



THE ICELAND SEAFOOD GROUP
1st QUARTER 2021 RESULTS

Presentation to Investors and Analysts





Q1 2021 Results
Presentation to Investors
and Analysts

**We are
Iceland Seafood**



Iceland Seafood in numbers

+370m

€ Annual revenues in 2020

5.1m

Normalised PBT 2020

31.2%

Equity ratio at year
end 2020

Global value added
Seafood producer and
sales and marketing
company



11

Businesses in 8 countries



3.000+

Customers across 45 countries



0.8m

Meals sold every day
during 2020



7

value added factories



+670

employees



80.000

MT of products
sold in 2020



New retail listings secured in Spain with launching in the coming 3-4 months

Value Added S-Europe

Better balance between HORECA and retail in Spain

- Increased focus on retail, new sales manager for retail joining in June. New listings with retailers have been secured with launching in the coming 3-4 months.
- Investment in facility extension up to 6000m², will generate opportunities for improved efficiency and automation in the production as well as focused production for retail, [Iceland Seafood BCN Factory 1 00 Eng - YouTube](#)
- Sales in March were strong with slight easing of Covid19 restrictions and the weeks before Easters being a key fish consumption period in Spain. Sales in Q2 will still be impacted by Covid19 restrictions,
- The right to use the ICELANDIC SEAFOOD brand secured. Important for the future brand strategy in S-Europe.

Results from the recent Rawson season in line with expectation, despite shorter fishing period

- Total production of Achnar during the season (from Nov-March) of 2.650MT was 1.000MT higher than last year,
- Due to bad weather conditions, fishing reduced from mid February after having been strong during December and January. With the recent investments, the company was able to produce higher volumes in a shorter period than in previous years.
- Margins and profit levels improved from last year, with recovering market prices and improved flexibility,
- Squid fishing and sales are going as planned, with majority of sales and margin coming through in Q2.

