

Overview - Global Salmon

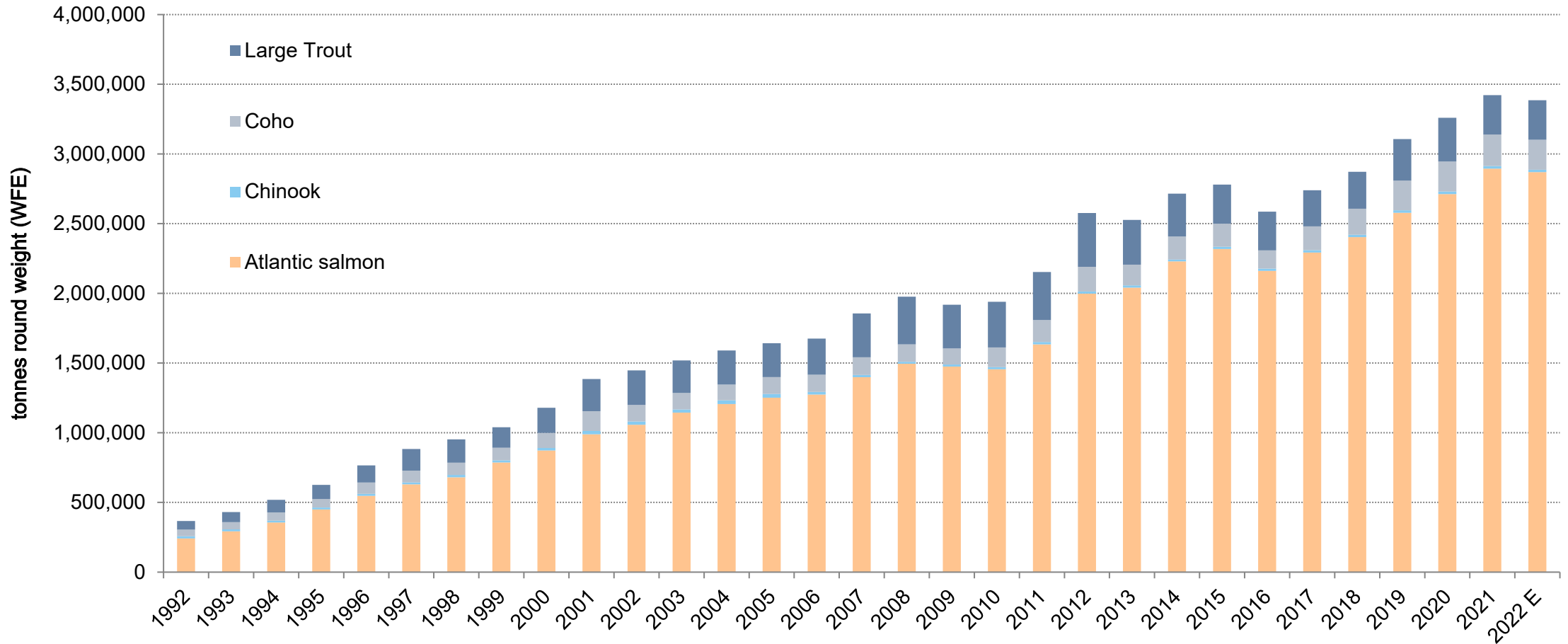
Supply, Markets, Trends and Outlook

Ragnar Nystøyl–Kontali Analyse

22.06.2022

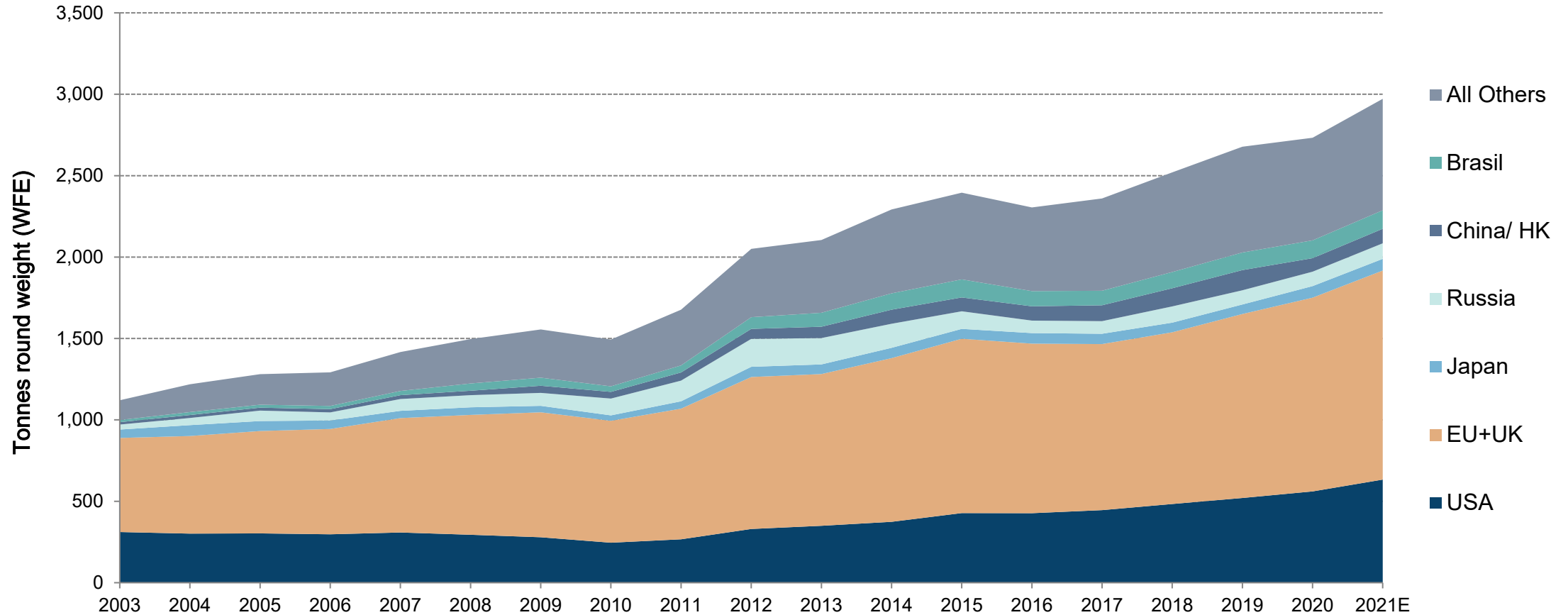
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Farmed Salmonid Supply; From 5 years of growth To a 2022 with outlook for volume decline ...



