

SpareBank MARKETS



SEAFOOD | STATT TORSK

4 March, 2023

Slower growth to secure higher prices and cost control

Note that SpareBank 1 Market acted as Lead Manager and Sole bookrunner in the private placements in June and December 2022

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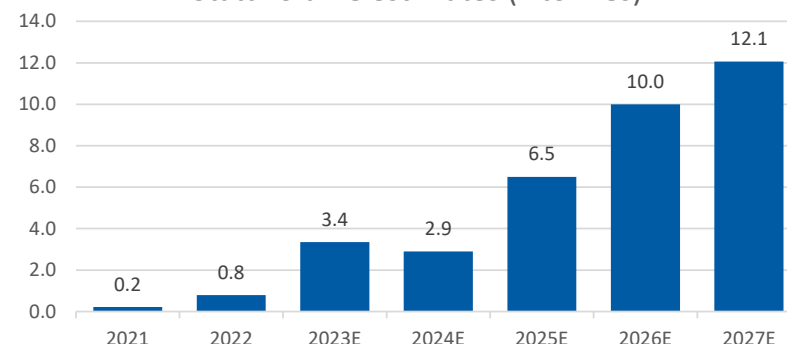
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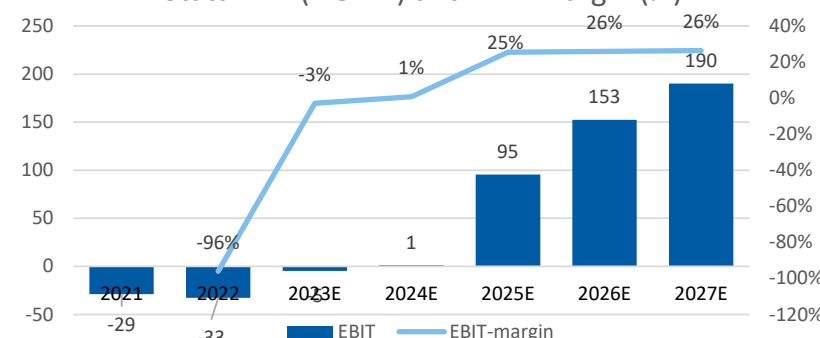
Slower growth to secure higher prices and cost control

- **We reiterate our Buy rating**, but cut our target price sharply from NOK4.0 to NOK1.7. We keep our Buy rating as we believe the company's liquidity situation in 2023E is manageable and as Statt Torsk has a relatively slim organization, which we estimate will allow a break-even result at relatively low harvest volumes. While we have a Buy rating, we highlight that the company will need additional equity in order to increase harvest volumes in the upcoming years.
- The large cut in our target price is explained by lower earnings expectations following a slower ramp-up of volumes. While estimates are revised down, we also believe operational risk is coming down. Currently, we see that customers that are familiar with the quality of farmed cod are paying premium prices vs wild cod. At the same time, it takes time to develop the market and we believe new customers are paying prices more in line with the prices for wild cod. A slower ramp-up of volumes are also helping to achieve biological improvements at a lower risk, while the flip side is that the total production is subscale.
- Our target price is based on a material 40% discount to the 23E P/E multiples for the salmon industry applied to our 25E estimates. We adjust for a potential share issue of NOK75m at the current share price of NOK1.5. Note that our DCF valuation is pointing to a fair value if NOK3.8 per share, up 156% from the current share price.
- We remain positive to cod farming as a concept long-term as we expect that there will be a strong demand for farmed cod long-term due to the potential for year around supply of high-quality farmed cod (fresh wild cod is more a seasonal product). The industry has improved compared to the status 10 years ago and we believe that issues like maturation can be resolved over time.
- Licenses is an issue for Statt Torsk. We believe that Statt Torsk has enough licenses for an annual production of 5-6k tonnes. To increase production towards the previous long-term target of 12k tonnes (2027E), we estimate that the company will need to be awarded two new sites, in addition to the three sites already owned by the company. Our estimates assumes that the company will receive one new license in 2024E and another in 2025E.
- Since Statt Torsk is not increasing harvest volumes in 2024E vs to 2023E, we estimate that the company will need only cNOK30m this year to finance working capital. Since we forecast a small positive EBIT result in Q2 23E, it is in our view a fair chance that financing situation can be solved with debt instead of equity. Looking ahead, we estimate that the company will need cNOK150m in additional liquidity finance our estimated volume growth the next couple of years (assuming that most of the equipment is financed with leasing). IN our target price, we assume that half of this will come from new equity.
- We forecast an operational EBIT of NOK4m in Q2 23E, based on a harvest of 1.6k tonnes in the quarter. In Q4 22, the Statt reported an EBIT of NOK-7m on a harvest of 0.5k tonnes, but we expect materially lower fixed costs and G&A per kg in in Q2 23E.