Good performance of operation in Ireland, post the acquisition of Carr&Sons

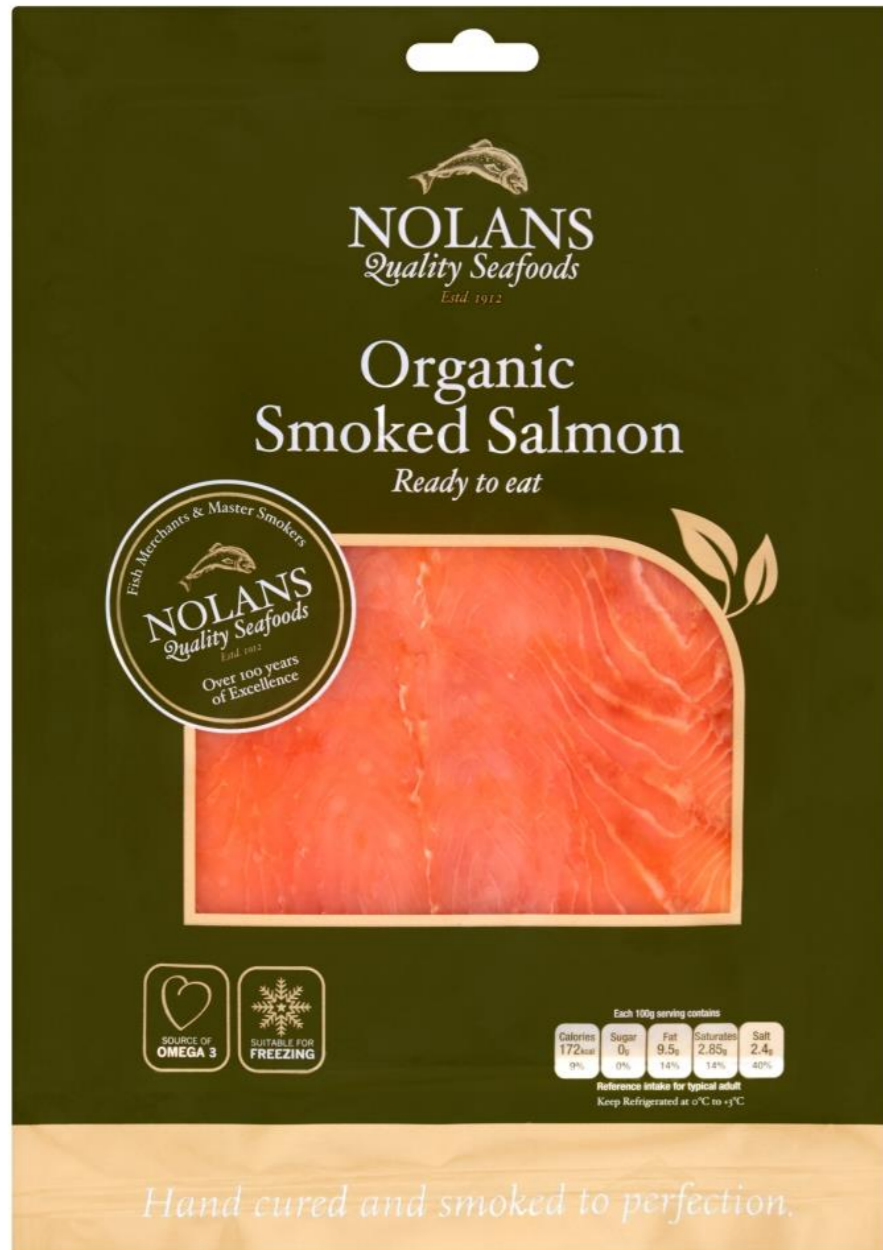
Value Added N-Europe

Benefit from the acquisition of Carr&Sons evident

- Steps taken to integrate both sourcing and distribution with Oceanpath. Further progress to be made in relation to specialization of production etc,
- Brexit has created opportunities for our Irish operation. Both Oceanpath and Carr&Sons were well prepared for Brexit and are in better position to service retail customers than suppliers outside Ireland,
- Sales of products under the leading Nolan Seafood Brand have increased,
- Overall retail demand higher than in a normal year due to impact of lockdown restrictions on restaurants activity. Salmon prices increased in the period before Easter.

Actions taken to improve UK operations in a complex situation that has proven to be more costly than anticipated

- All UK operation moved into a single location at year end 2020. Current focus on improving operational efficiency,
- New Commercial director joined the business in March. Focus on driving mid- and long-term sales growth,
- Ongoing challenges in transportation and logistics, especially in relation to China, having negative impact,
- Foodservice sales significantly impacted by Covid19 restrictions. With lockdown restrictions being lifted in May and June, these sales should recover,
- The process of merging the two businesses and scaling up production in one location has become more complex and costly than anticipated, negatively impacted by both Covid19 and Brexit.



Iceland Seafood has signed a LOI to acquire Ahumados Dominguez a family owned company with more than 60 years of history



- Leader in Quality with a premium brand in the Spanish smoked salmon sector
- A retail oriented company but with a presence in HORECA
- Vast majority of sales under its own brand
- Strong product development and marketing capabilities
- 8.800m² processing plant just outside Madrid, producing from 1.400MT of salmon per year. Significant spare capacity
- Nine gourmet shops within Food markets & El corte inglés
- Top Líder - a ready meal business line

