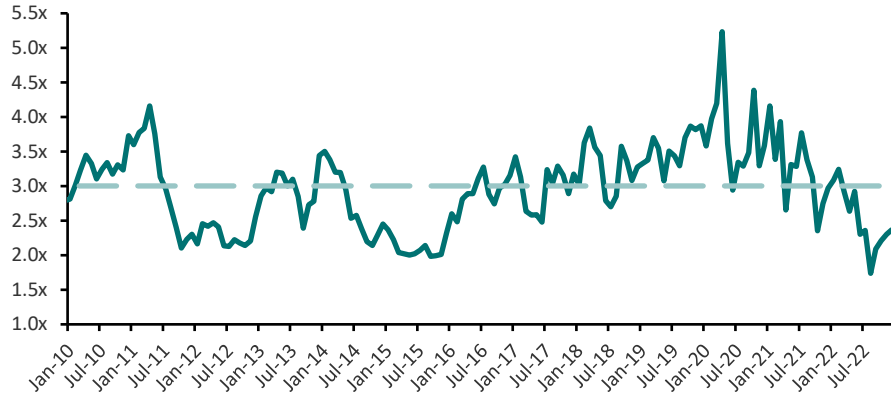
Salmon versus other protein prices on a relative basis (Indexed)



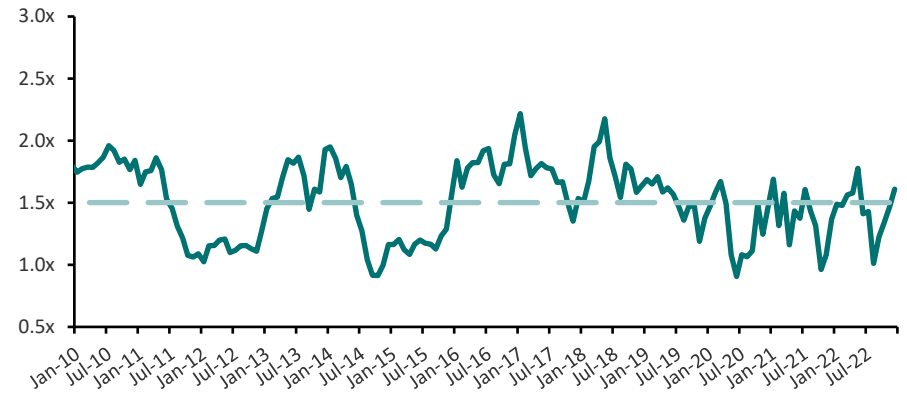
Salmon versus other animal protein prices

Salmon has struggled to maintain a price higher than beef

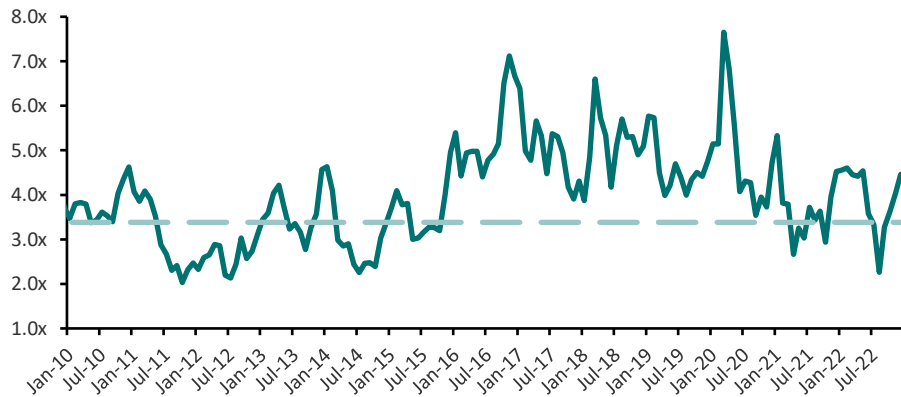
Salmon/poultry (USD/kg)



Salmon/beef (USD/kg)



Salmon/pork (USD/kg)



As of end-December 2022

- Poultry: salmon was 2.4x the price of poultry.
- Pork: salmon was 4.5x the price of pork.
- Beef: salmon was 1.6x the price of beef.
- Note that prices are not measured in the same markets.

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