

DNB Markets – Salmon Market Outlook

Barcelona, 22 April 2024

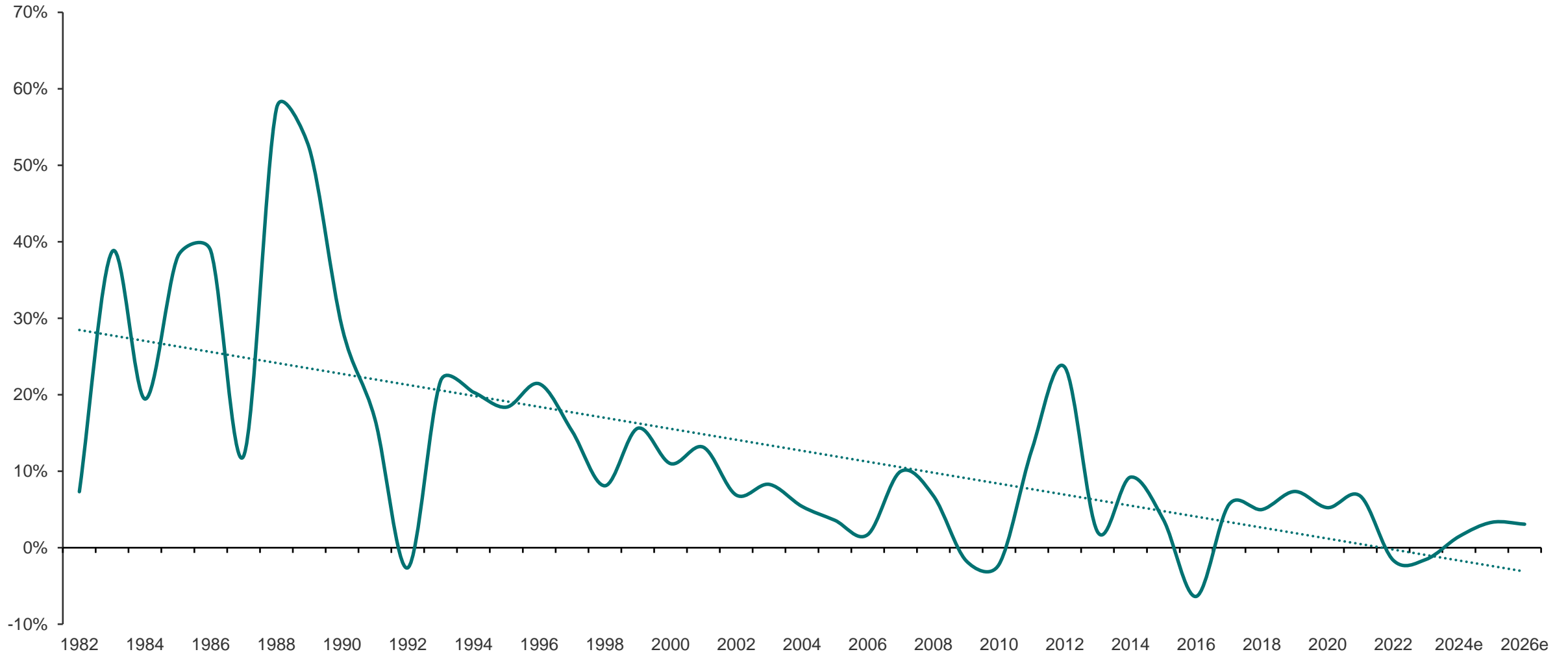
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Note: Unless otherwise stated, securities prices in this PPT are the last closing price

Supply

The big picture – global supply growth continues to stagnate (YOY, 1982–2026e)



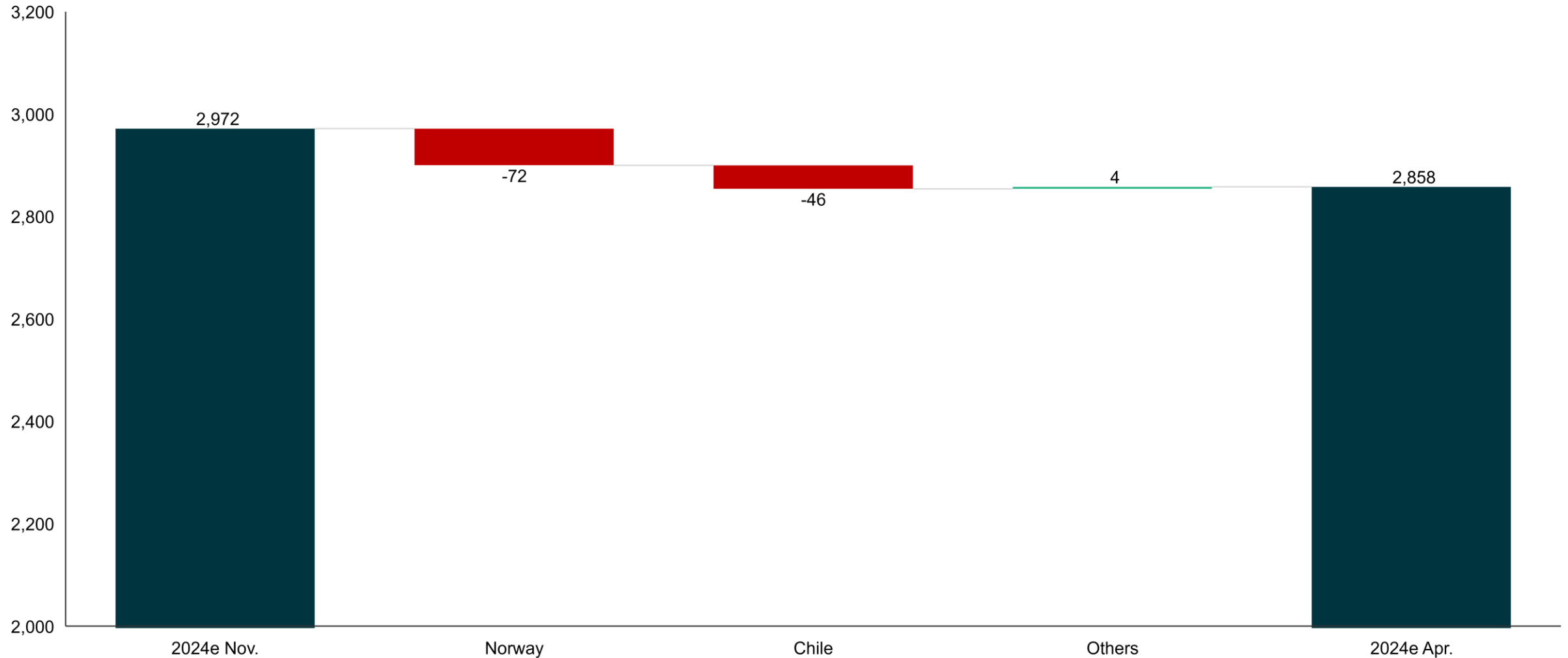
DNB Markets expects global supply to expand by 0.9% in 2024, 3.3% in 2025, and 2.9% in 2026

Atlantic salmon supply (kt, wfe)	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Norway	1,236	1,171	1,208	1,253	1,333	1,370	1,532	1,517	1,481	1,525	1,568	1,607
UK	166	157	174	150	191	178	200	160	160	167	176	183
Ireland	16	16	17	14	16	16	16	19	17	17	17	18
Faroese	77	76	80	72	87	81	106	100	89	101	111	111
Iceland	4	8	12	14	25	31	42	34	34	47	64	72
Total Europe	1,499	1,429	1,492	1,503	1,650	1,675	1,895	1,829	1,781	1,856	1,936	1,990
Chile	591	504	564	660	690	778	720	753	765	727	716	730
Canada	135	146	137	146	138	137	142	132	117	116	122	128
USA	20	23	22	19	21	20	19	20	19	19	20	20
Total Americas	746	673	723	825	849	936	881	905	900	862	858	879
Australia	54	51	61	63	61	83	88	89	90	91	93	95
Landbased							13	14	8	25	39	47
Other	14	13	12	12	18	20	20	21	20	20	21	21
Total Atlantic (Harvest volumes)	2,312	2,165	2,288	2,402	2,578	2,714	2,897	2,858	2,799	2,855	2,948	3,032
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	2,848	2,829	2,855	2,948	3,032

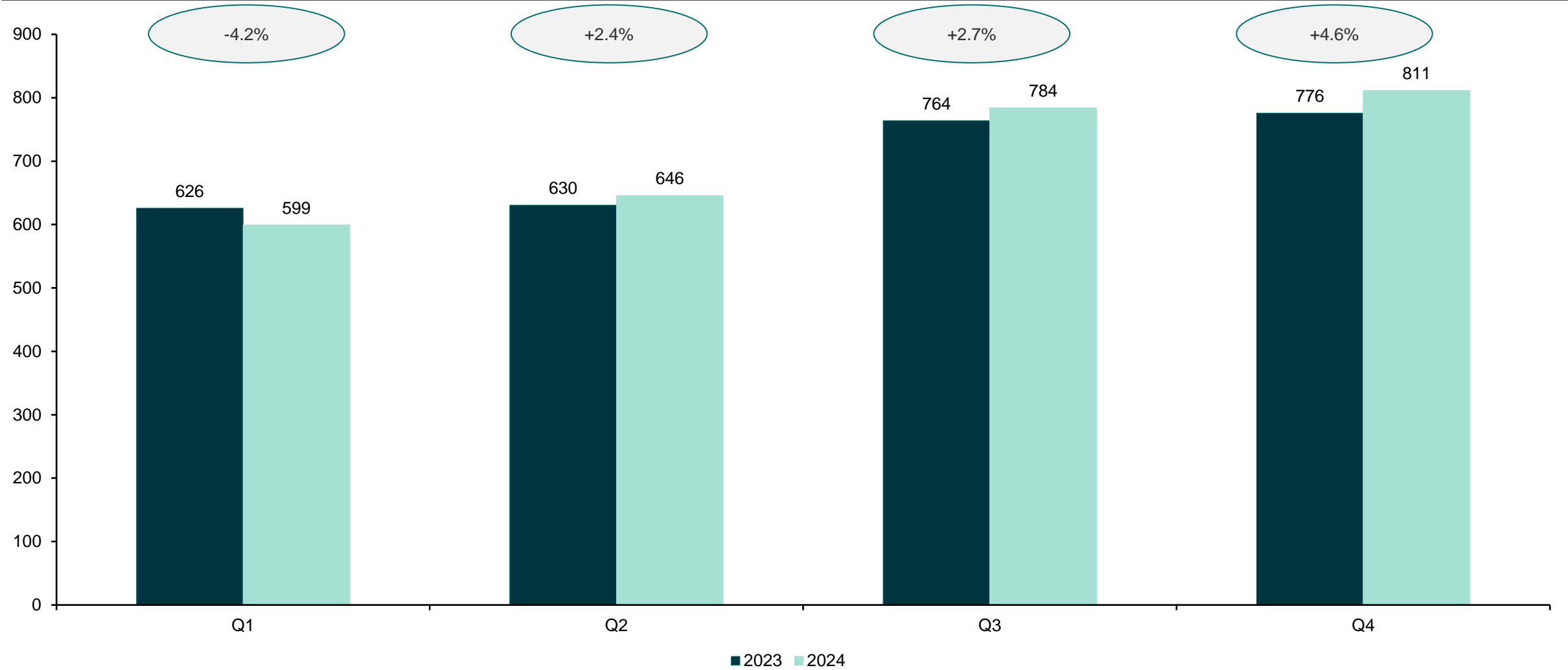
Atlantic salmon supply growth y/y	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Norway growth	3 %	-5 %	3 %	4 %	6 %	3 %	12 %	-1 %	-2 %	3 %	3 %	2 %
UK growth	-2 %	-5 %	11 %	-14 %	27 %	-6 %	12 %	-20 %	0 %	5 %	5 %	4 %
Ireland	28 %	1 %	9 %	-19 %	11 %	2 %	1 %	18 %	-12 %	2 %	2 %	2 %
Faroese growth	-7 %	-1 %	5 %	-11 %	21 %	-7 %	31 %	-6 %	-10 %	13 %	10 %	0 %
Iceland	-18 %	125 %	47 %	18 %	75 %	27 %	33 %	-19 %	1 %	36 %	38 %	12 %
Total Europe	2 %	-5 %	4 %	1 %	10 %	2 %	13 %	-3 %	-3 %	4 %	4 %	3 %
Chile growth	2 %	-15 %	12 %	17 %	5 %	13 %	-7 %	5 %	2 %	-5 %	-1 %	2 %
Canada growth	33 %	8 %	-6 %	6 %	-5 %	-1 %	3 %	-7 %	-11 %	-1 %	5 %	5 %
USA	-18 %	11 %	-4 %	-12 %	9 %	-4 %	-5 %	5 %	-8 %	5 %	2 %	2 %
Total Americas	5 %	-10 %	7 %	14 %	3 %	10 %	-6 %	3 %	-1 %	-4 %	0 %	2 %
Australia	30 %	-6 %	20 %	3 %	-3 %	36 %	6 %	1 %	1 %	2 %	2 %	2 %
Landbased								7 %	-44 %	212 %	60 %	18 %
Other	-10 %	-9 %	-3 %	-4 %	56 %	9 %	1 %	4 %	-4 %	2 %	2 %	2 %
Total Atlantic (Harvest volumes)	3.7%	-6.4%	5.6%	5.0%	7.4%	5.2%	6.8%	-1.3 %	-2.1 %	2.0 %	3.3 %	2.9 %
Change frozen salmon inventory												
Total supply Atlantic growth	4.4%	-3.5%	1.7%	6.6%	6.1%	3.8%	8.8%	-1.3 %	-0.7 %	0.9 %	3.3 %	2.9 %