https://www.youtube.com/watch?v=VVQz1wdtOdE&list=TLGGION7EBR9_ecwNTA1MjAyMQ&t=7s



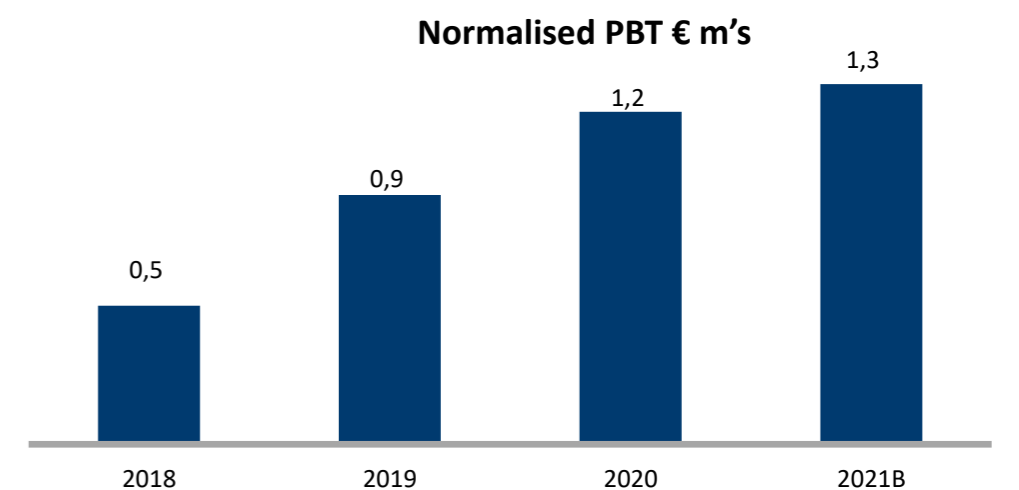
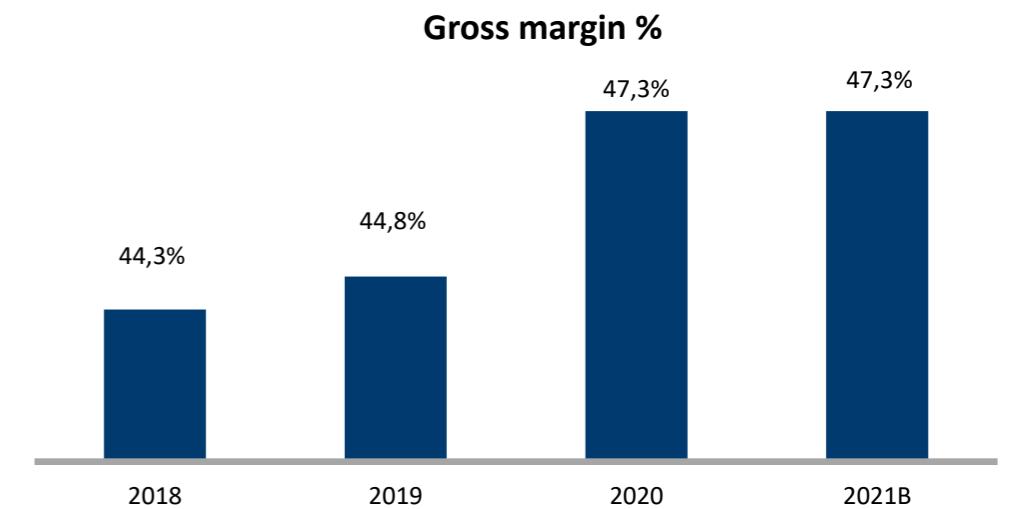
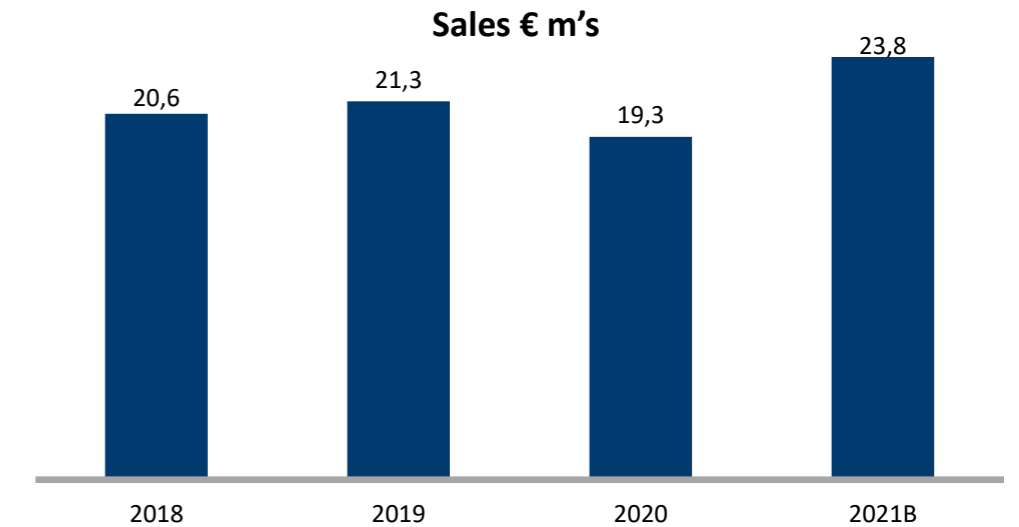
Strong retail presence with well recognised premium consumer brand for smoked salmon

Rational for the proposed acquisition

- Good consumer recognition with a premium brand. Active consumer campaigns and direct consumer contact,
- Will strengthen and broaden our proposition in retail. Opportunity to utilize the platform for selling high quality Cod products,
- Iceland Seafood will be entering into salmon, fast growing product category in Spain. Opportunity to expand current product offering with unused production capacity in the factory,
- Opportunity to expand sales and profits with the premium brand and quality product development capabilities. The company produces highly value-added products with high margins,
- Moderate revenue and profit growth in the past four years. Aiming for significant growth in the coming years, by leveraging the opportunities mentioned above.

Proposed deal structure

- The Parent company Iceland Seafood will acquire 80% stake in the company, with Pedro Mestanza the CEO holding 20% stake,
- The company is evaluated at €15m or 8.8xEBITDA. 80% stake is acquired for €12.0m,
- Mutual interest secured with the current CEO through his shareholding,
- The company will be an independent entity with its own management but will be in close cooperation with IS Iberica,
- Acquisition to be financed with a combination of debt and equity.



Iceland Seafood is building a strong portfolio of consumer brands in Spain and Ireland



These brands stand for a top-quality products, focused on smoked salmon and ready meals