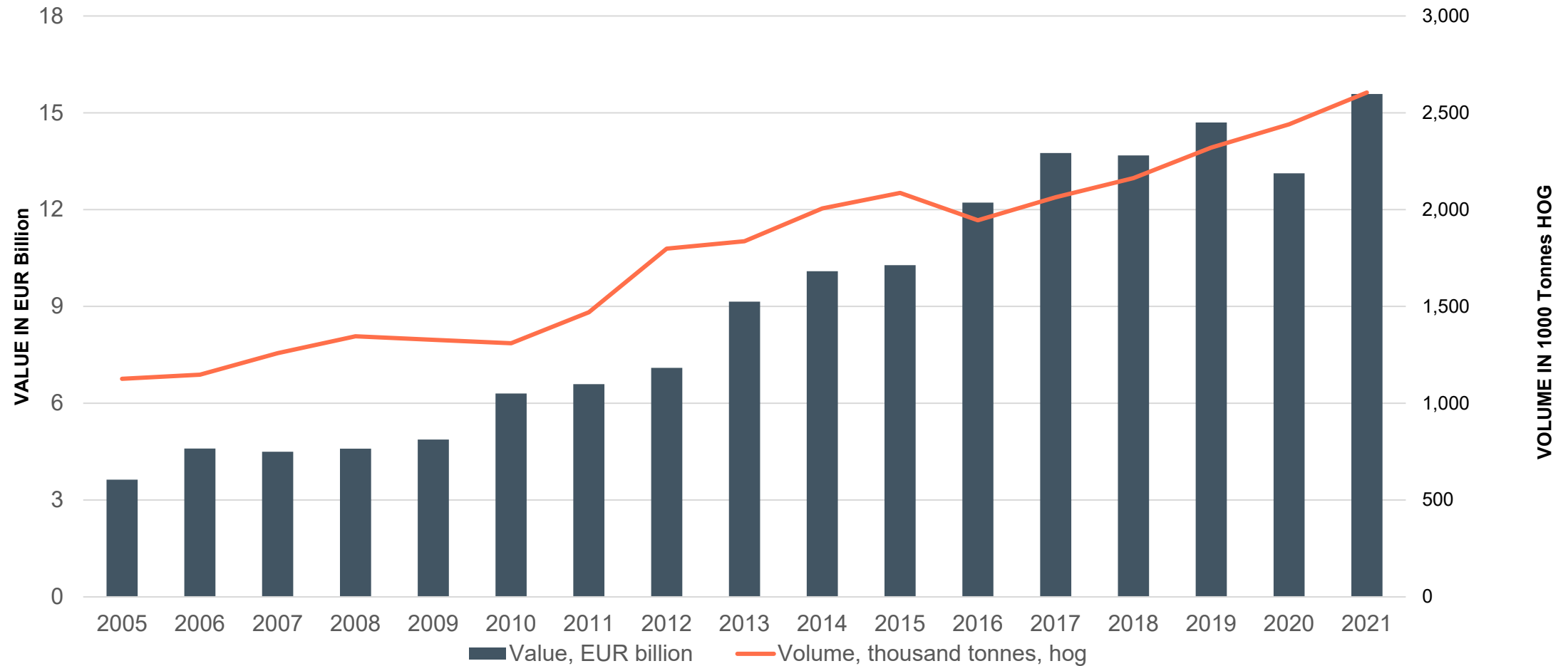
Atlantic Salmon Markets

Close to hitting the 3 million tonnes mark - 2021



Total value of Atlantic salmon markets

Impressive growth – But a «bumper year» in 2020



FY2022; Estimated Market supply – Decline of 0,5%

Of which a substantial drop in the First Half...

Market Development, Atlantic Salmon (In tonnes WFE)

Markets	1H 2022 Est	1H 2021	Volume	Chg. %
EU+UK	544 300	578 800	-34 500 ↓	-6 %
USA	314 900	321 800	-6 900 ↘	-2 %
Brasil	47 600	59 100	-11 500 ↓	-19 %
Russia	22 500	46 900	-24 400 ↓	-52 %
Japan	29 900	35 000	-5 100 ↓	-15 %
China / HK	40 100	39 800	300 ↗	1 %
Other markets	281 100	283 000	-1 900 ↘	-1 %
Total all markets	1 280 400	1 364 400	-84 000 ↓	-6,2 %

What's up with the Salmon Price ?

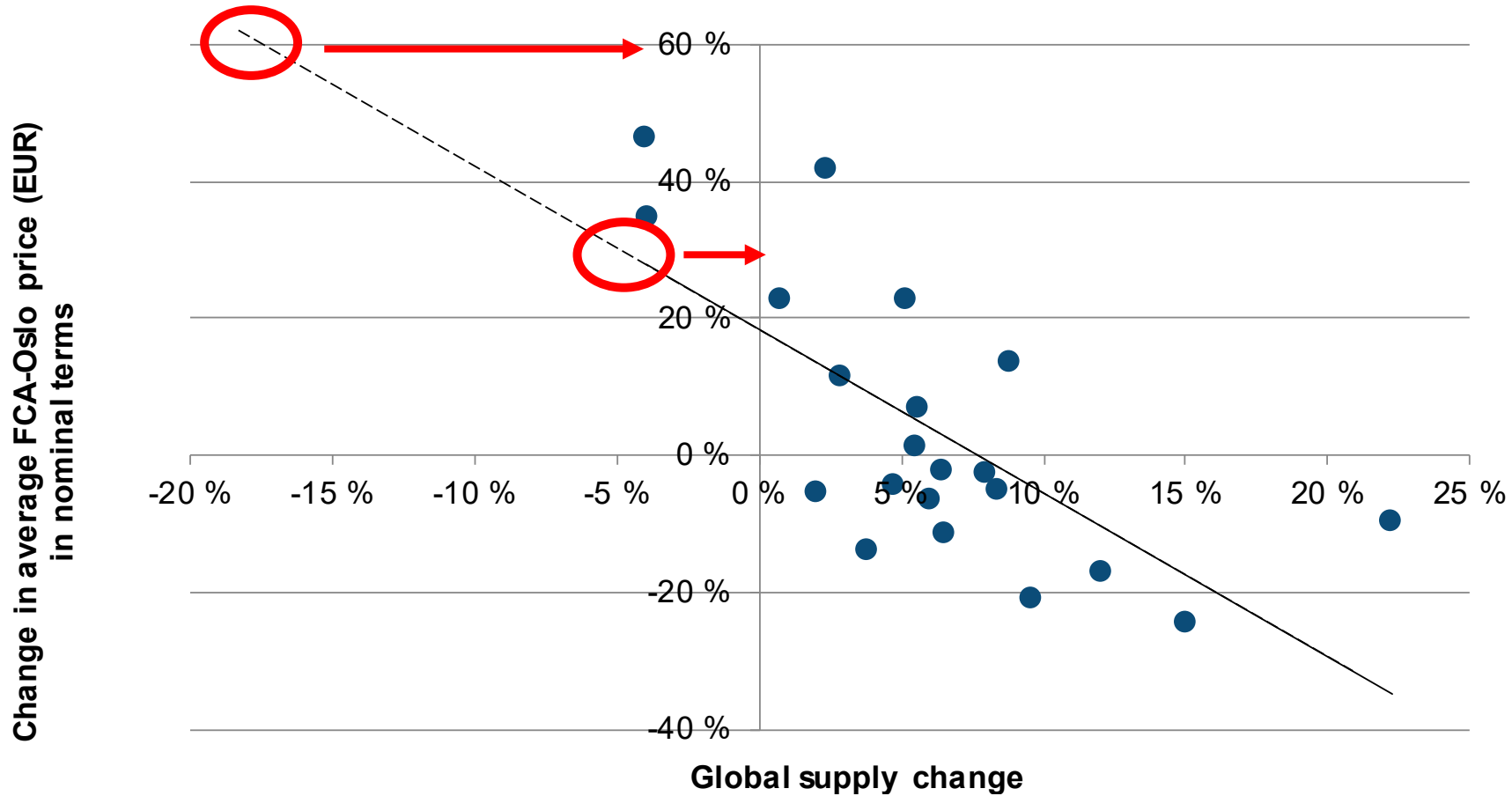
For sure; IT IS UP !!