Kontali has cut 2024 production estimates from +5.1% in November to +1.6% in April (kt, WFE)

Unusual with simultaneous cuts in Norway and Chile



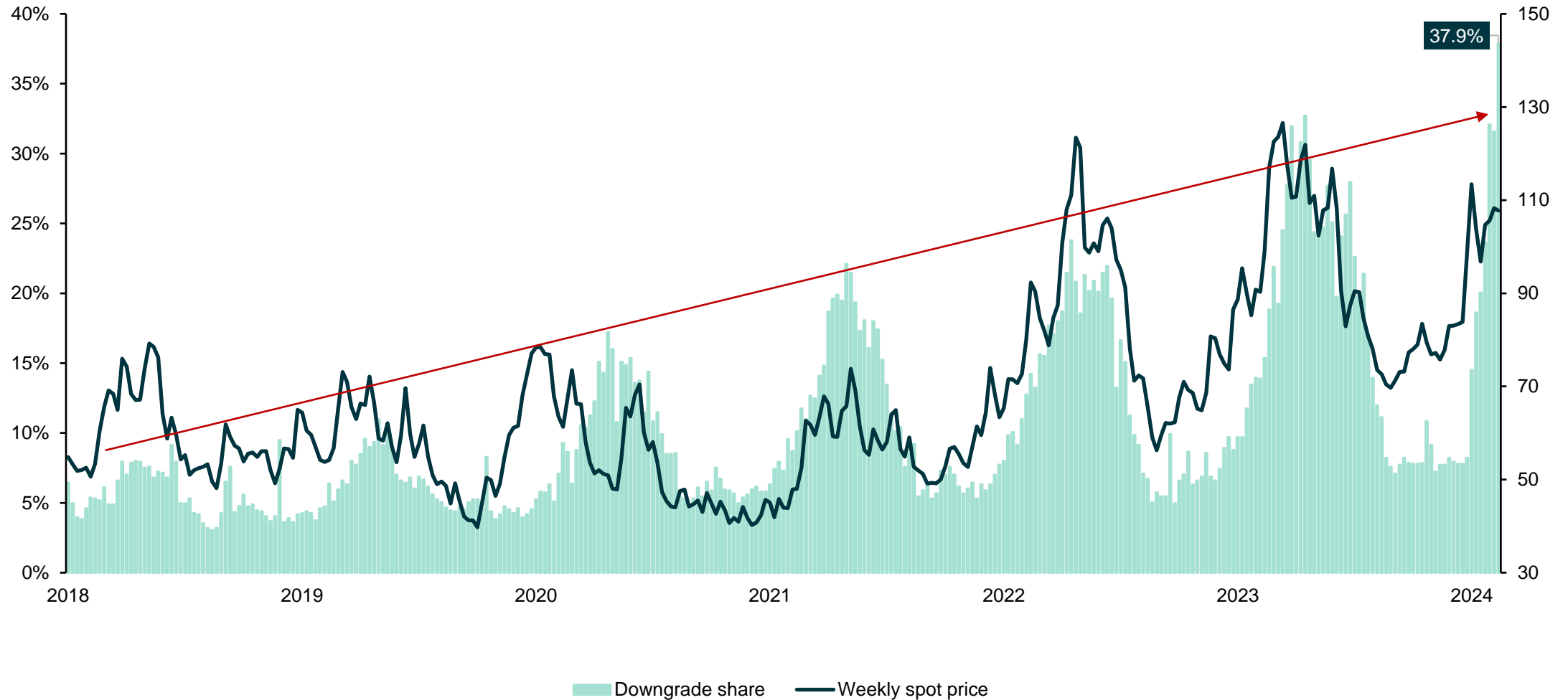
Largest global supply growth YOY expected for Q4 2024 (kt, WFE)



Source: Kontali, DNB Markets

Quality issues in Norway – downgraded fish in H1 have increased by 4x since 2018, c30% YTD

Strong spot prices in H1 driven by reduced supply of superior salmon (% LHS, NOK/kg HOG RHS)



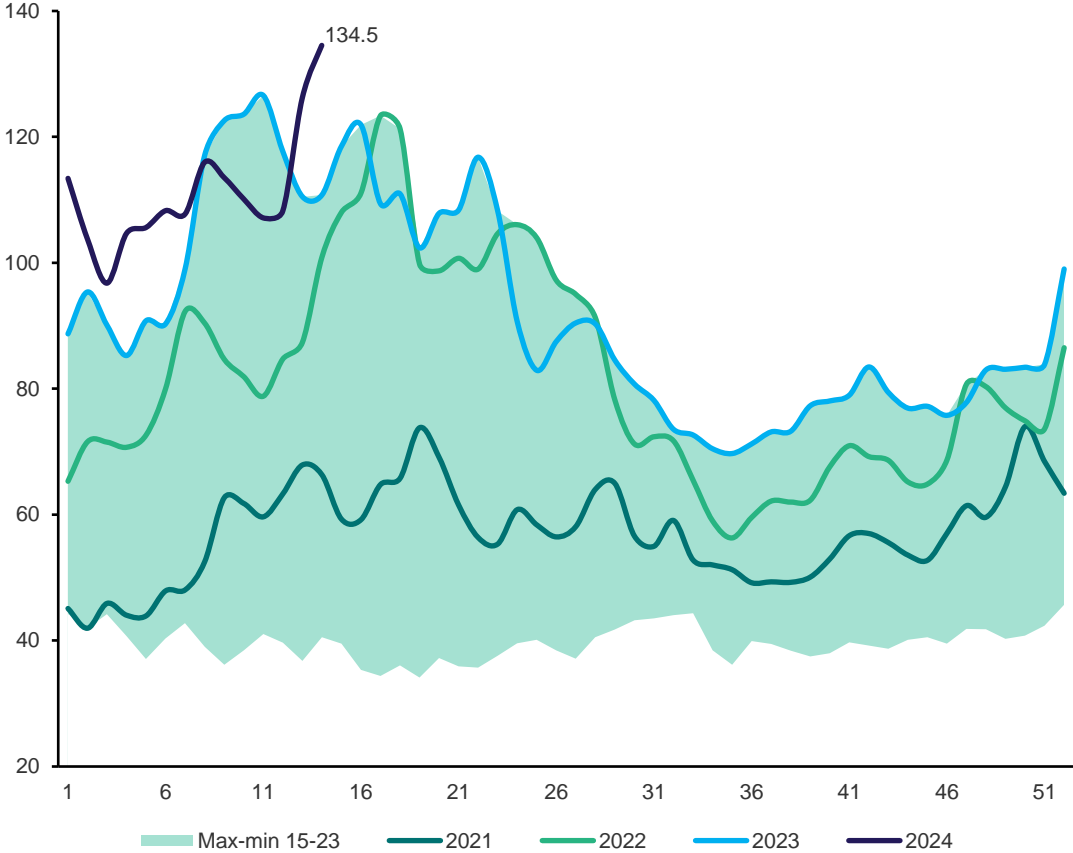
Norwegian superior volumes down about 18% YTD



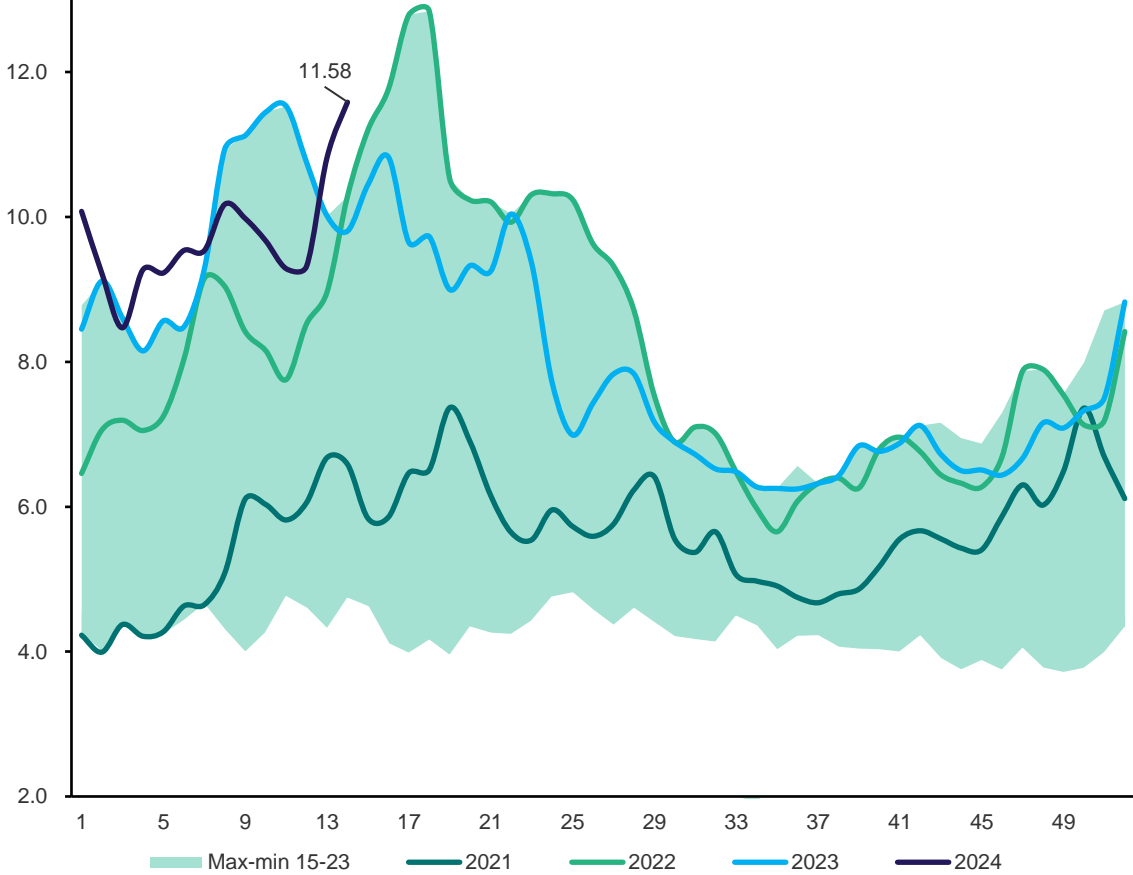
Salmon spot price in Norway (weekly NASDAQ price)