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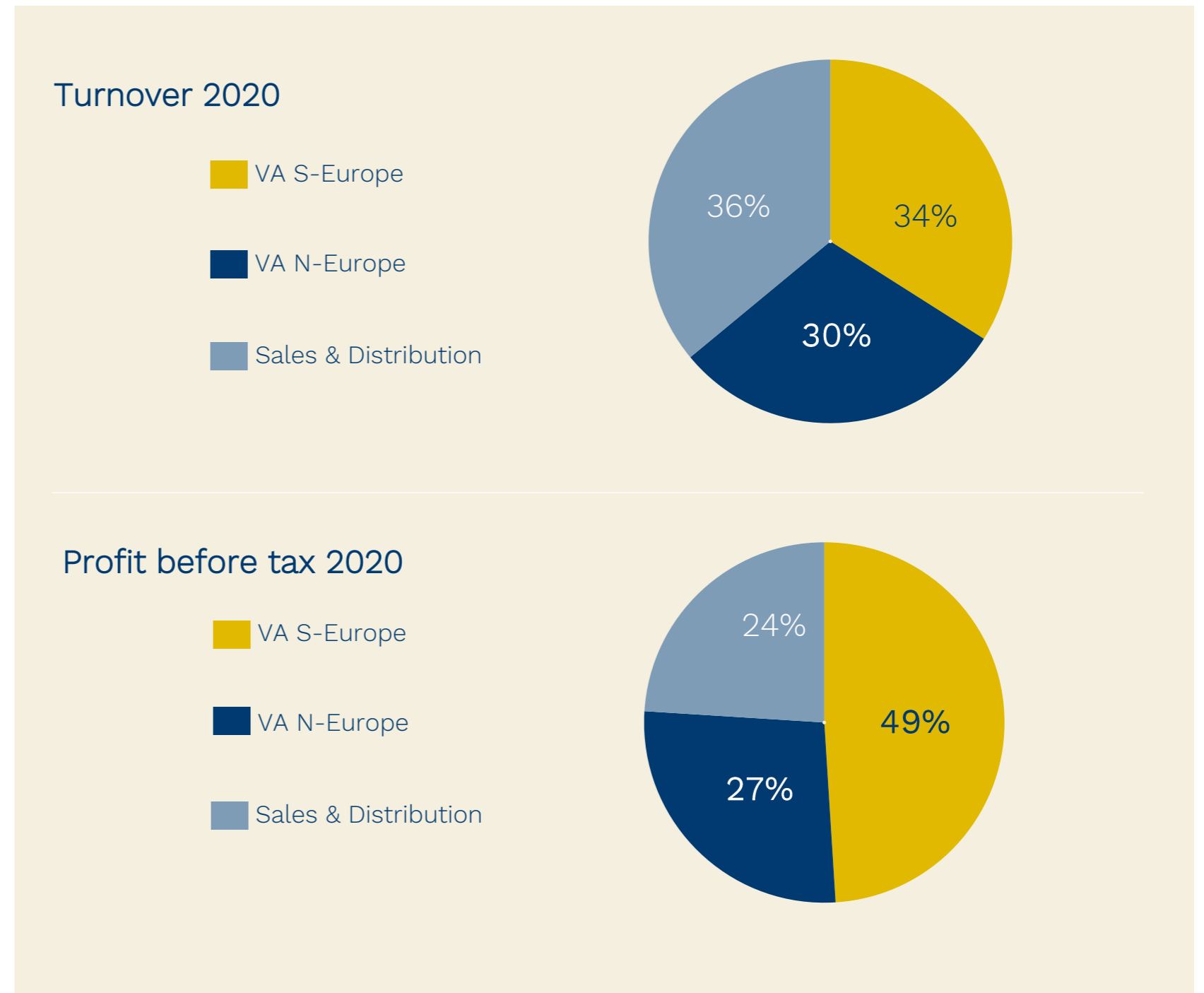
Financial performance



Unique combination of sourcing expertise and well positioned value added activities

Iceland Seafood International Executive management		
Sales & Distribution	Value Added N-Europe	Value Added S-Europe
IS Iceland 	IS UK 	IS Ibérica 
IS France 	Oceanpath 	Elba 
IS Germany 	Dunn's of Dublin 	Achernar 
IS USA 	Carr & Sons 	

Employees		
34 (5%) 	354 (52.3%) 	286 (42.2%) 
Executive management & Group reporting:		3 (0.5%) 



Profit growth driven by strong sales pre-Easters and good results of Achernar in Argentina

- > VA S-Europe
- > VA N-Europe
- > Sales & Distribution

€ m's	Q1 21	Q1 20
Sales	37.2	41.2
Net margin	6.0	5.0
Normalised EBITDA	3.4	2.5
Normalised PBT*	3.1	2.0

* Normalised PBT represents Profits before tax before allowing for significant items.
** Ecomsa classified as discontinued operation, therefore not included in numbers

Sales €4.0m down on last year

- Strict lockdown restrictions in place in S-Europe in the beginning of the year which negatively impacted sales in January and February,
- Production and sales originated from Argentina 12% up on last year. Increased production and improved market conditions delivering stronger results than last year,
- Continuing strong sales to retail customers in Spain. Number of new listings to retail chains being launched in the coming months,
- Sales to customers in the HORECA sector will continue to be impacted by Covid19 restrictions in Q2.