- **European fresh sup.** Atlantic Salmon Spot price (NASDAQ) – Change YTD **+ 64 % !** (EUR)
- **US fresh , whole** Atlantic Salmon Spot price (Urner Barry) – Change YTD **+ 45 % !** (USD)
- **US fresh , Chilean Atlantic Fillet** Spot price (Urner Barry) – Change YTD **+ 27 % !** (USD)

What is the major price driver ?

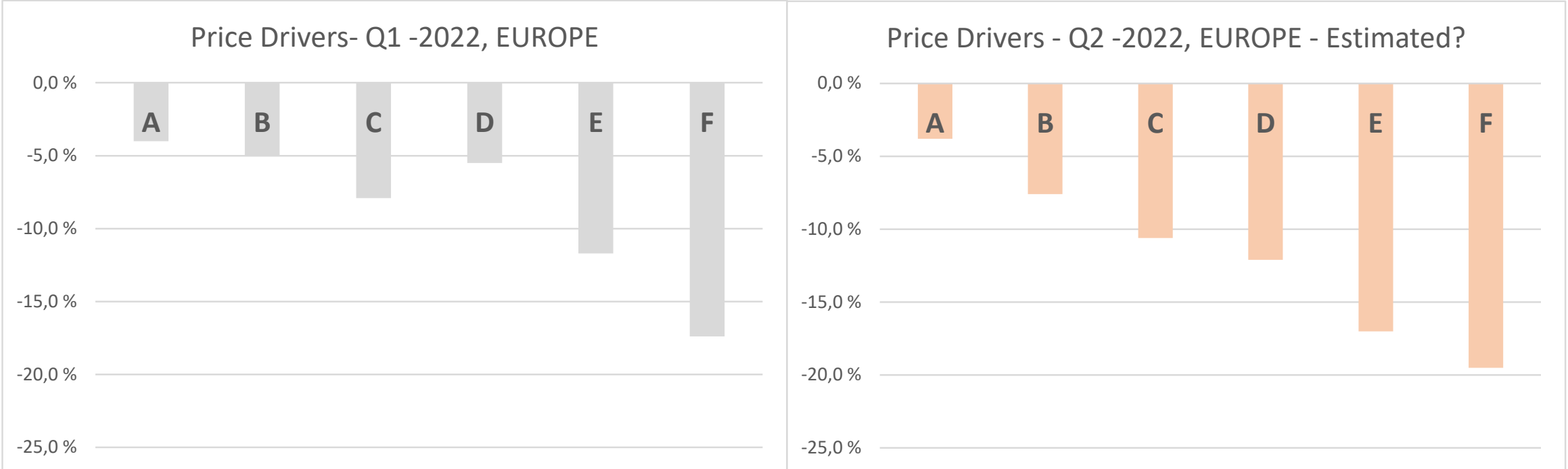
- *Demand Growth ?*
- *Supply Decline ?*

Price-neutral demand growth ; Likely not linear, but . . . It makes a difference whether supply is down 18 % or 4 %



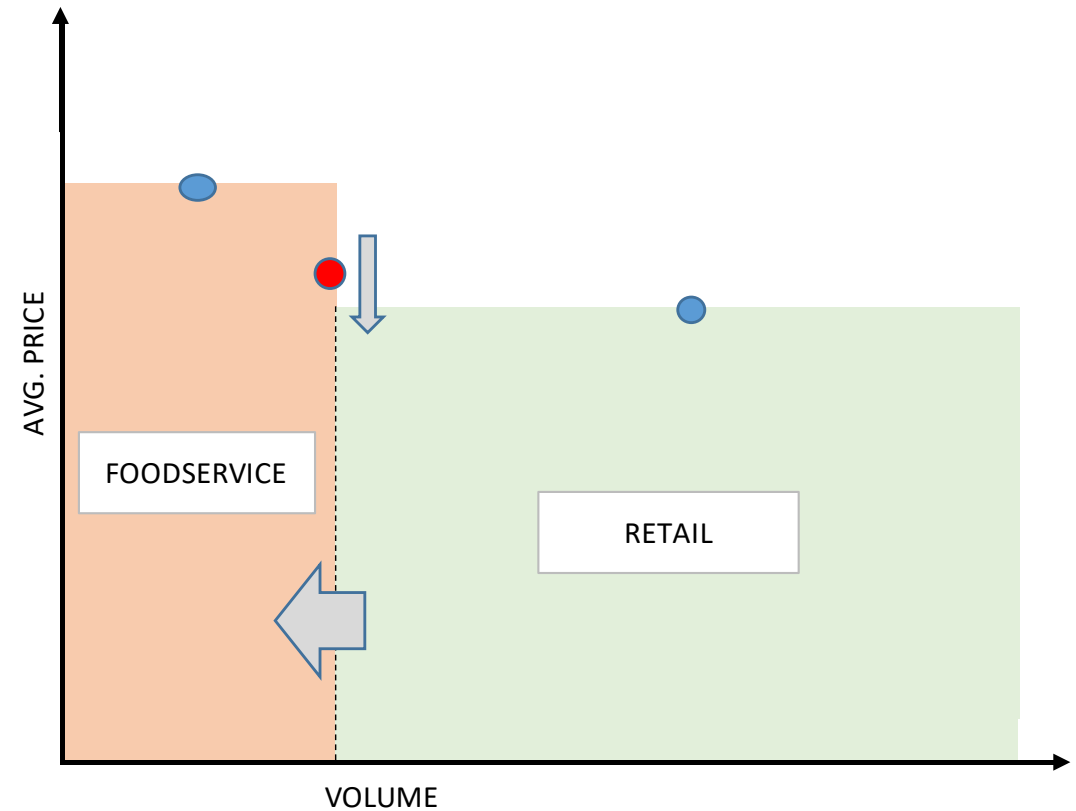
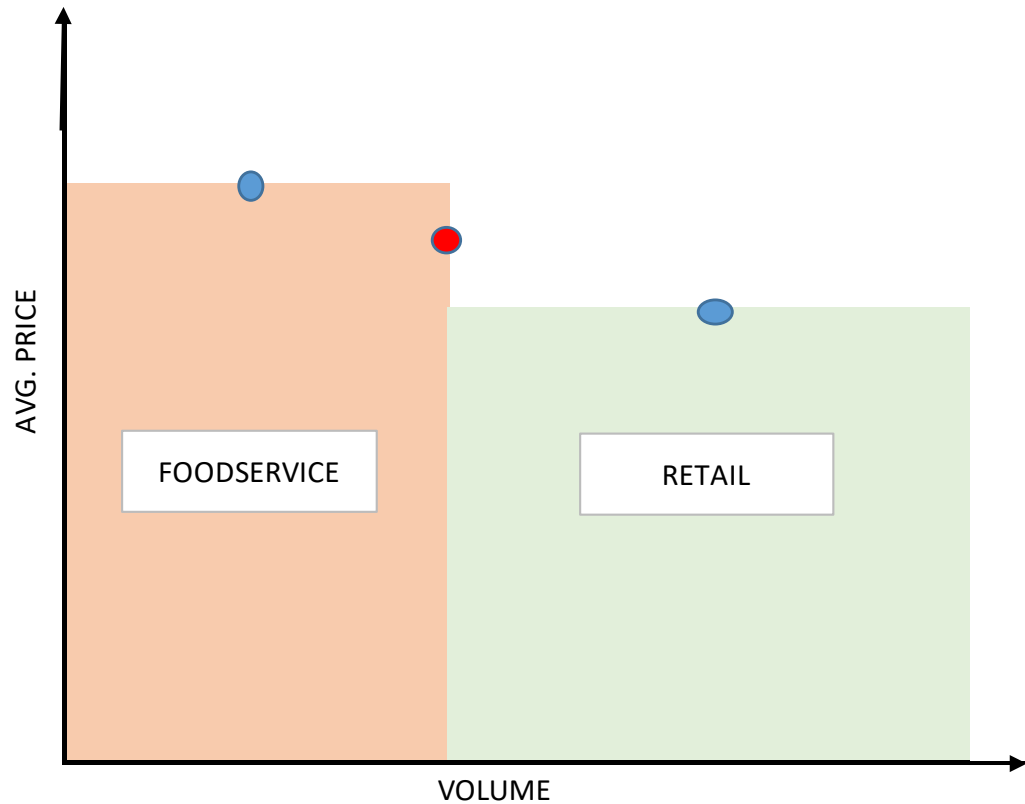
Price Dynamics vs. Spot price Dynamics - Europe