High spot price due to low supply and high share of downgrades (Q1 spot price up YOY in NOK/kg, but down in EUR/kg)

NOK/kg



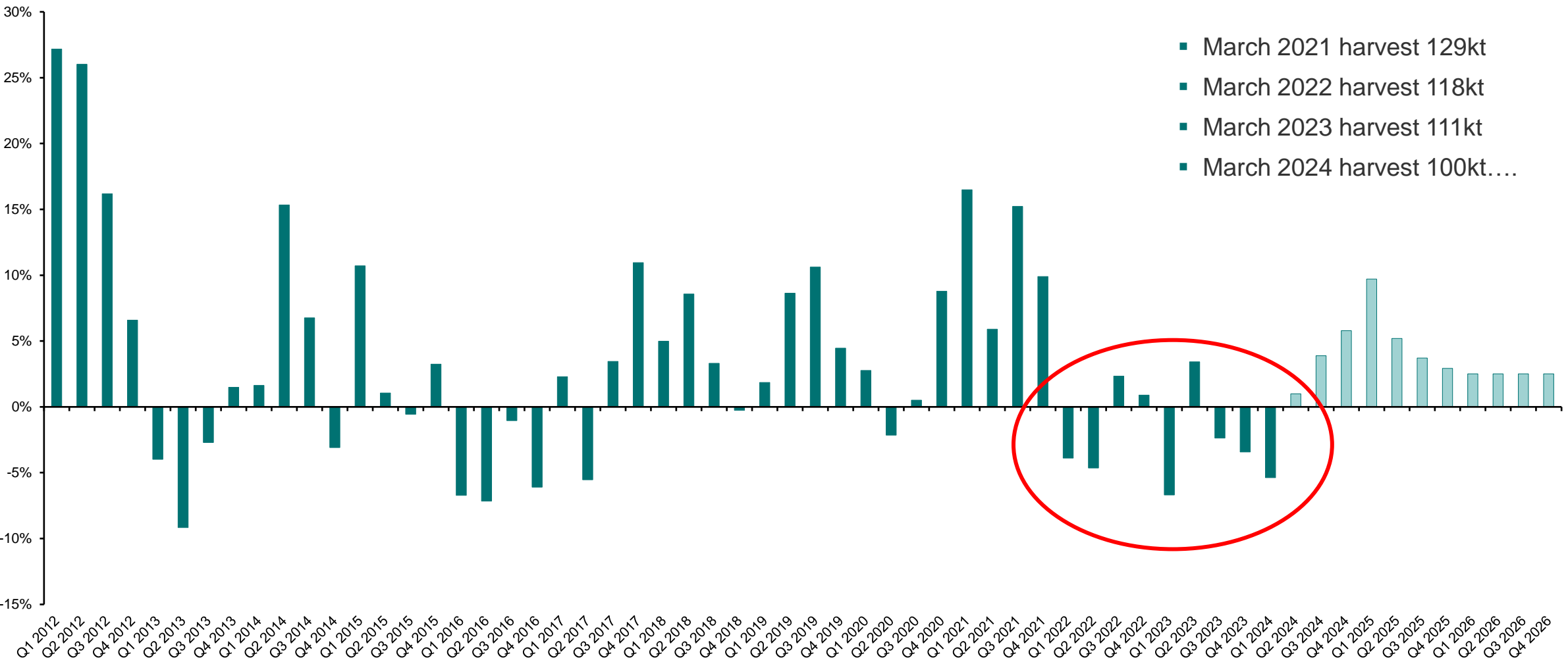
EUR/kg



Source: Fishpool (historical data)

Norwegian supply growth set to turn positive in Q2 2024...

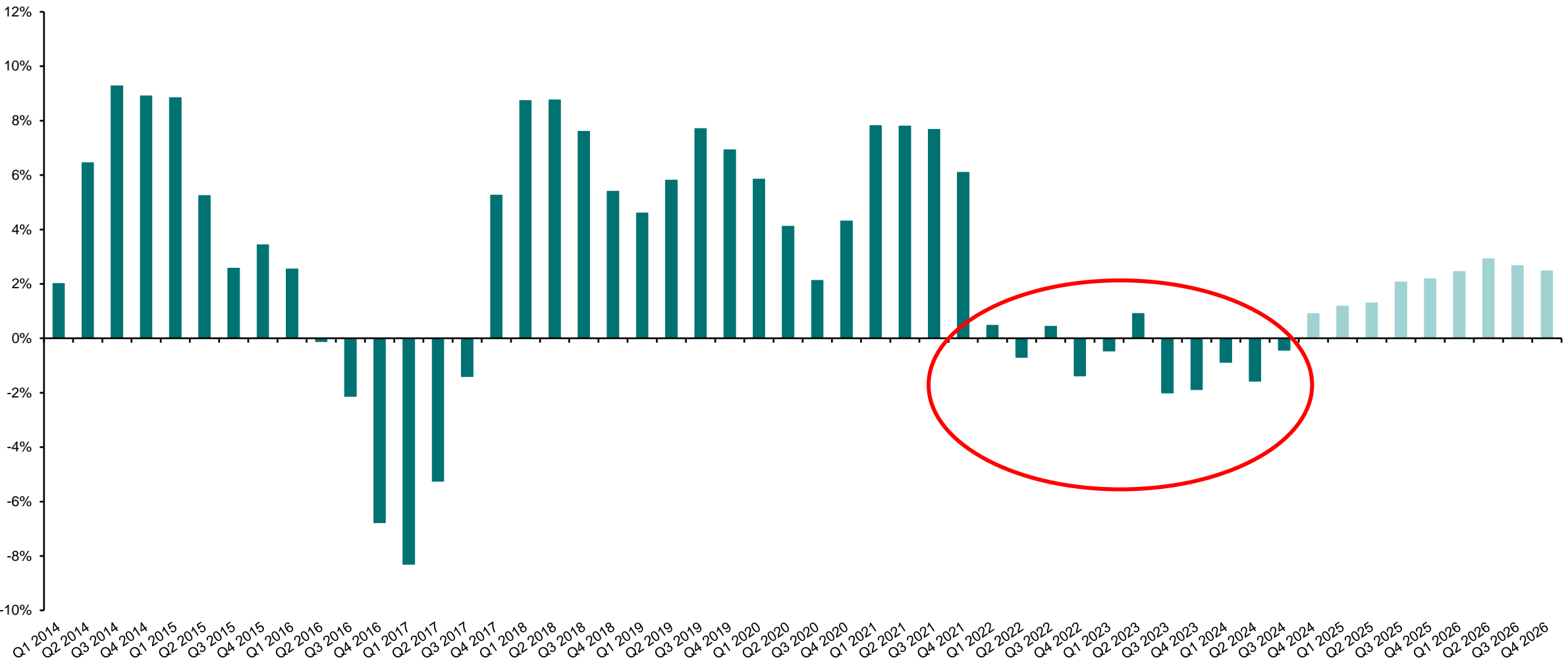
...after two years of almost uninterrupted decline in supply



Source: Kontali (historical data) DNB Markets (forecasts)

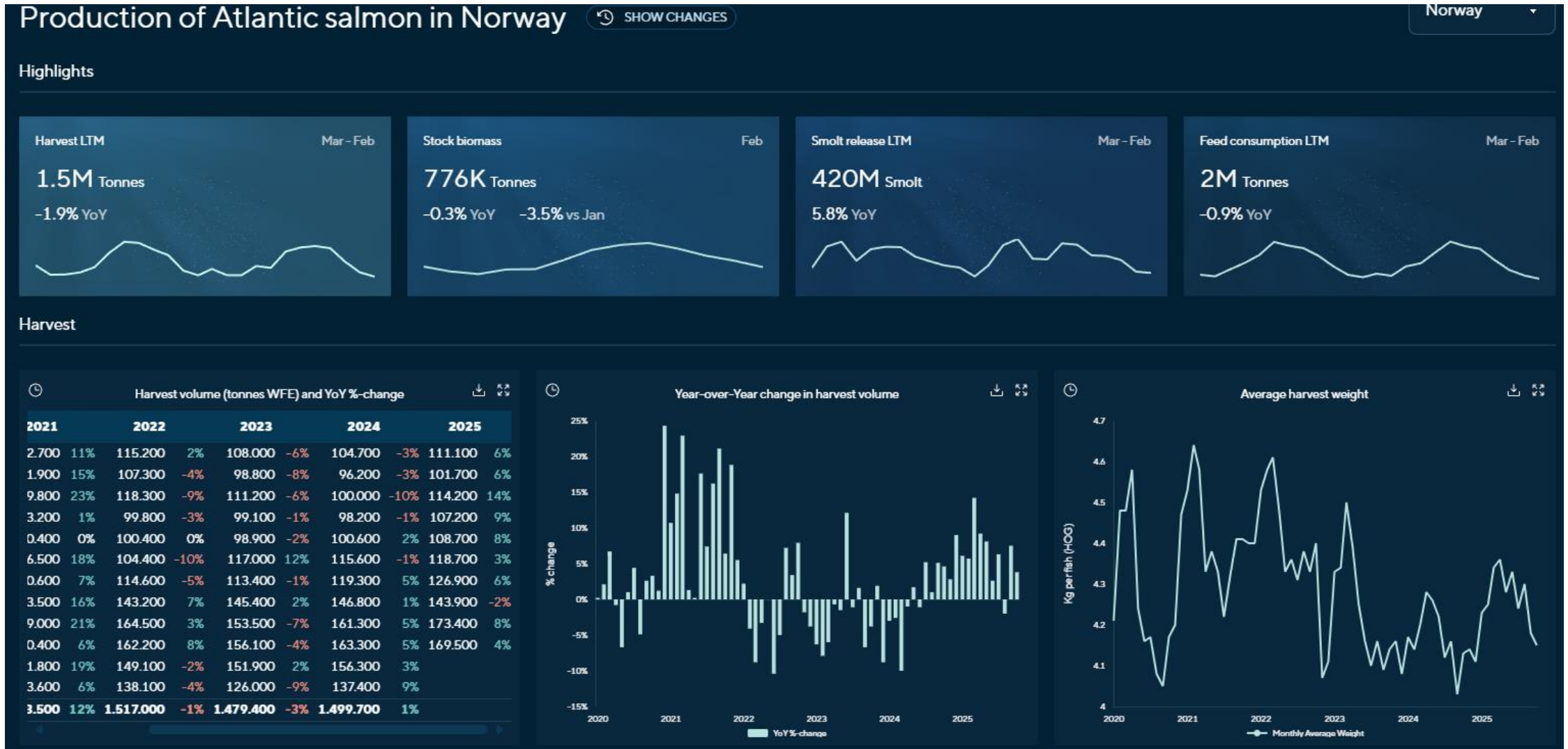
Global supply growth set to turn positive in Q2 2024...