Normalised PBT of €3.1m, significant improvement from last year

- Net margin €1.0m up from Q1 last year. Margins on Cod products have remained strong,
- Good market conditions for Argentinean shrimp and improved flexibility with increased coldstore capacity has positively impacted margins,
- Operating cost in line with expectations, cost base has significantly reduced following the 2019 merger,
- Spanish government focused on increased tourism activities for the summer. Whilst Q2 will be impacted by lockdown restrictions, the outlook for 2H of the year remains positive.



Mixed results, continuing good performance in Ireland whilst UK merger is still incurring costs

- > VA S-Europe
- > VA N-Europe
- > Sales & Distribution

€ m's	Q1 21	Q1 20
Sales	31.8	27.7
Net margin	3.1	3.0
Normalised EBITDA	1.2	1.5
Normalised PBT*	0.3	0.9

* Normalised PBT represents Profits before tax before allowing for significant items.

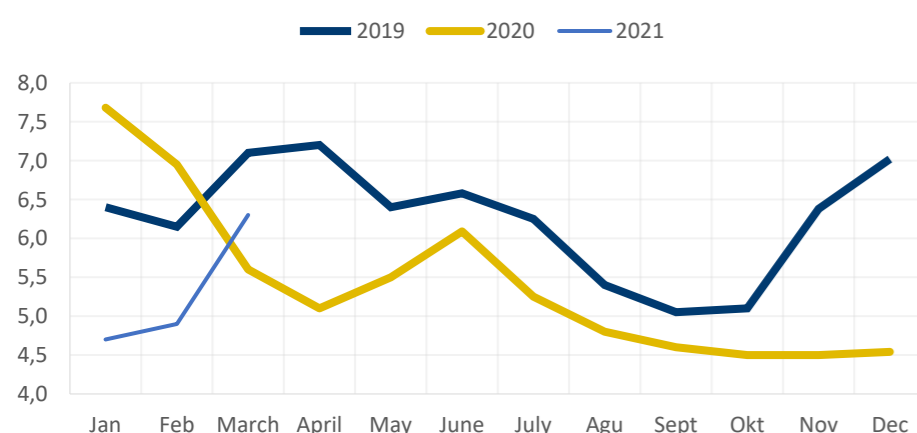
Sales growing by 15% from prior year

- Sales of Oceanpath 20% up on Q1 2021, in addition to €2.8m sales of Carr&Sons,
- Strong demand in Irish retail, Brexit has created new sales opportunities in Ireland,
- Launching of new products for UK retail positively impacted sales, Foodservice sales in UK severely affected by Covid19 restrictions. With easing of restrictions and good progress made in vaccination, these sales are expected to recover in the coming months,

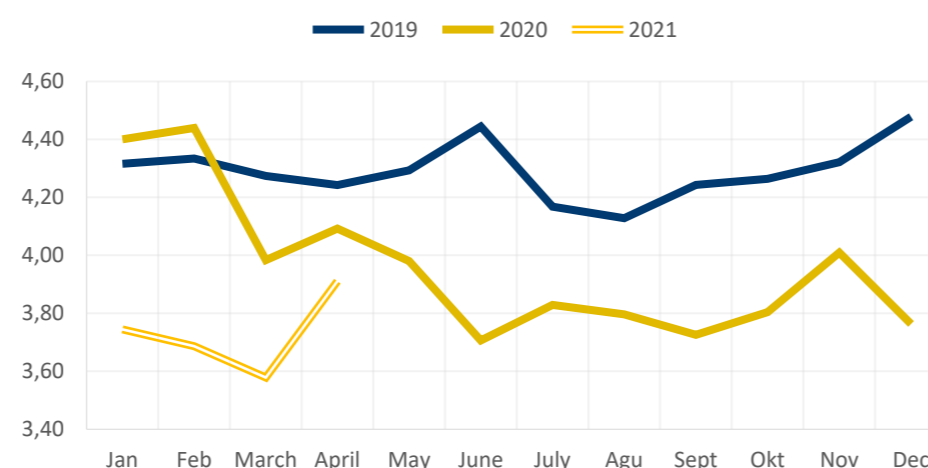
Normalised PBT down €0.6m on Q1 2020

- Positive results from the operation in Ireland, driven by strong demand and stable raw material prices,
- Cost related to implementation of Covid19 contingency plans continues to negatively impact margins and operating costs,
- Costs related to UK merger and optimization of the operation there negatively impact results in the quarter,
- Disruption in the UK supply chain, especially in relation to Chinese production, further impacted the results,
- Interest cost €0.3m higher than Q1 2020, driven by sales growth and investment in UK.

SALMON PRICES (€/KG)



H&G COD FROZEN PRICES (USD/KG)



Source: SeaData Center

Source: Norges Sjomatrad

Good results, profit growth from prior year driven by cost reductions

- > VA S-Europe
- > VA N-Europe
- > Sales & Distribution

€ m's	Q1 21	Q1 20
Sales	39.4	39.9
Net margin	1.8	1.7
Normalised EBITDA	0.6	0.3
Normalised PBT*	0.6	0.3

* Normalised PBT represents Profits before tax before allowing for significant items.