Other factors than gross supply growth –driving price

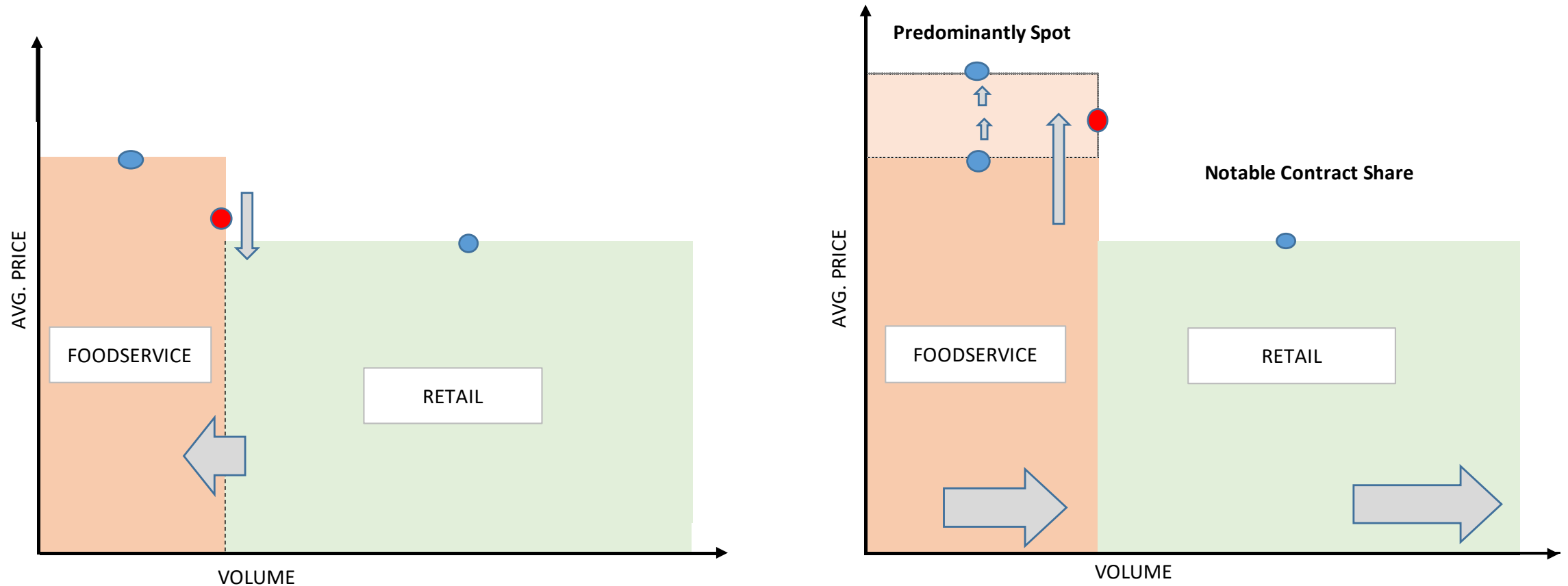


- A** Change Y-o-Y - Harvest Volume Norway
- B** Adjusted for Harvest Volume Other Europe
- C** Adjusted for Lower Share Whole salmon - Norway
- D** Adjusted for Lower Share Whole salmon - Other Europe
- E** Adjusted for Contract-share (Norway)
- F** Adjusted for Contract-share (Other Europe)