...after two years of almost uninterrupted decline in supply



Source: Kontali (historical data) DNB Markets (forecasts)

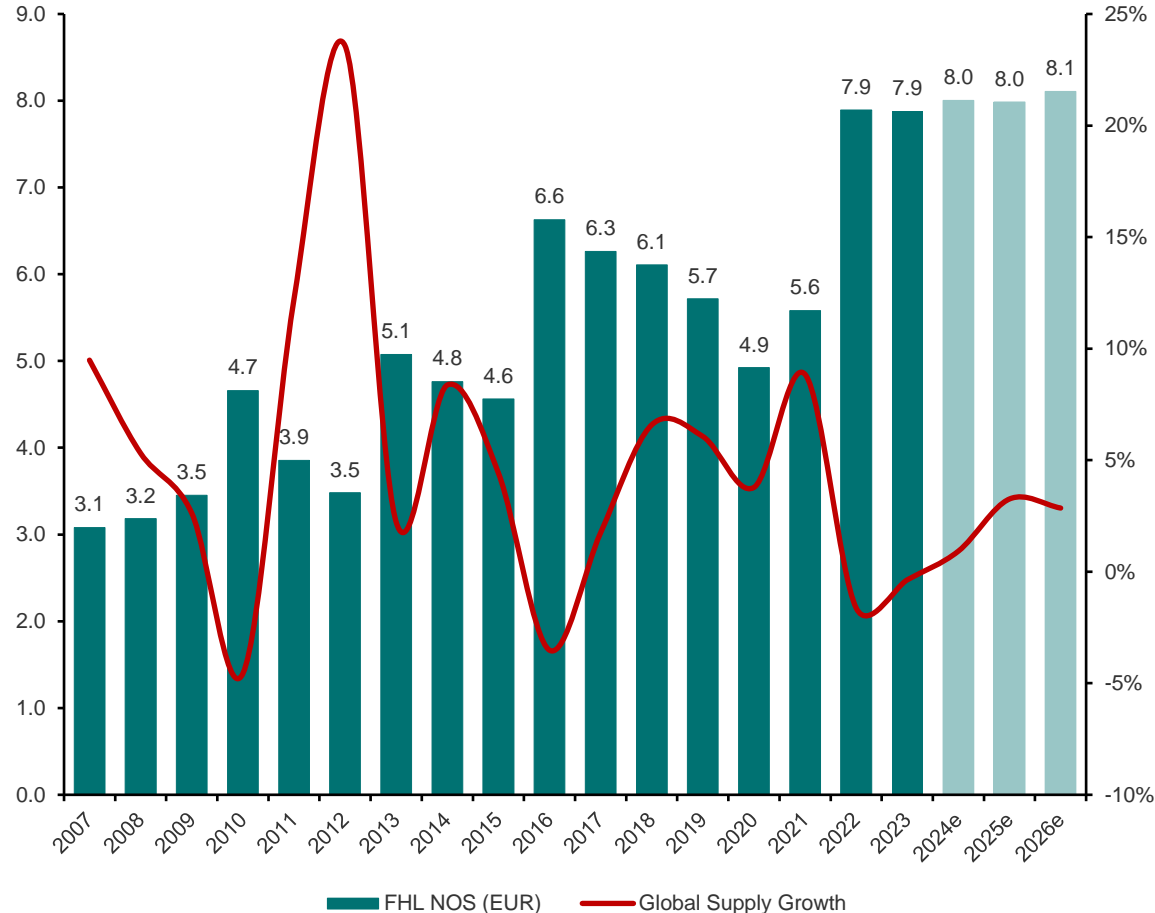
Supply growth turning positive after two years of negative growth



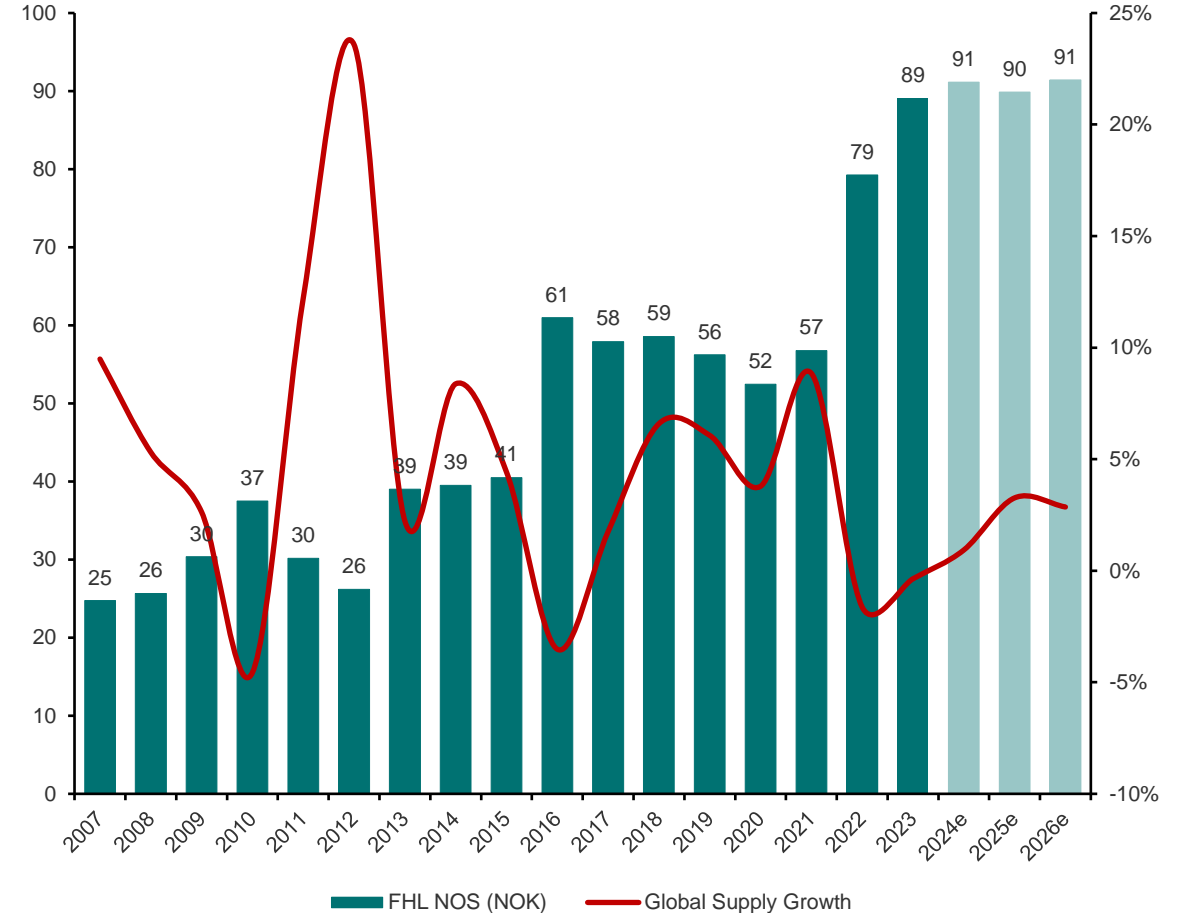
DNB Markets' salmon price/kg expectations – Norwegian reference price

EUR7.9/kg for 2024e, EUR8.0/kg for 2025e, and EUR8.1/kg for 2026e

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



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

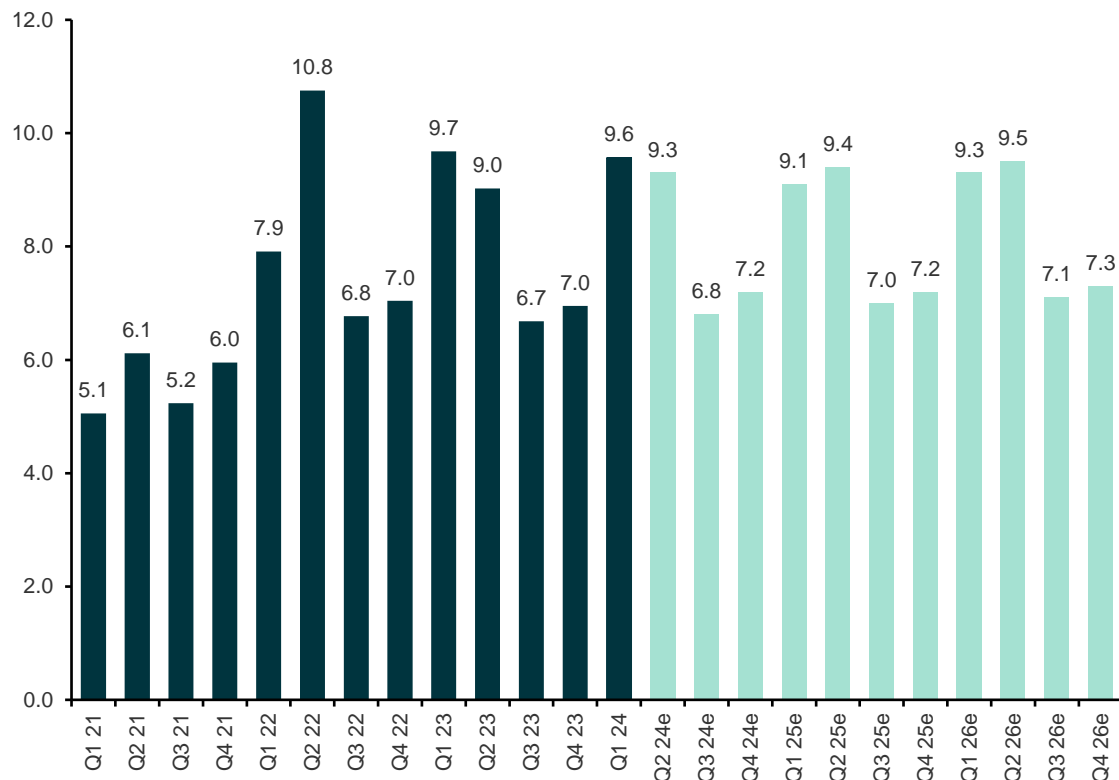


Source: FHL/NOS (historical figures), DNB Markets (estimates)

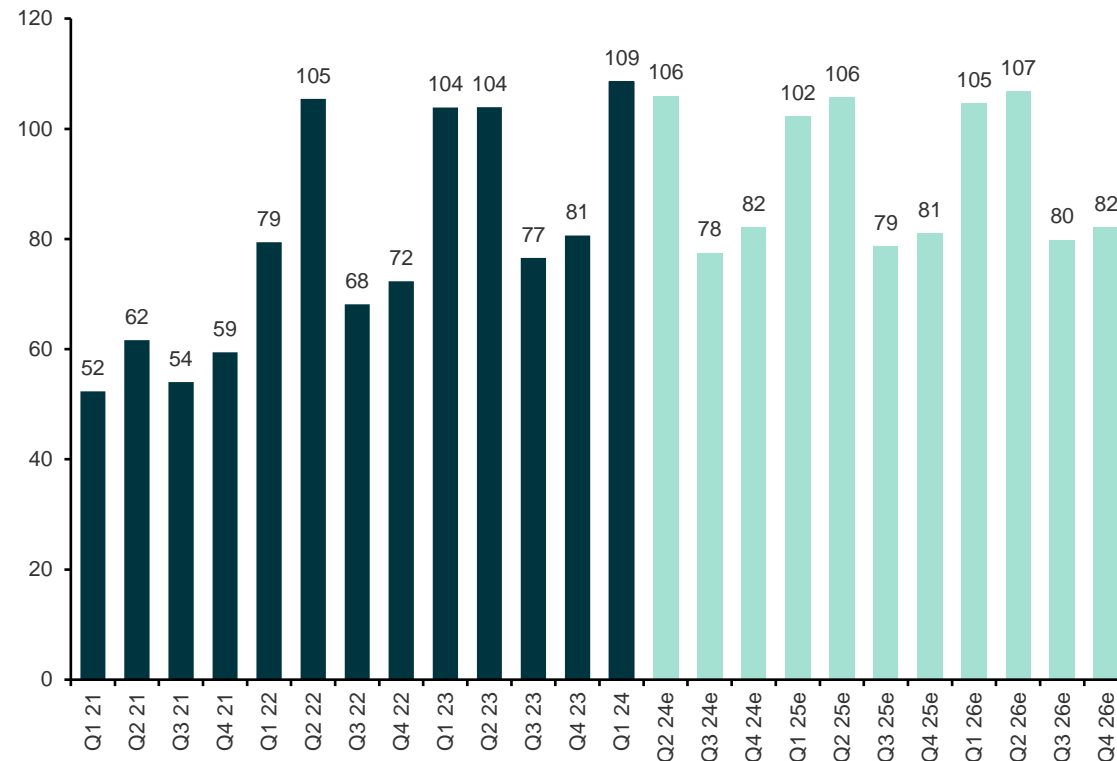
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Quarterly salmon prices (EUR/kg)