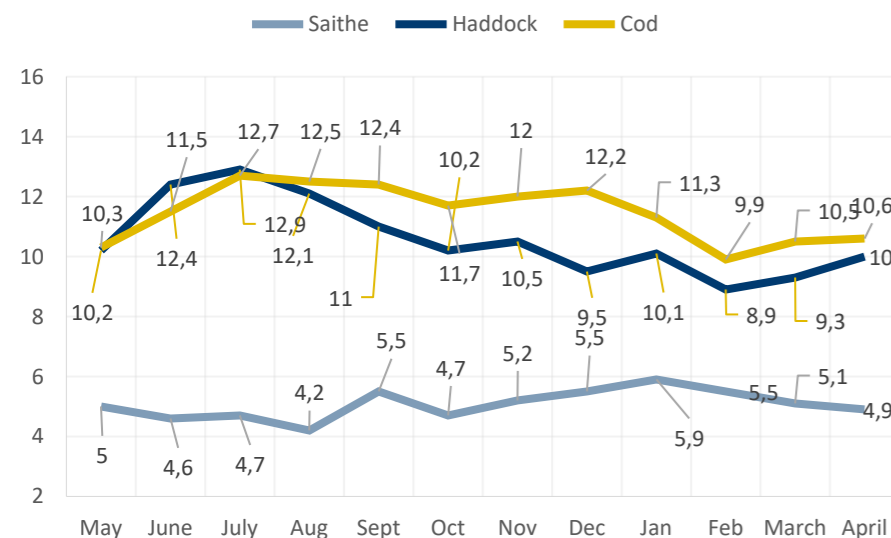
Sales on par with Q1 2020, despite Covid19 impacts

- Sales of €39.4m in line with last year sales,
- Focus on closer cooperation with the producer base in Iceland, in all product categories,
- Sales of fresh fish were strong in Q1, despite the seasonal increased competition with fresh fish from Norway. Markets on the continental Europe relatively strong,
- Good cooperation with Oceanpath in Ireland, where fresh fish from Iceland is becoming more competitive v.s. UK origin post Brexit,
- Good pelagic sales in the period. Capelin products being sold at record prices,
- Sales of sea frozen products have remained strong, especially into UK,
- Overall improved market conditions at the back end of the quarter, as vaccination is progressing.

Improved profitability on prior year

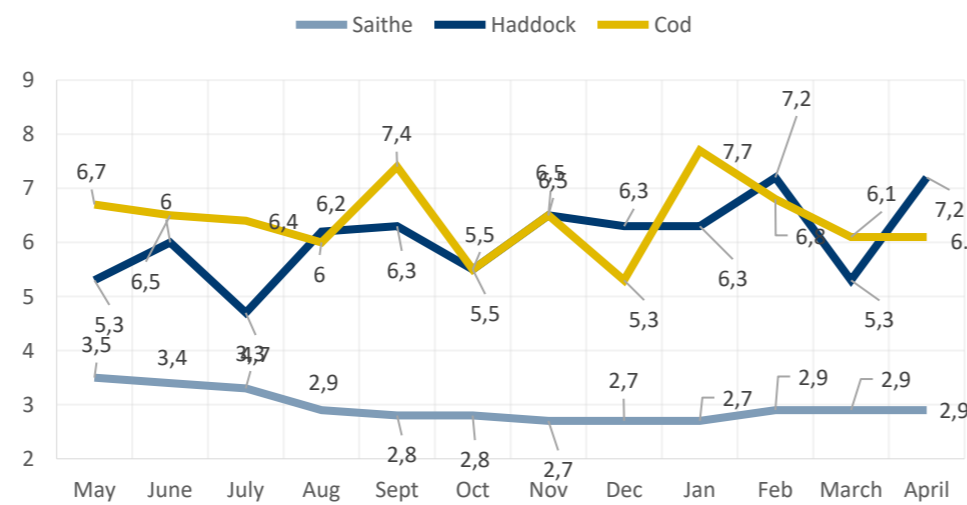
- Net margin slightly up on last year. The higher margin fresh fish sales proportionally higher,
- Continuing actions to reduce costs, resulting in €0.2m reduction in overhead costs from Q1 last year,
- Good results from fresh fish sales in Germany and France. Foodservice focused frozen sales in France were significantly impacted by Covid19 restrictions,
- Good signs of recovery in USA at the back end of the quarter, following good progress in vaccination.