Demand Dynamics; From Pre-Pandemic to status during Pandemic

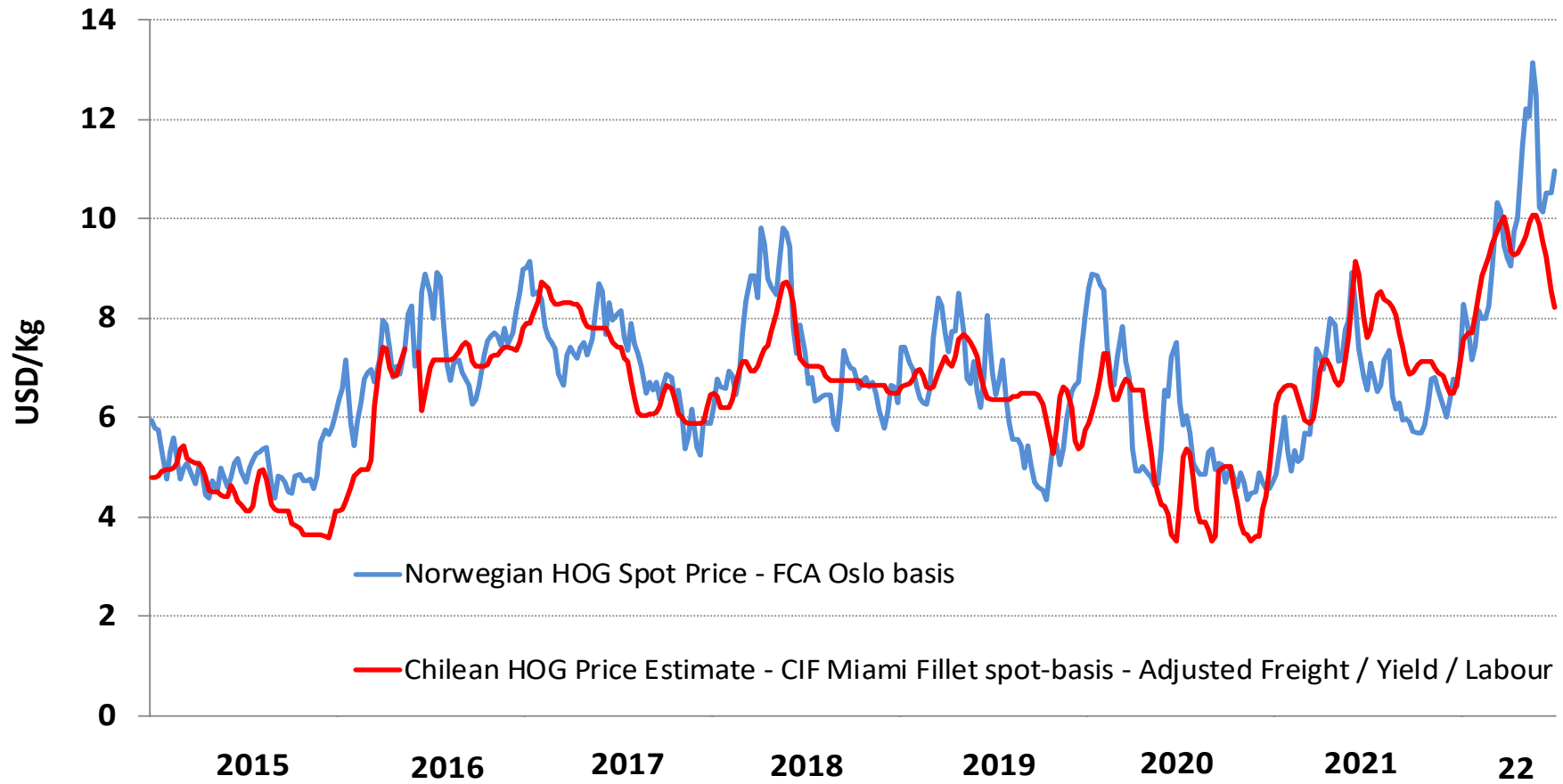


Demand Dynamics; From Pandemic to Post-Pandemic status



Price Comparison – Europe vs. Chile

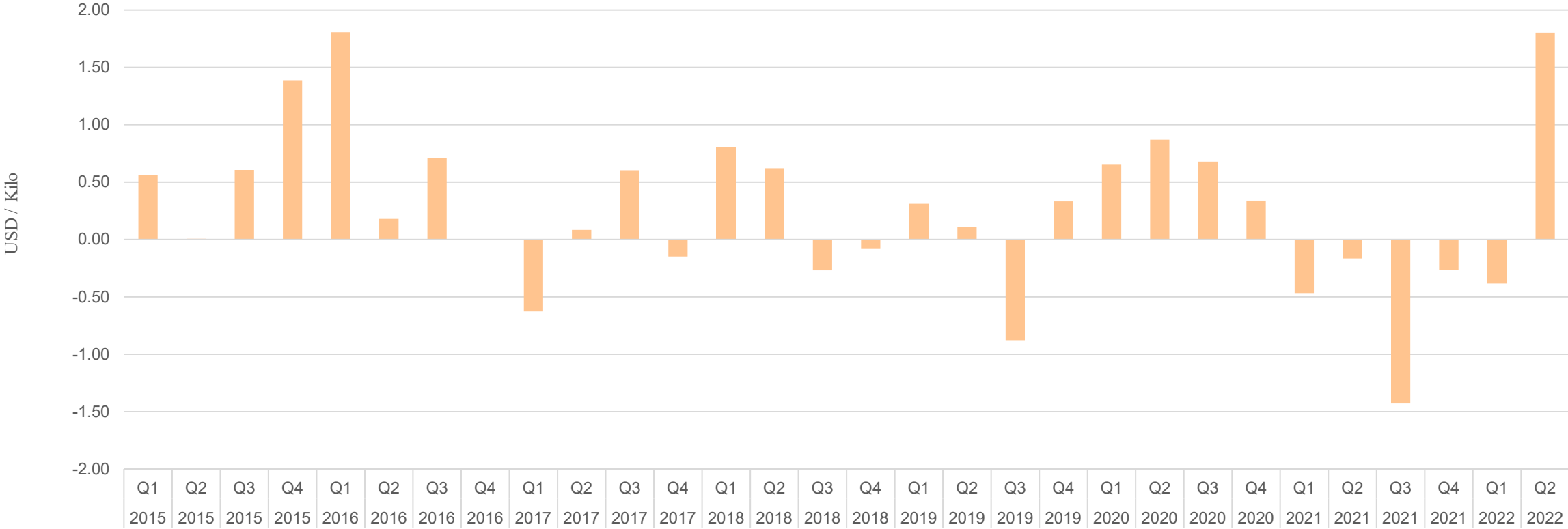
From Chilean (2021), to European premium (1H22)