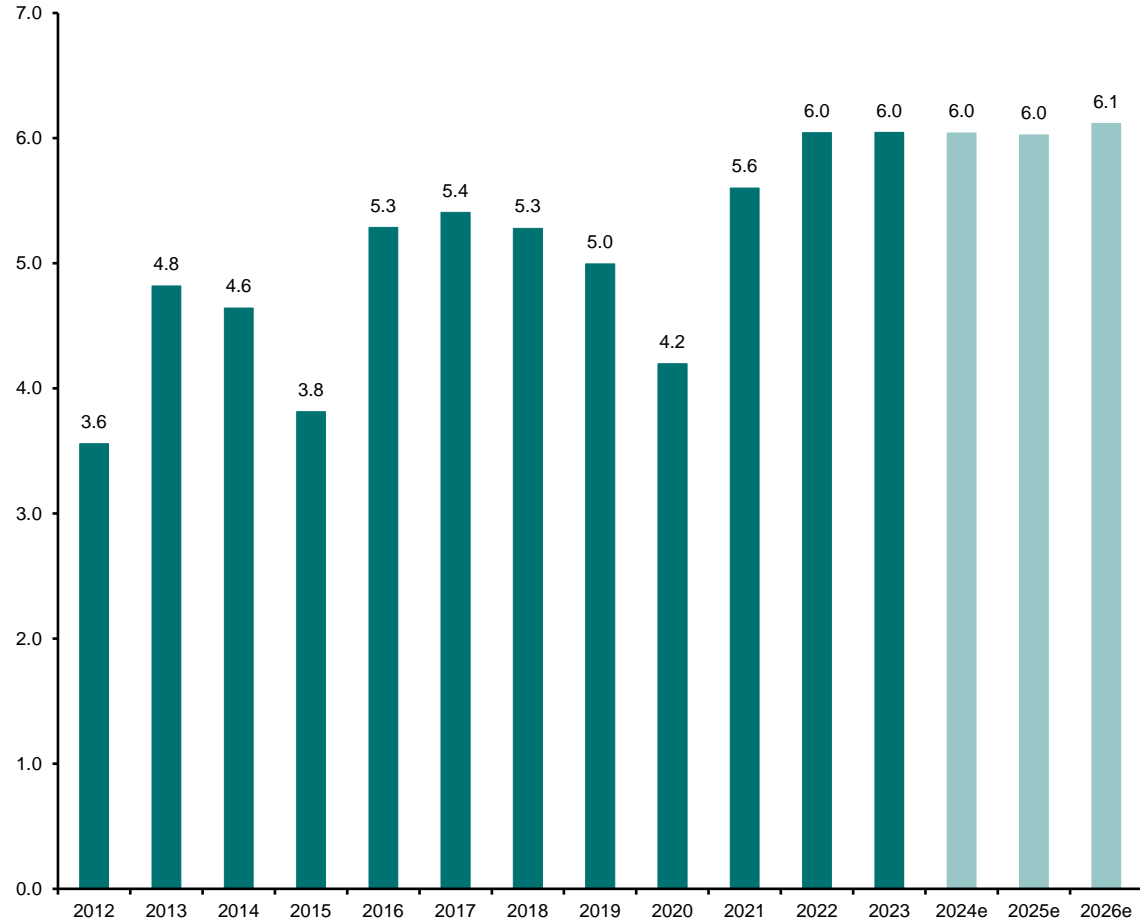
Quarterly salmon prices (NOK/kg)



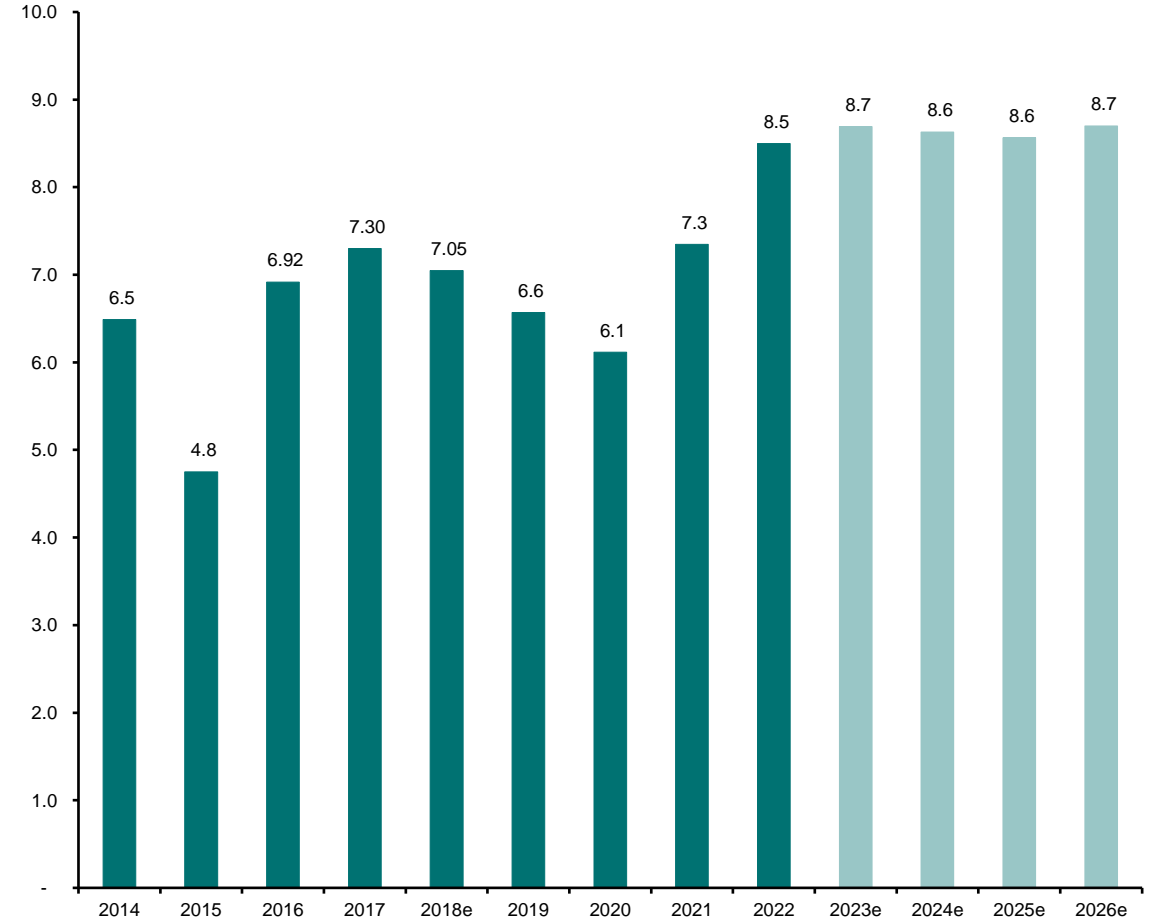
DNB Markets' salmon price/kg expectations – US market

EUR7.9/kg for 2024e, EUR8.0/kg for 2025e, and EUR8.1/kg for 2026e

Chilean fillet FOB Miami (USD/lb)



Seattle 8–10lb (USD/kg)

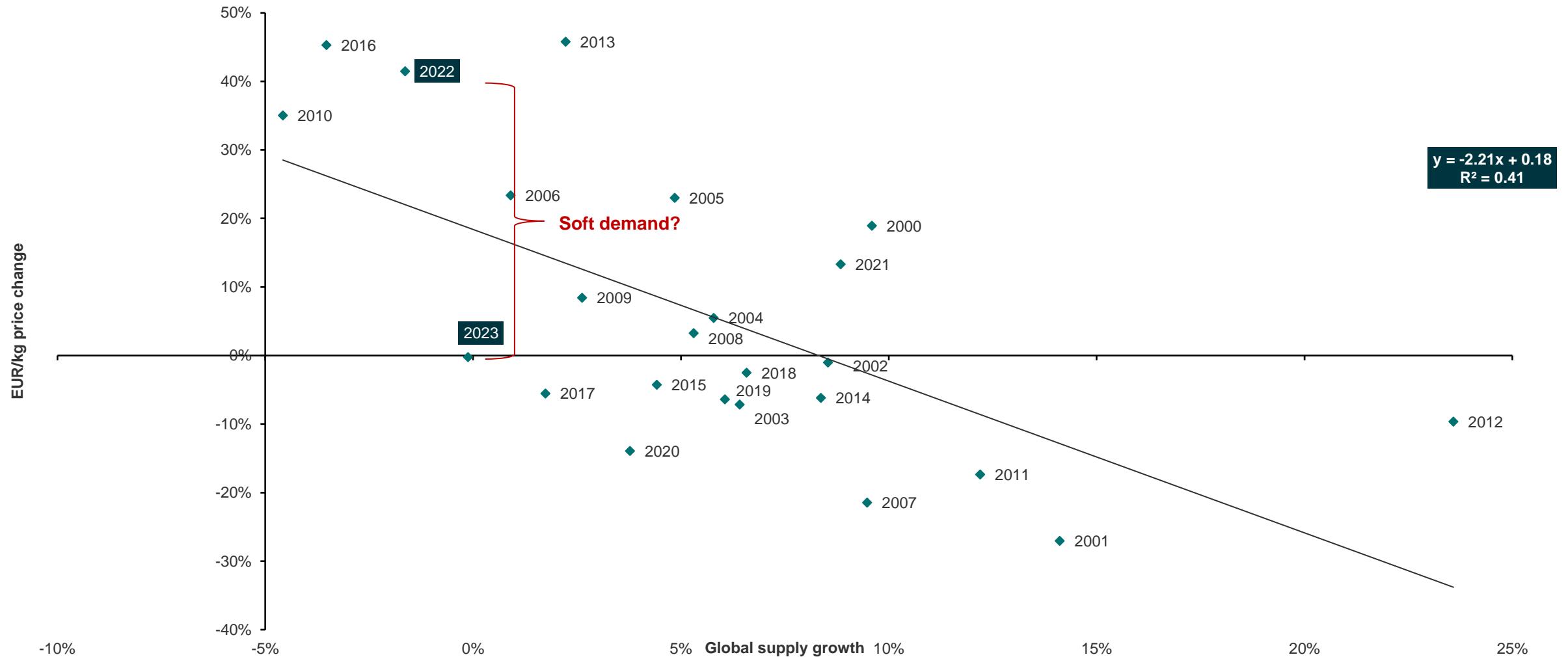


Source: FHL/NOS (historical figures), DNB Markets (estimates)

Demand

Classic regression model of supply versus price change – possible weak R2 and soft demand

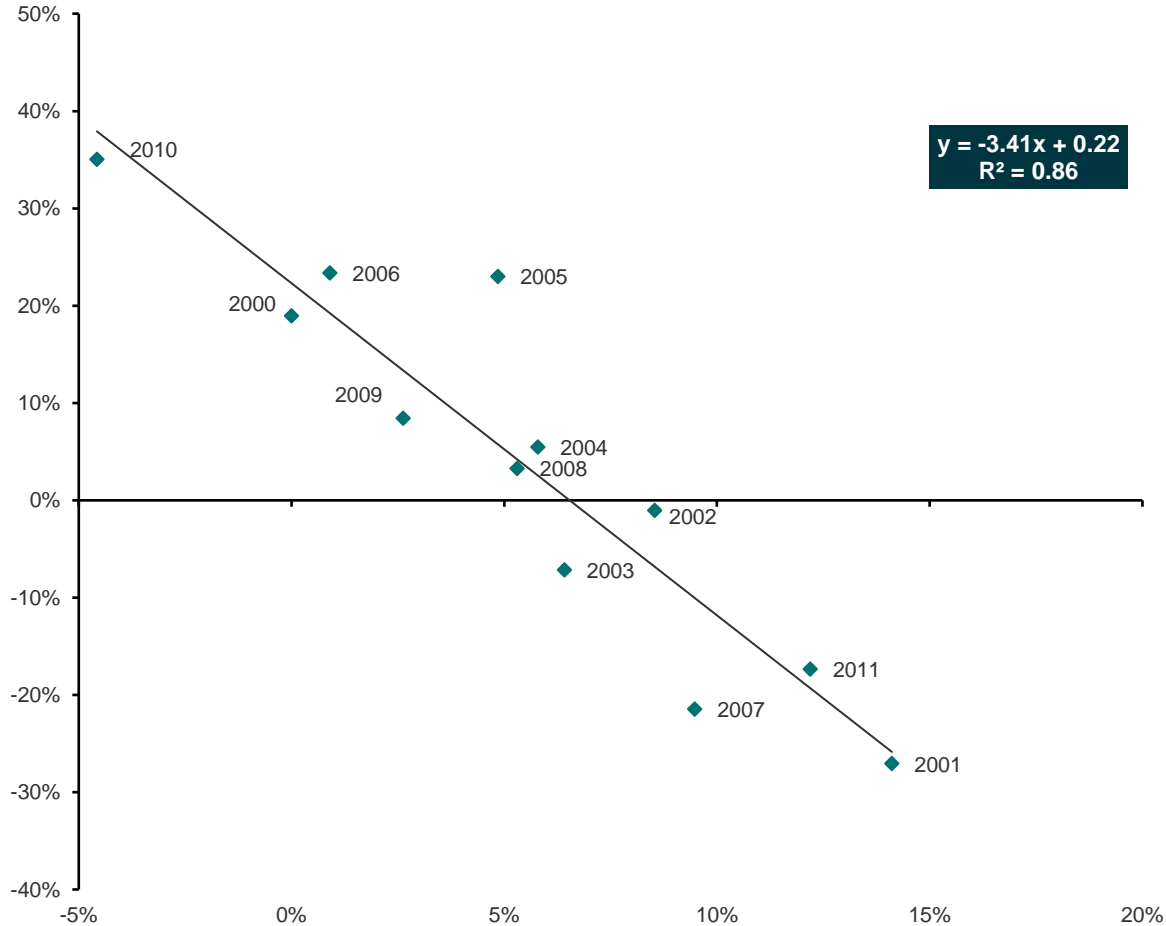
2000–2023 Global supply growth versus EUR/kg price change (%)