FRESH FILLETS (€/KG)



Source: SeaData Center

FROZEN AT SEA FILLETS (€/KG)



Source: Norges Sjomatrad

Encouraging start of the year with Normalised PBT €0.8m up on Q1 2020

€ m's	Q1 21	Q1 20
Sales	104.4	105.5
Net margin	10.9	9.7
Normalised EBITDA	5.1	4.3
Normalised PBT*	3.7	2.9
Net Profit	2.7	1.9

* Normalised PBT represents Profits before tax before allowing for significant items and discontinued operations.



Positive results driven by S-Europe and Ireland

- Sales in S-Europe during the first weeks of the year were impacted by Covid19 restrictions in key markets. Significantly increased demand in HORECA during the weeks prior to Easter,
- Good performance of Achernar in Argentina, sales 12% up on Q1 2020,
- Sales in Ireland 20% up on like for like basis, plus additional sales from Carr&Sons. Opportunities related to Brexit being leveraged.
- Within S&D, improved cooperation with the producer base in Iceland and with sister companies in key markets are driving sales,
- Continuing focus on balance between retail and foodservice sales, with the growth in UK, acquisition of Carr&Sons in Ireland and increased focus on retail sales in S-Europe.

Normalised PBT up by €0.8m from prior year

- Net margin €1.2m up on Q1 2020 despite lower sales. Improved margins in S-Europe division being the main reason,
- Overhead costs €0.3m higher than last year, mainly due to costs associated with UK merger,
- FX benefit of €0.4m from capital injection to Achernar, to finance recent investments,
- Depreciations and finance cost in line with prior year, resultant Normalised PBT of €3.7m is €0.8m higher than last year.
- After taking into account cost of significant items of €0.2m and income tax of €0.8m, the net profit in the period was €2.7m, €0.8m higher than Q1 2020.

Balance sheet reflecting seasonally high inventories in S-Europe and increased receivables due to strong sales in March

€ m's	31.3.2021	31.12.2020	Variance
Fixed assets	25.7	24.6	1.1
Leased assets	1.5	1.7	(0.2)
Intangible assets	52.7	52.7	-
Deferred tax/other	3.2	3.1	0.1
Non Current Assets	83.0	82.1	0.9
Inventory	91.1	80.9	10.2
Trade and other receivables	59.5	48.8	10.7
Other assets	6.5	6.4	0.1
Bank deposits	21.4	23.3	(1.9)
Current Assets	178.4	159.3	19.1
Total Assets	261.5	241.5	20.0

Increase in inventories of €10.2m from year beginning, reflecting seasonality of inventories in S-Europe, both with regards to Cod products and Argentinean Shrimp,

The balance of accounts receivables increased by €10.7m from year beginning, with high sales in March. Collection are good as before, around 80% of Group receivables insured at end of March,

Net debt at end of March €92.7m increased by €5.0m from year beginning, reflecting higher inventory and receivable levels,

Cash position remains in excess of €20m, driven by strong liquidity in Spain.

Inventory level and cash position expected to normalize at a lower-level post Covid19, with positive impact on debt level and equity ratio.

€ m's	31.3.2021	31.12.2020	Variance
Total Equity	78.2	75.3	2.8
Thereof minority interest	0.1	0.1	-
Long term borrowings	20.6	22.8	(2.3)
Lease liabilities	1.2	1.4	(0.2)
Obligations/Deferred tax	2.7	2.5	0.2
Non Current Liabilities	24.5	26.7	(2.1)
Short term borrowings	94.3	89.0	5.3
Trade and other payables	52.6	39.3	13.3
Other current liabilities	11.8	11.2	0.6
Current liabilities	158.8	139.5	19.3
Total Equity and Liabilities	261.5	241.5	20.0

Auction of bills completed at end of March, the consideration of ISK1.500m used to roll forward the amount raised in September 2020,

Long term funding of €22.3m in Spain. Further short-term lines of €13m secured for the next 3 years,

Group funding headroom (including bank deposits) is around €47m at end of March,

Total equity of €78.2m at end of Q1, has increased by €2.8m from year beginning, resulting in equity ratio of 30.0%.



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Outlook



Outlook range for Normalised PBT remains at €12.0-17.0m, assuming normalized trading conditions from middle of the year