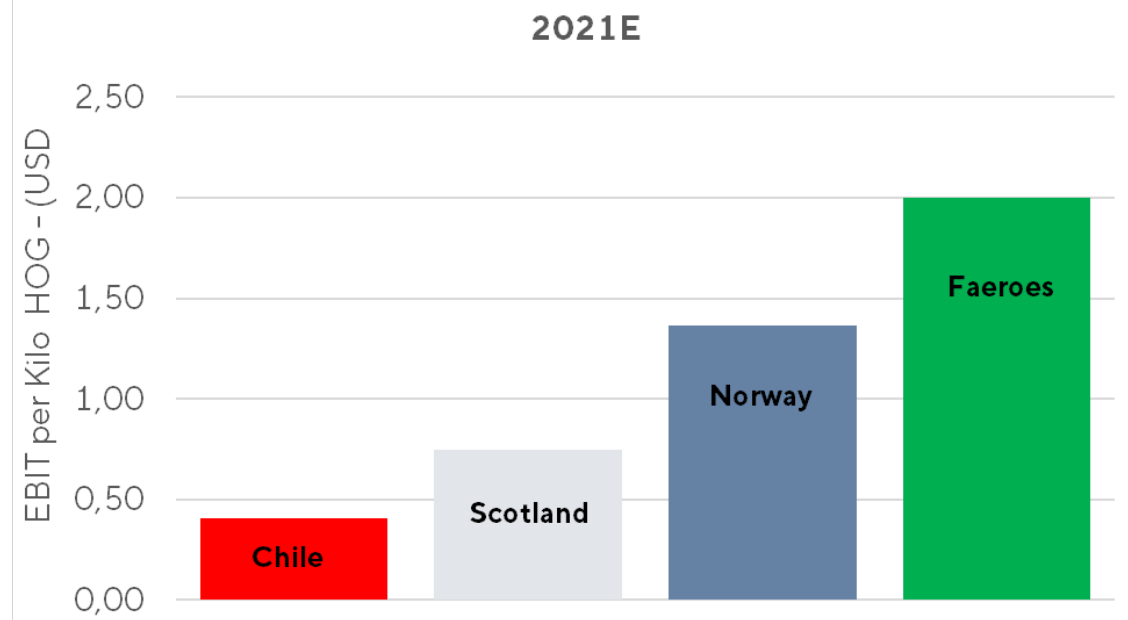
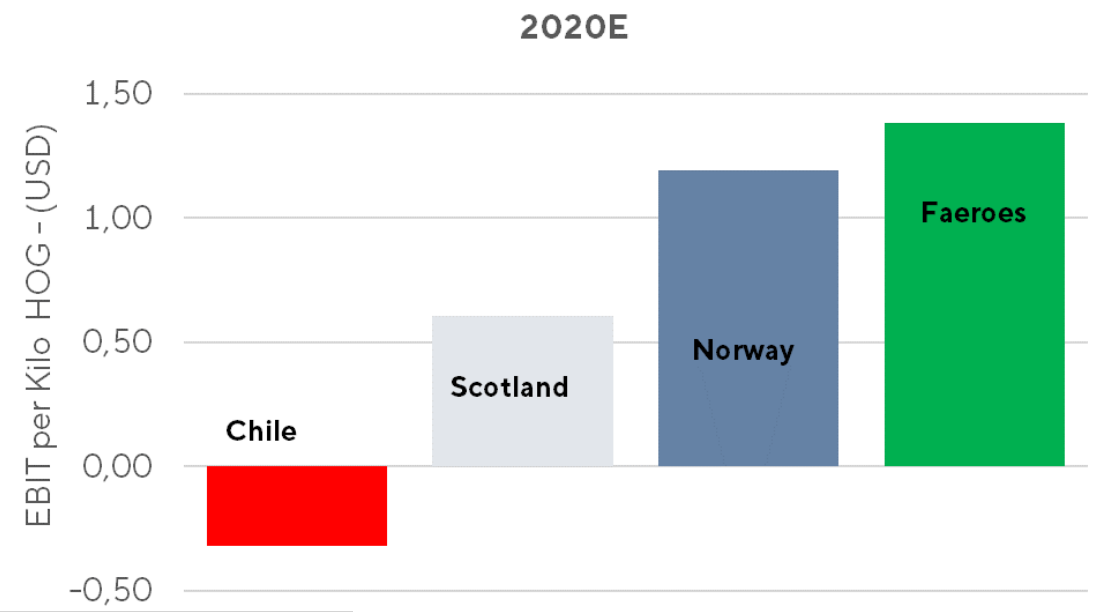
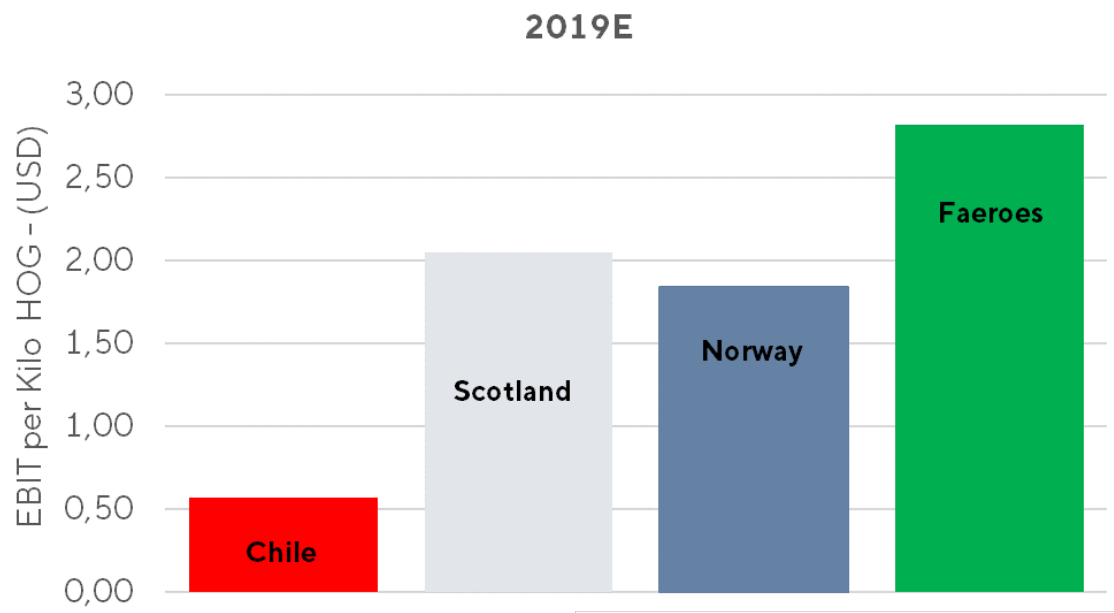
European price premium – Per quarter...

From Q3 -21 to Q2 -22; Some USD 3,0 / kilo !!

Atlantic Salmon - Raw Material Spot Price premium
 European whole salmon vs. salmon used for Chilean fresh fillets (US)