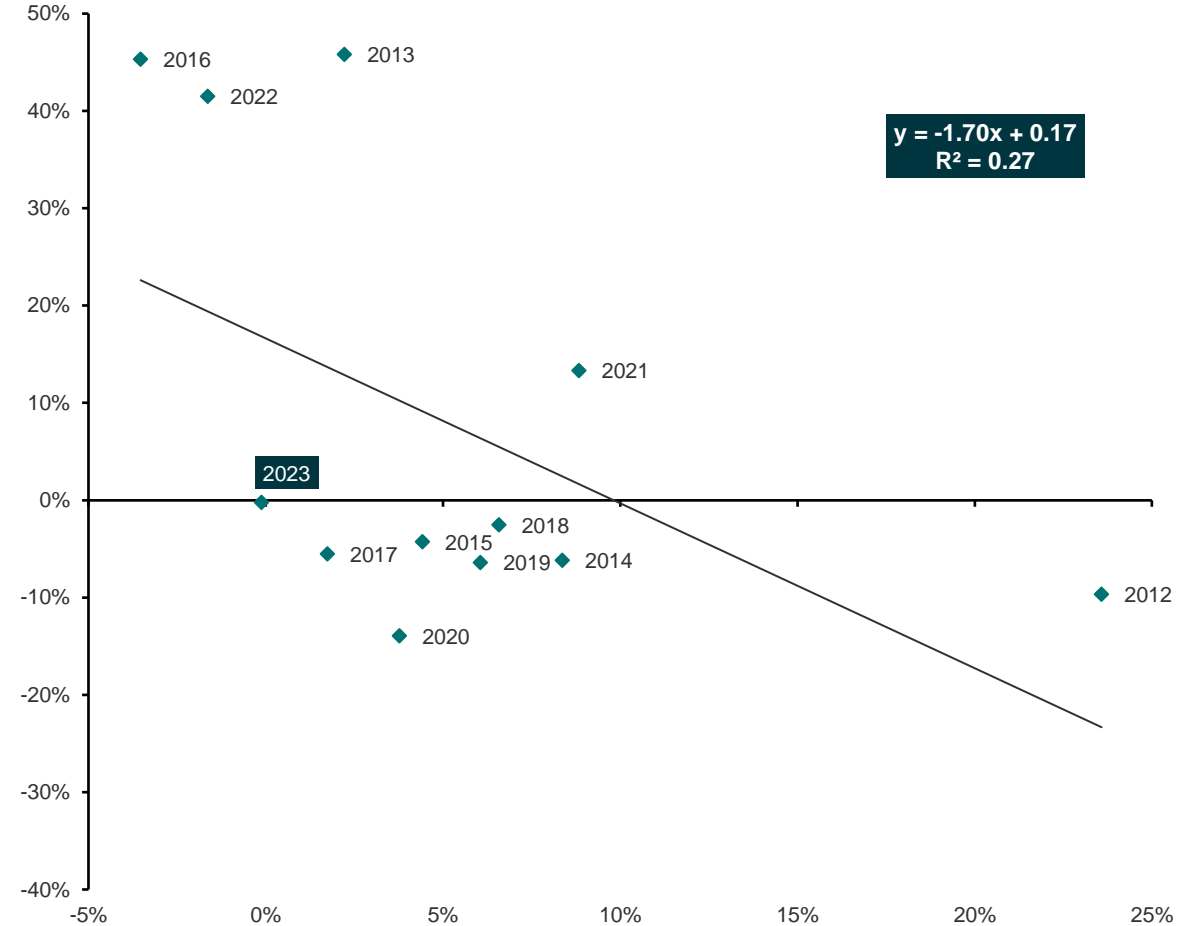
Regression model losing its relevance...

2023 in line with historical pattern – consolidation after material price uptick

2000–2011 – Global supply growth versus EUR price change (%)

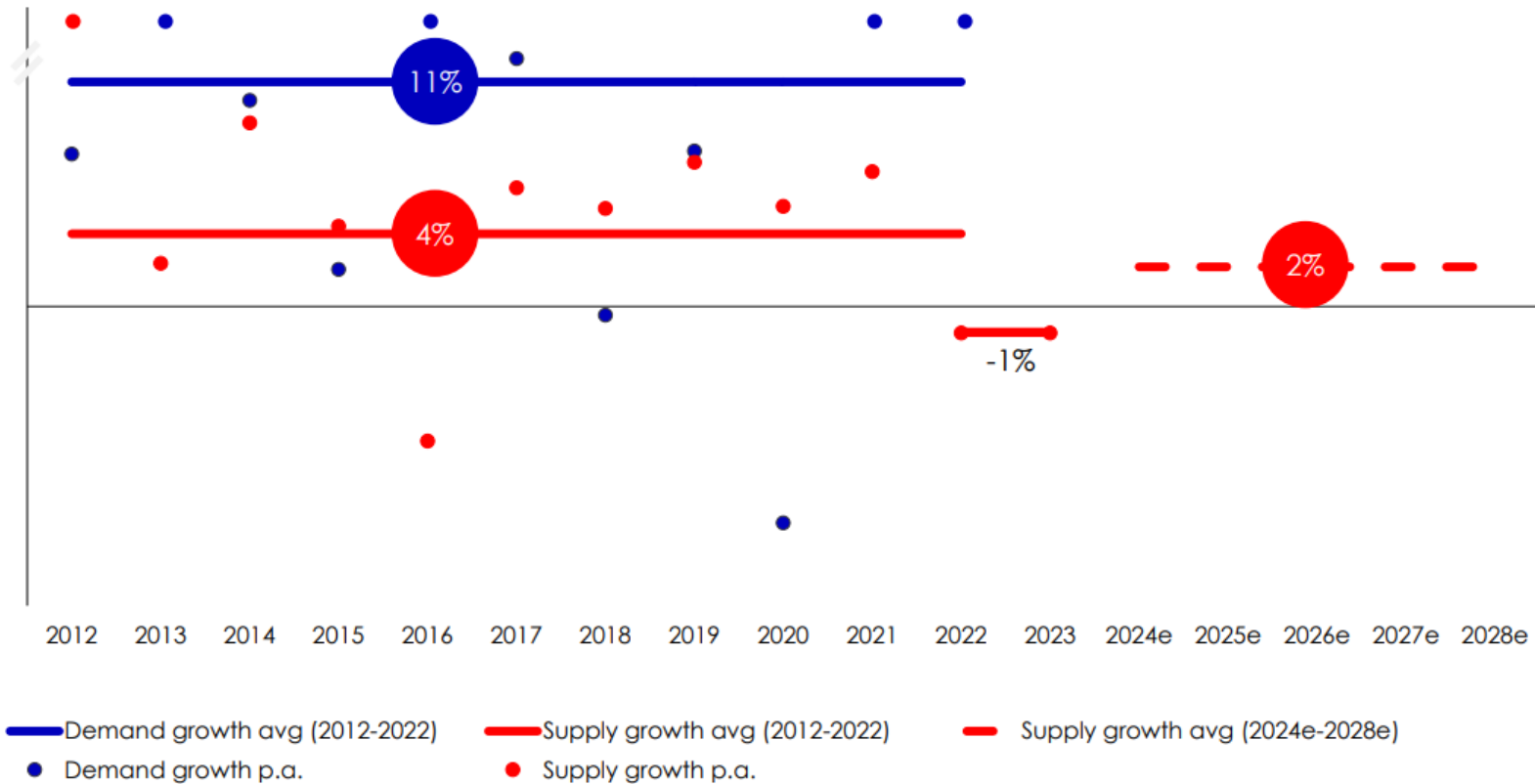


2012–2023 – Global supply growth versus EUR price change (%)



Demand may be 11% over time, but fluctuates materially from year to year

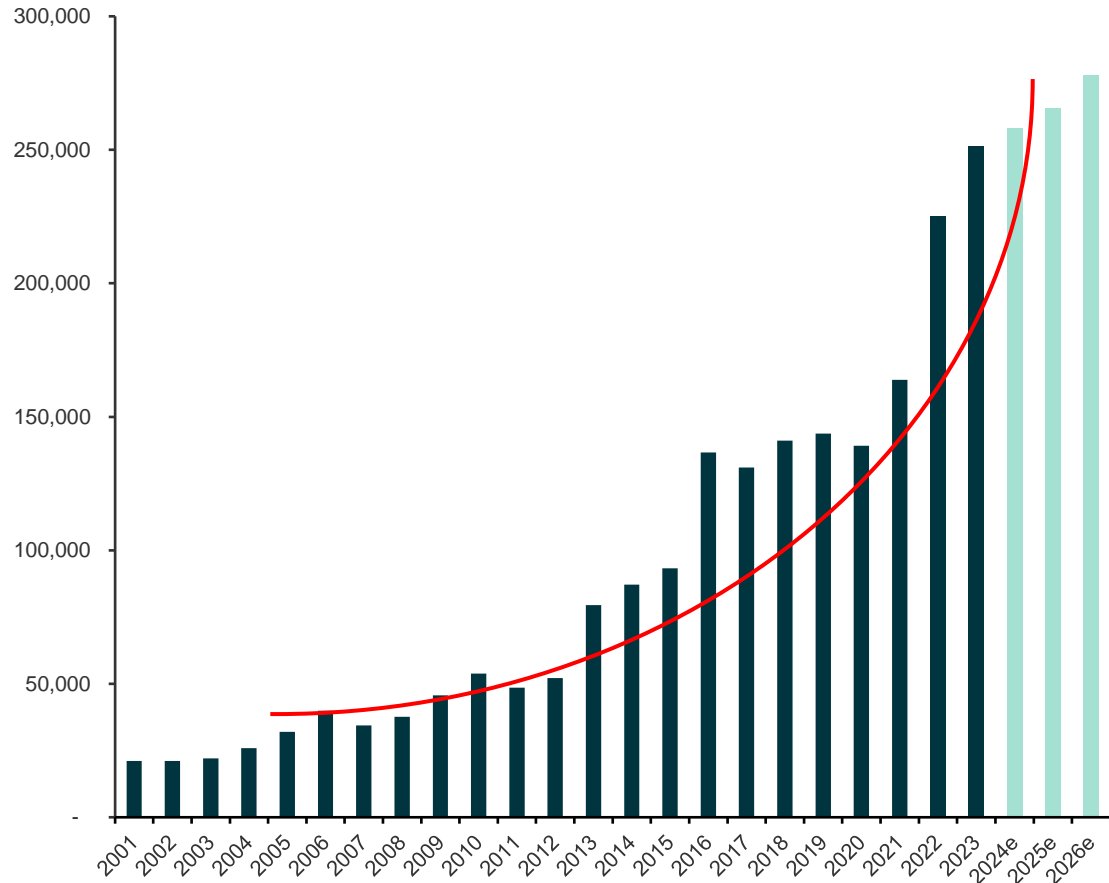
Structural undersupply expected to continue in the coming years