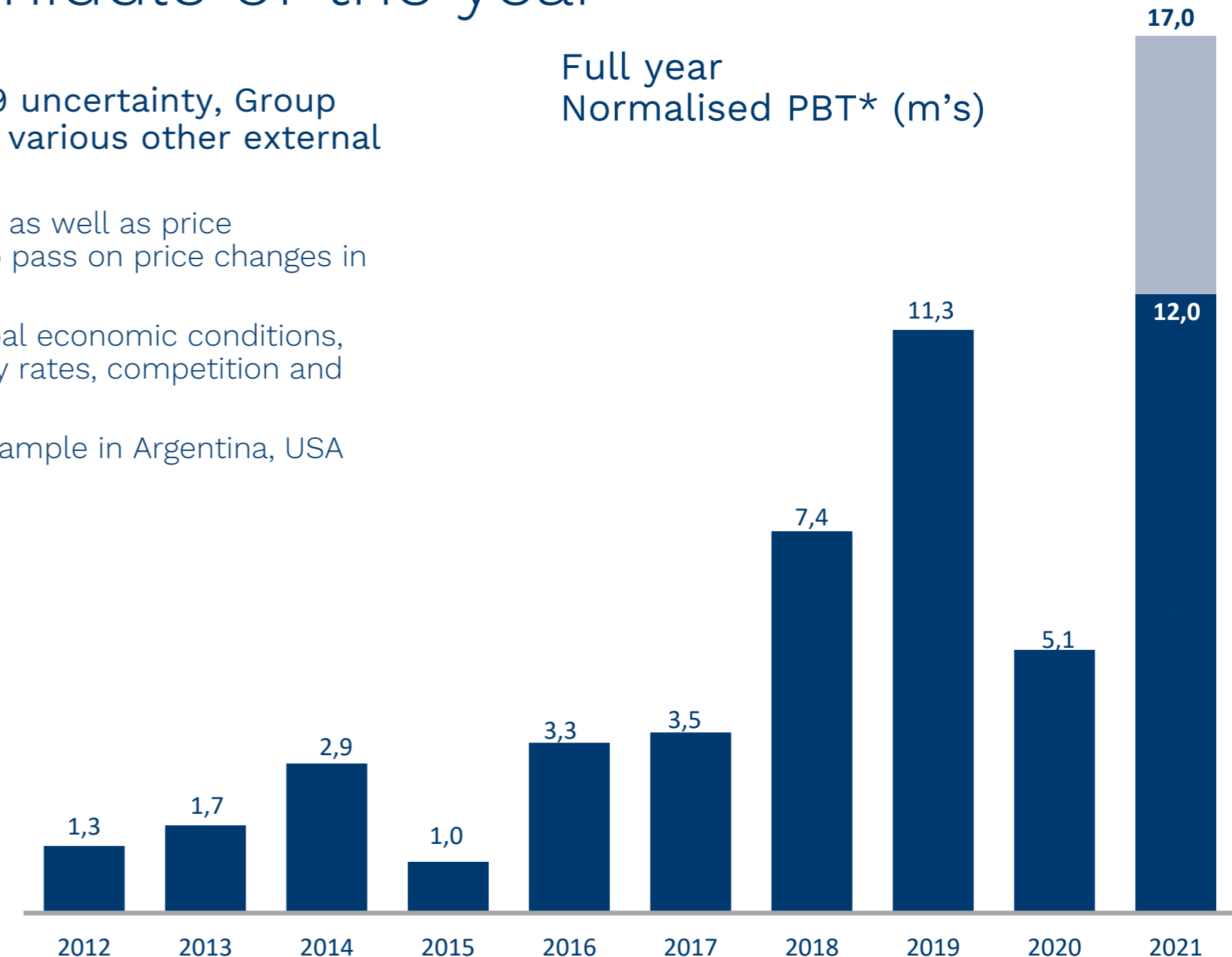
Good results in the beginning of the year

- Strong performance in Q1, driven by good results in S-Europe and Ireland,
- Costs of merging and stabilizing operations in UK impacting results in Q1. With current actions and foodservice sales picking up, this will improve,
- Covid19 restrictions will continue to impact sales and profitability in Q2, as expected,
- Based on current situation the previous assumption of normalised situation from mid year is considered reasonable. However, the level of uncertainty is still high, the Covid19 impact on 2021 sales and profitability will depend on development of restrictions and pace of vaccination in the coming months,
- Outlook range for 2021 Normalised PBT is kept at €12.0-17.0m at this point. The range will be accessed and narrowed as less ambiguity will be on the Covid19 development,
- Significant steps have been taken to enhance profit Growth post pandemic. Further opportunities are being explored,
- Based on Outlook, the Group will reach a run rate of annual Normalised PBT in excess of €20m post the pandemic.

In addition to the Covid19 uncertainty, Group results are influenced by various other external factors such as:

- Fishing and quota changes as well as price development and ability to pass on price changes in key markets,
- Changes in underlying global economic conditions, currency rates, import duty rates, competition and consumer behaviours,
- Political uncertainty, for example in Argentina, USA and UK related tariffs,

Full year Normalised PBT* (m's)



With recent investments and projects that will increase efficiency and drive profit growth, the Group is in strong position to reach it's target of Normalised PBT in excess of €20m post the pandemic.

Forward Looking Statements

Disclaimer

This presentation is furnished and intended for European market participants and should be viewed in that manner.

Any potential forward looking statements contained in this presentation are reflective of managements current views on future events and performance,

whilst the views are based on positions that management believes are reasonable there is no assurances that these events and views will be achieved. Forward looking views naturally involve uncertainties and risk and consequently actual results may differ to the statements or views expressed.



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