An Earnings - benchmark through the Pandemic



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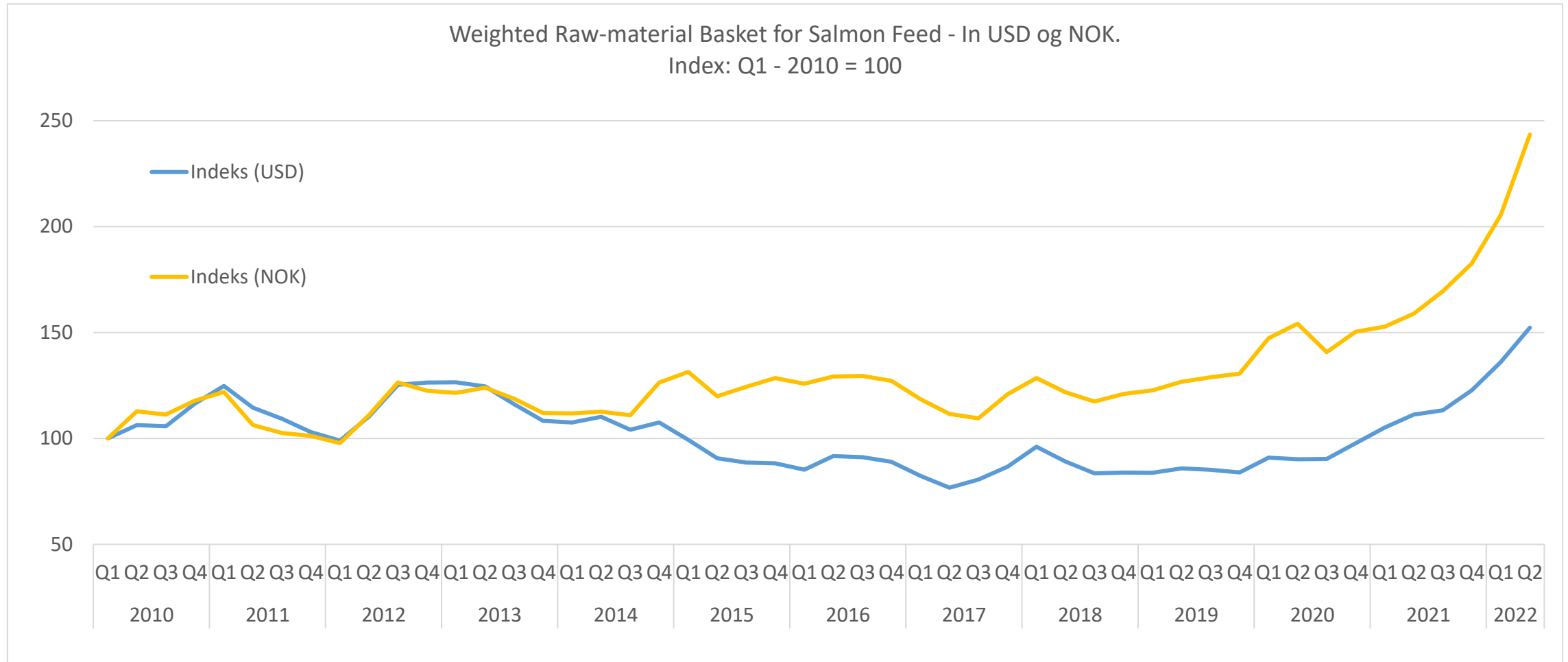
Systemizing the world of aquaculture and fisheries

Inflation

On costs;
just as
much /relevant
as
Price

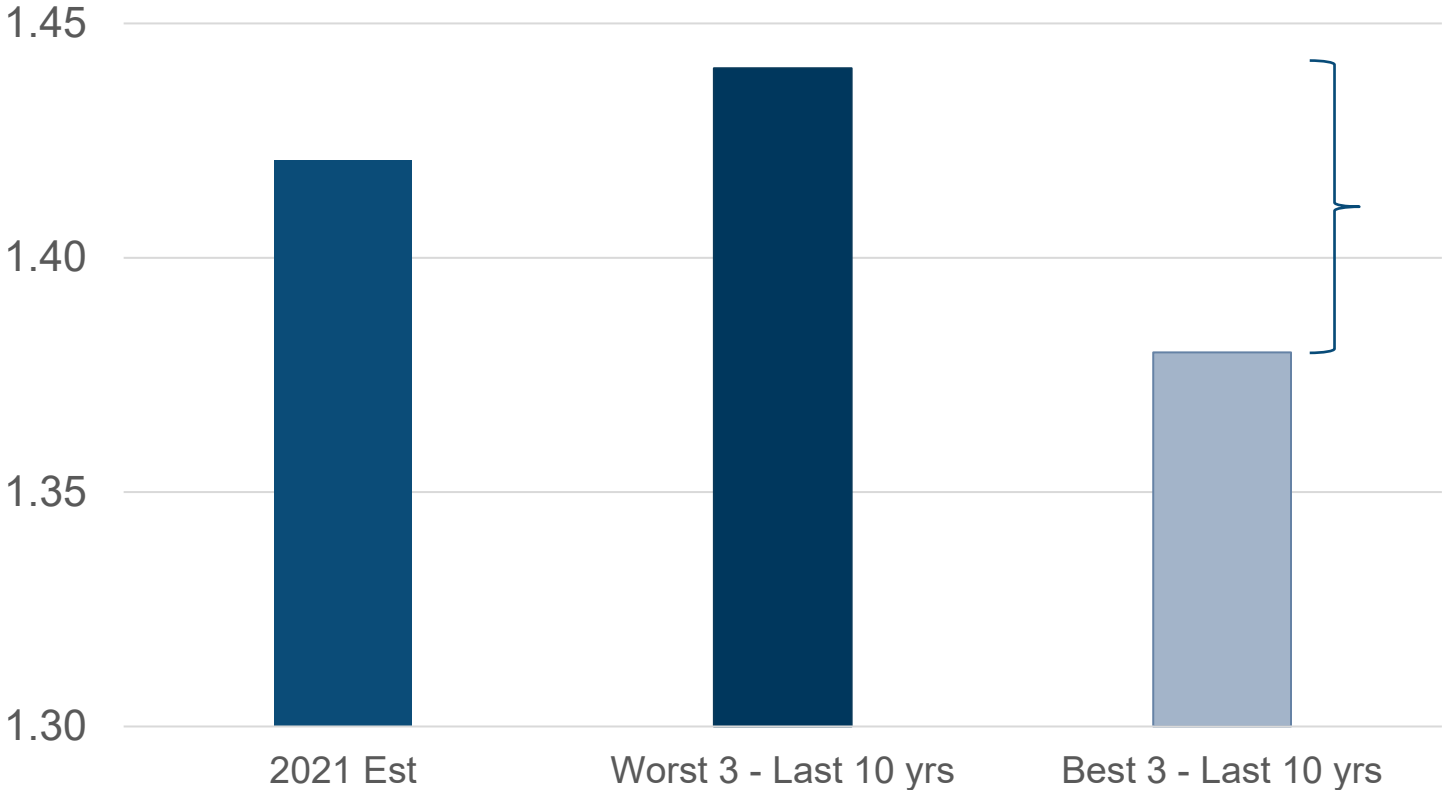
Price Inflation – Backed by Cost Inflation

Salmon feed ingredients – Truly on the rise.....



Is the industry on track with Productivity gains ?