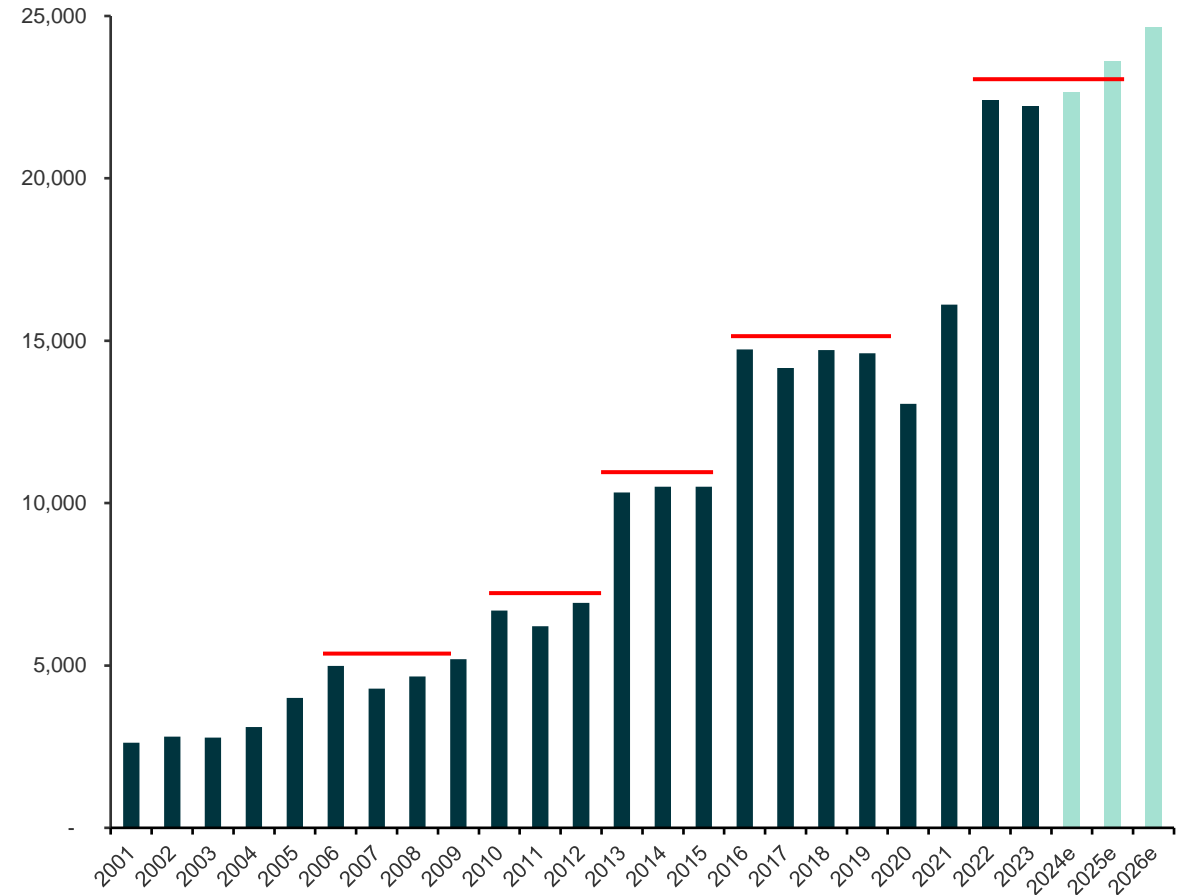
The best model for demand is the value trend in EUR – 2023 in line with historical pattern

50% demand growth followed by 0% demand growth until the next supply shock?

Global value (NOKm)



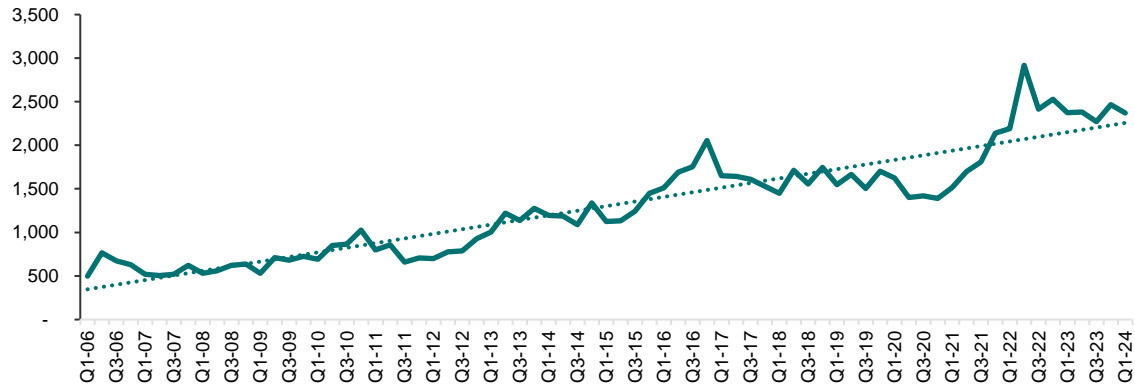
Global value (EURm)



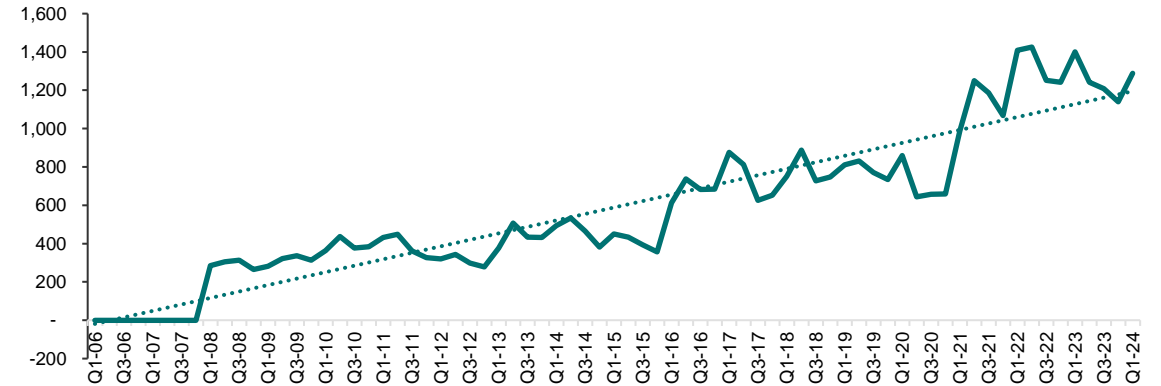
Demand following its historical pattern - Consolidation phase after material price uptick

EU seems to have bottomed out and returning to growth, US development somewhat behind EU

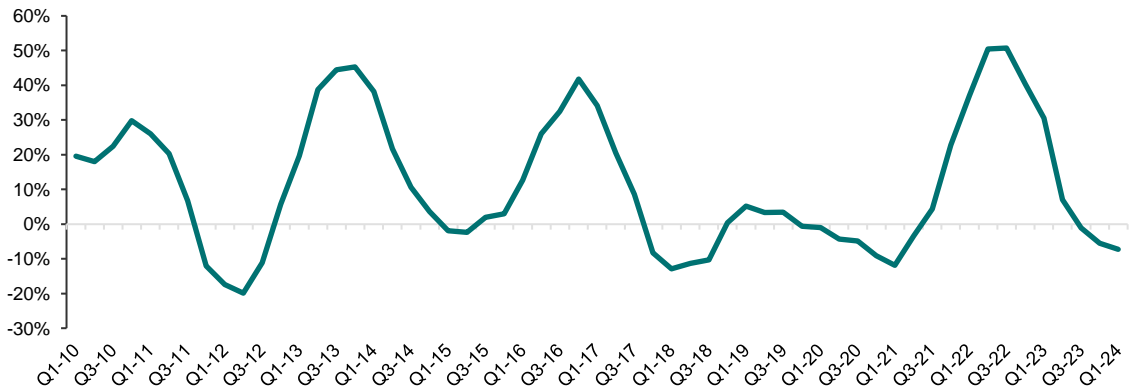
EU value (EURm)



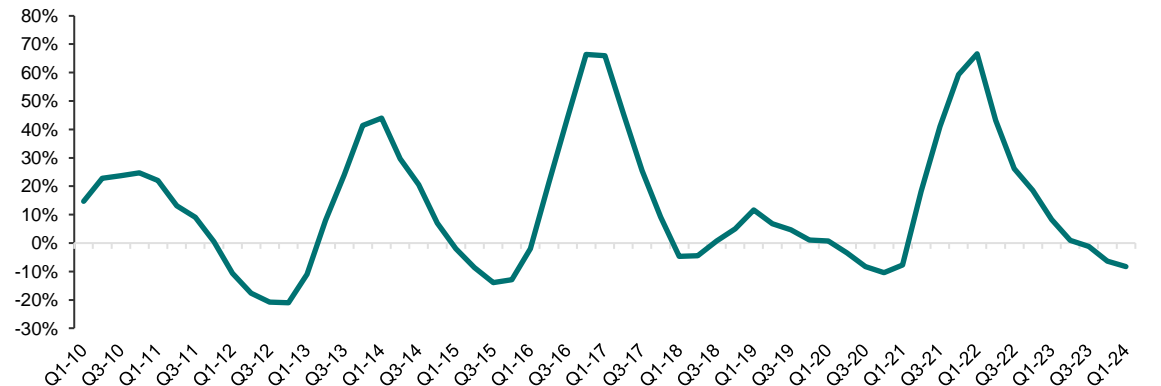
US value (USDm)



EU value change (YOY, 1Y moving average)

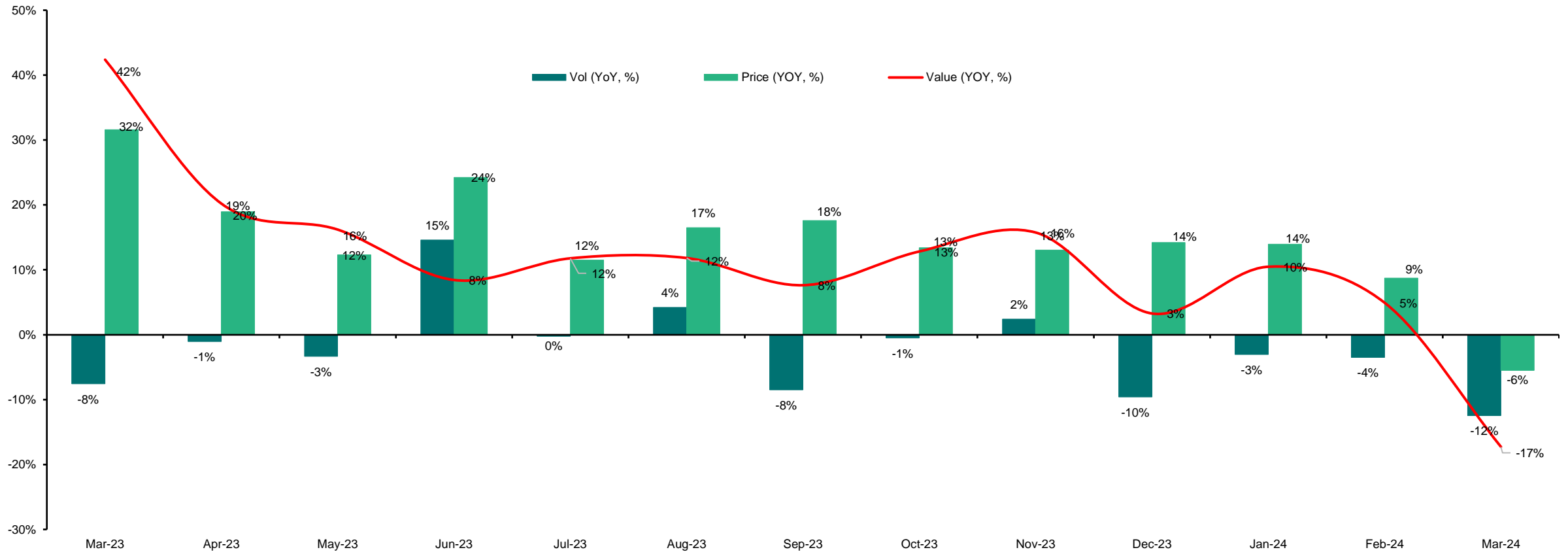


US value change (YOY, 1Y moving average)