Estimated EFCR / Kilo WFE; Globally - Atlantic Salmon

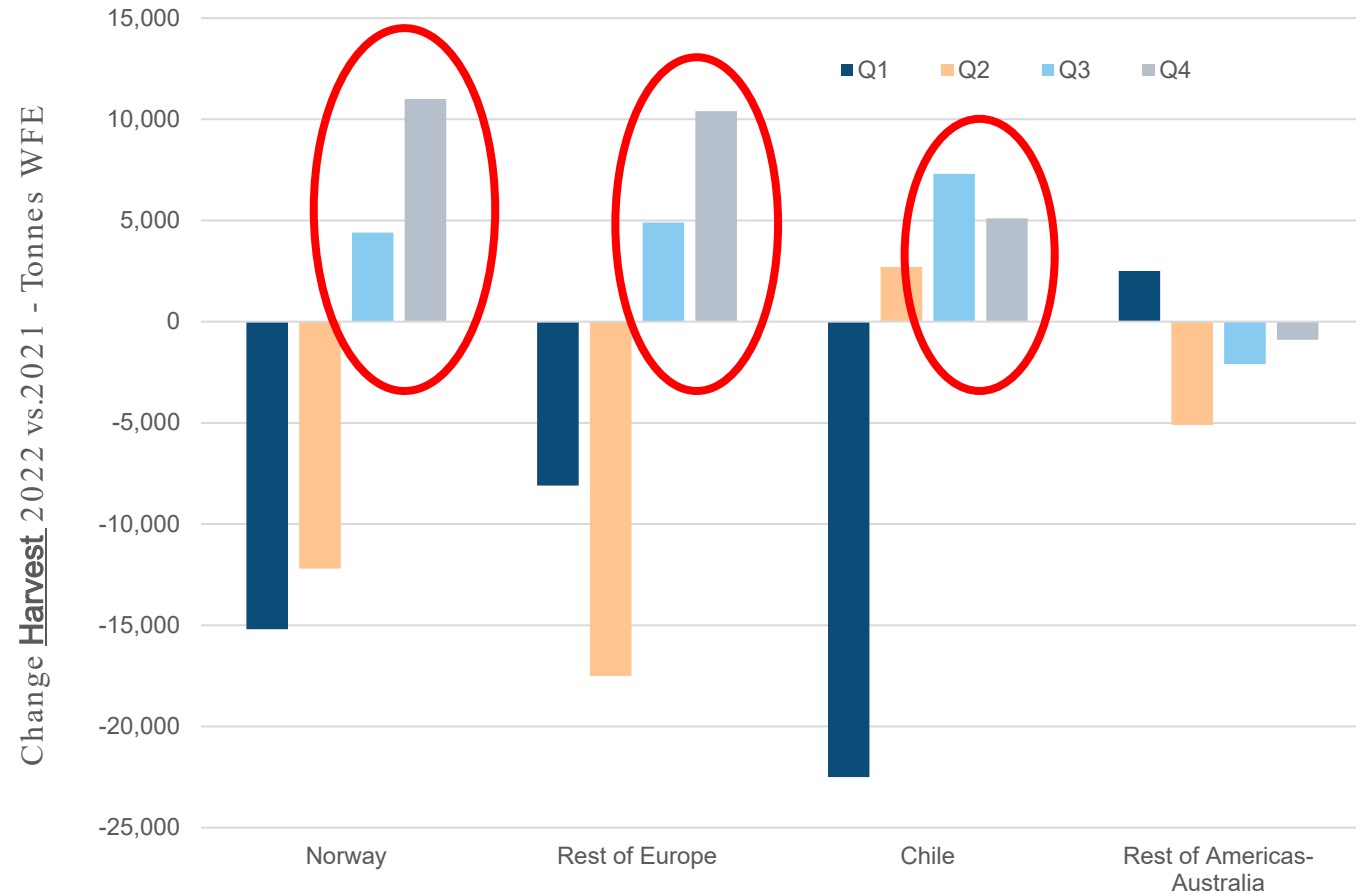


Corresponding to
210-230 000 tonnes of feed !

Equals
400 -450 Mill USD !

Outlooks Rest of 2022

Year-over-Year supply decline in 1st Half to be replaced by moderate supply-increase



- **Price reactions** from positive shift in supply trend - > already noted for Chile
- What kind of temporary **demand-disruption** will come out of «1st Half's horribilis» for salmon processing intermediates
- **Higher probability** for growth scenarios for 2nd Half **coming down** – than notably increasing.

Summary

- Salmon Market **demand** exiting the Pandemic -> More **robust** than ever..
- But, Price-Peak in 1st Half 2022 - only **partially** a «**New and Higher level**», **partially** a **temporary response** to the notable decline in availability.
- Earnings/ **Margins** ; to be partially **balanced out** by consistent cost-inflation
- Consistently more and stricter regulations, obstacles, and barriers to entry – on coastal based cage-based salmon farming, strongly **reducing future risk of supply** -growth **surpassing demand** -growth.
- Cost inflation, currently **limiting** , and **delaying** «**supplementary supply** » from other and **new** production **technologies**

KONTALI Seafood Insight Made Easy

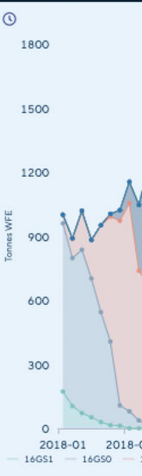
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Production of Atlantic salmon in Norway

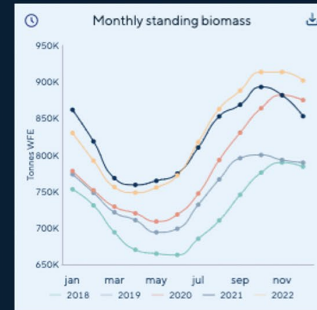
Harvest

Monthly harvest volume									
	2018	2019	2020	2021	2022				
January	99.979	101.650	1%	101.598	0%	112.690	10%	114.772	1%
February	88.980	95.511	7%	97.292	1%	112.055	15%	106.492	-4%
March	101.828	98.989	-2%	104.982	6%	129.844	23%	119.462	-8%
April	88.225	102.780	16%	101.943	0%	103.237	1%	103.717	0%
May	95.131	107.320	12%	100.624	-6%	99.965	0%	97.875	-2%
June	100.403	98.096	-2%	99.070	0%	116.200	17%	109.130	-6%
July	102.151	107.485	5%	112.360	4%	120.638	7%	117.837	-2%
August	115.435	120.927	4%	114.486	-5%	133.127	16%	137.502	3%
September	104.590	128.000	22%	131.365	2%	158.955	21%	160.765	1%
October	122.785	136.877	11%	141.400	3%	150.407	6%	155.456	3%
November	121.534	126.203	3%	127.763	1%	151.358	18%	155.040	2%
December	112.390	109.539	-2%	136.138	24%	143.630	5%	149.825	4%
Total	1.253.431	1.333.377	6%	1.369.021	2%	1.532.106	11%	1.527.873	0%

Tonnes WFE

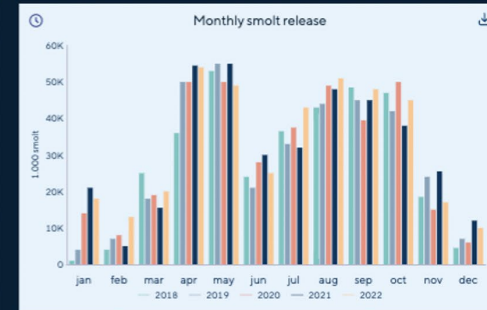


Biomass



Monthly Global Harvest																			
Estimated stock 01.02.2022				Estimated stock 01.02.2021				22/21											
Generation	Individuals	KG	Tonnes	Generation	Individuals	KG	Tonnes	Generation	Individuals	KG	Tonnes								
20 G	61 500	4.3	262 600	19 G	71 900	4.2	301 900												
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Total stock				830 200				Total stock				861 800				-4%			
Harvested				107 000				Harvested				112 100							
Net growth				69 800				Net growth				68 900							
Change				-37 200				Change				-43 200							

Smolt and vaccines



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