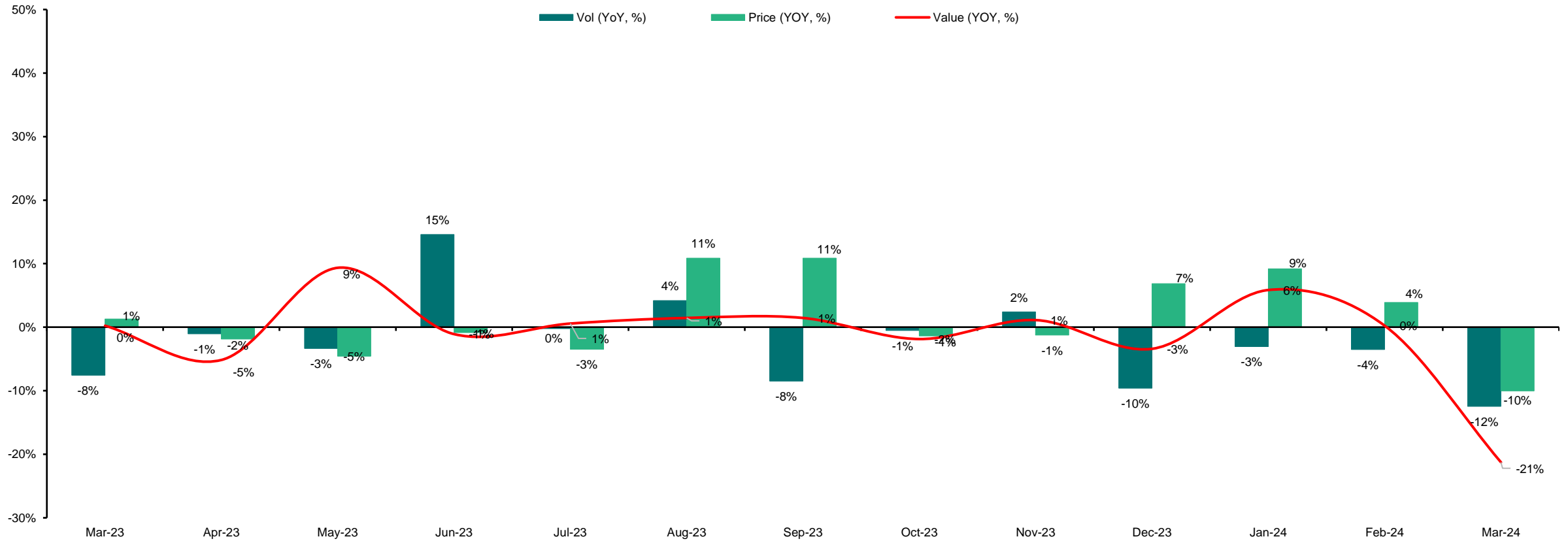
Norwegian export value up ~6–8% YOY over the past 12 months in NOK

Value easing off... in NOK



Norwegian export value flat over the past 12 months in EUR

Value easing off... in EUR



What if demand follows its historical pattern? (EURNOK estimate: 11.4)

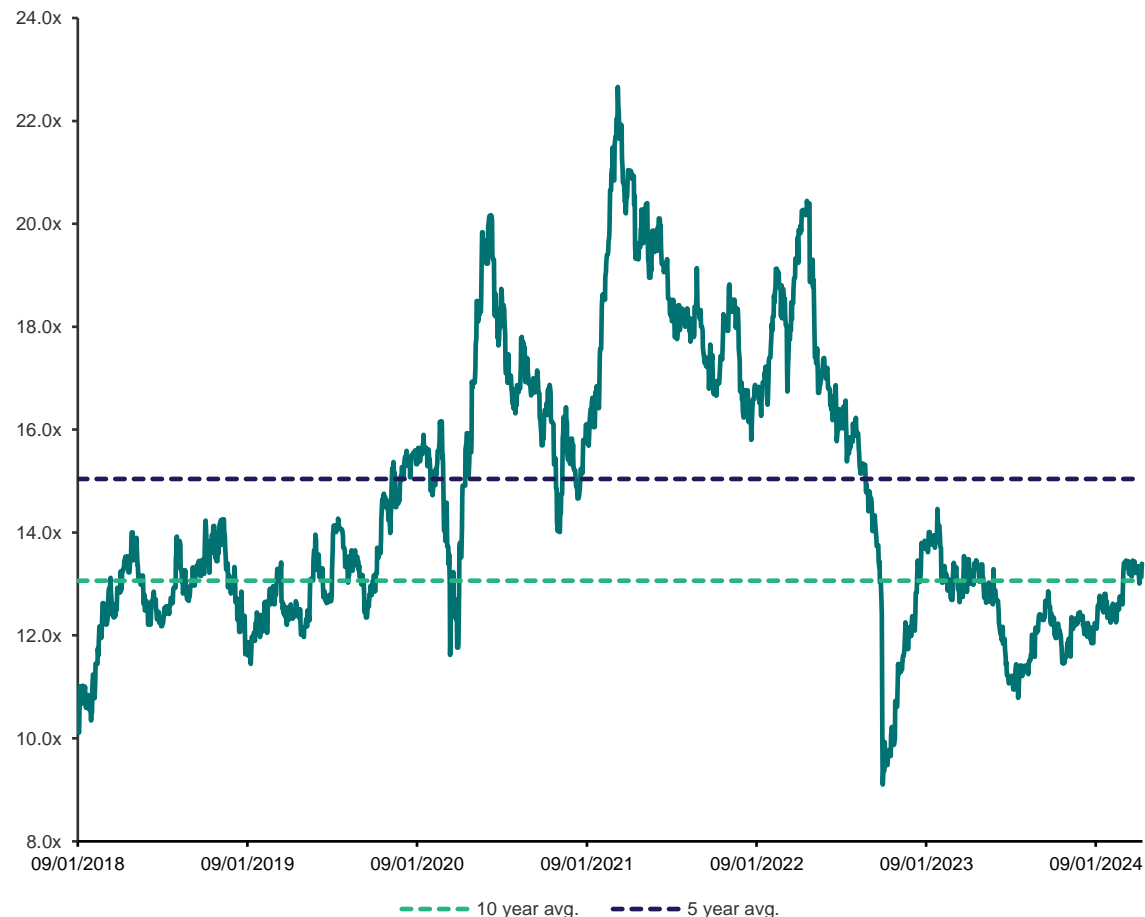
		Global supply growth (kt, wfe)															
		-6 %	-5 %	-4 %	-3 %	-2 %	-1 %	0 %	1 %	2 %	3 %	4 %	5 %	6 %	7 %	8 %	
		2,651	2,679	2,707	2,735	2,764	2,792	2,820	2,848	2,876	2,905	2,933	2,961	2,989	3,017	3,046	
Global demand growth	19,992	-10 %	7.5	7.5	7.4	7.3	7.2	7.2	7.1	7.0	7.0	6.9	6.8	6.8	6.7	6.6	6.6
	20,436	-8 %	7.7	7.6	7.5	7.5	7.4	7.3	7.2	7.2	7.1	7.0	7.0	6.9	6.8	6.8	6.7
	20,880	-6 %	7.9	7.8	7.7	7.6	7.6	7.5	7.4	7.3	7.3	7.2	7.1	7.1	7.0	6.9	6.9
	21,325	-4 %	8.0	8.0	7.9	7.8	7.7	7.6	7.6	7.5	7.4	7.3	7.3	7.2	7.1	7.1	7.0
	21,769	-2 %	8.2	8.1	8.0	8.0	7.9	7.8	7.7	7.6	7.6	7.5	7.4	7.4	7.3	7.2	7.1
	22,213	0 %	8.4	8.3	8.2	8.1	8.0	8.0	7.9	7.8	7.7	7.6	7.6	7.5	7.4	7.4	7.3
	22,657	2 %	8.5	8.5	8.4	8.3	8.2	8.1	8.0	8.0	7.9	7.8	7.7	7.7	7.6	7.5	7.4
	23,102	4 %	8.7	8.6	8.5	8.4	8.4	8.3	8.2	8.1	8.0	8.0	7.9	7.8	7.7	7.7	7.6
	23,546	6 %	8.9	8.8	8.7	8.6	8.5	8.4	8.3	8.3	8.2	8.1	8.0	8.0	7.9	7.8	7.7
	23,990	8 %	9.1	9.0	8.9	8.8	8.7	8.6	8.5	8.4	8.3	8.3	8.2	8.1	8.0	8.0	7.9
24,434	10 %	9.2	9.1	9.0	8.9	8.8	8.8	8.7	8.6	8.5	8.4	8.3	8.3	8.2	8.1	8.0	

11.4		Global supply growth (kt, wfe)															
		-6 %	-5 %	-4 %	-3 %	-2 %	-1 %	0 %	1 %	2 %	3 %	4 %	5 %	6 %	7 %	8 %	
		2,651	2,679	2,707	2,735	2,764	2,792	2,820	2,848	2,876	2,905	2,933	2,961	2,989	3,017	3,046	
Global demand growth	19,992	-10 %	86	85	84	83	82	82	81	80	79	78	78	77	76	76	75
	20,436	-8 %	88	87	86	85	84	83	83	82	81	80	79	79	78	77	76
	20,880	-6 %	90	89	88	87	86	85	84	84	83	82	81	80	80	79	78
	21,325	-4 %	92	91	90	89	88	87	86	85	85	84	83	82	81	81	80
	21,769	-2 %	94	93	92	91	90	89	88	87	86	85	85	84	83	82	81
	22,213	0 %	96	95	94	93	92	91	90	89	88	87	86	86	85	84	83
	22,657	2 %	97	96	95	94	93	93	92	91	90	89	88	87	86	86	85
	23,102	4 %	99	98	97	96	95	94	93	92	92	91	90	89	88	87	86
	23,546	6 %	101	100	99	98	97	96	95	94	93	92	92	91	90	89	88
	23,990	8 %	103	102	101	100	99	98	97	96	95	94	93	92	91	91	90
24,434	10 %	105	104	103	102	101	100	99	98	97	96	95	94	93	92	91	

Valuation and recommendations

Sector is trading at 13.1x P/E 12-month forward – in line with 10-year average and below 5-year average

Historical P/E valuation Oslo Seafood Index (next fiscal year)



Recommendations and target prices

Company Name	Rec	Target price	Share price (NOK)	potential (%)
Mowi	BUY	235	186	26 %
SalMar	HOLD	690	667	3 %
Lerøy Seafood	BUY	52	46	14 %
Grieg Seafood	BUY	80	65	23 %
Bakkafrost	HOLD	590	649	-9 %
Austevoll	BUY	108	82	31 %
Salmones Camanchaca	HOLD	30	23	28 %
Måsøval	BUY	39	30	30 %
Atlantic Sapphire	NO REC	0	1	0 %
Salmon Evolution	BUY	9.9	7	42 %
Arctic Fish	BUY	80	55	45 %
Icelandic Salmon	BUY	185	138	34 %
Ice Fish Farm	BUY	32	27	19 %
AKVA group	HOLD	60	69	-13 %
Benchmark Holdings	BUY	7	6.75	4 %
Aker BioMarine	BUY	60	65.1	-8 %

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