Statt volume estimates (k tonnes)



Statt EBIT (NOKm) and EBIT margin (%)



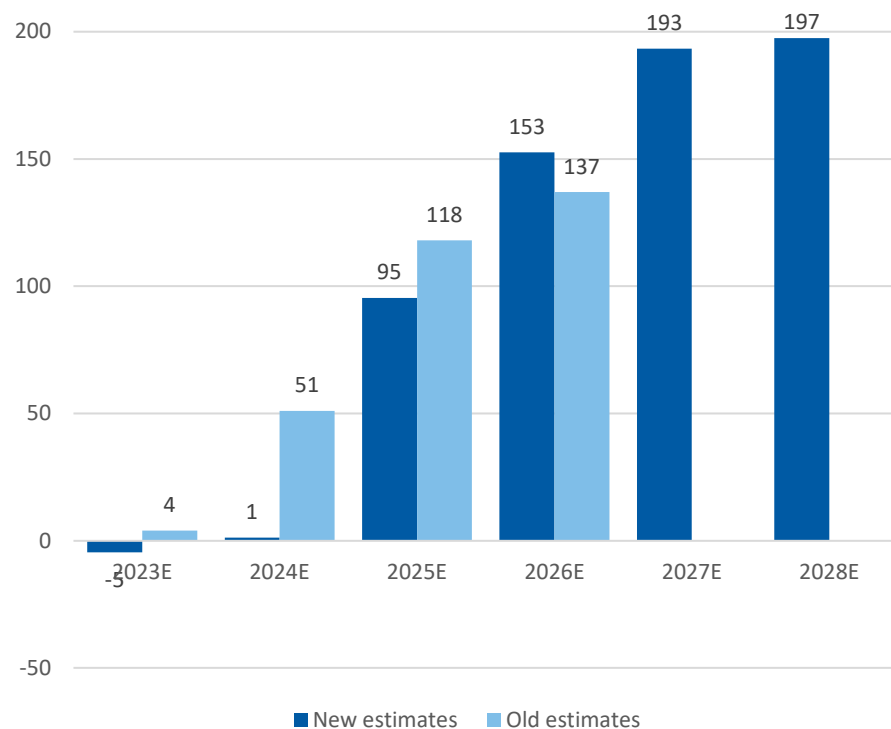
	2021	2022	2023E	2024E	2025E	2026E
Export price fresh wild cod	33.1	46.3	61.8	62.5	63.4	64.4
Price premium	7.0	3.6	-1.8	-0.4	0.9	1.3
Export price fresh farmed cod (HOG)	40.1	49.8	60.0	62.1	64.4	65.7
Export price fresh farmed cod (wfe)	32.0	39.9	48.0	49.7	51.5	52.5
Mark-up and sale of offcuts	2.5	2.9	0.6	3.4	6.2	6.4
Total achieved price	34.6	42.7	48.5	53.1	57.7	58.9
Cost per kg	171.8	84.3	49.9	52.7	43.0	43.7
Operating EBIT per kg	-137.2	-41.5	-1.4	0.4	14.7	15.3
Harvest volumes ('000 tonnes wfe)	0.2	0.8	3.4	2.9	6.5	10.0
Farming EBIT	-29	-33	-5	1	95	153
Other EBIT	0	0	0	0	0	0
Group EBIT	-29	-33	-5	1	95	153
EPS adj.	-0.17	-0.17	-0.04	-0.05	0.27	0.47
P/E				-31.1	5.5	3.2

Source charts: SB1 Markets Markets.

EBIT (NOKm) and harvest volume (k tonnes) estimate revisions

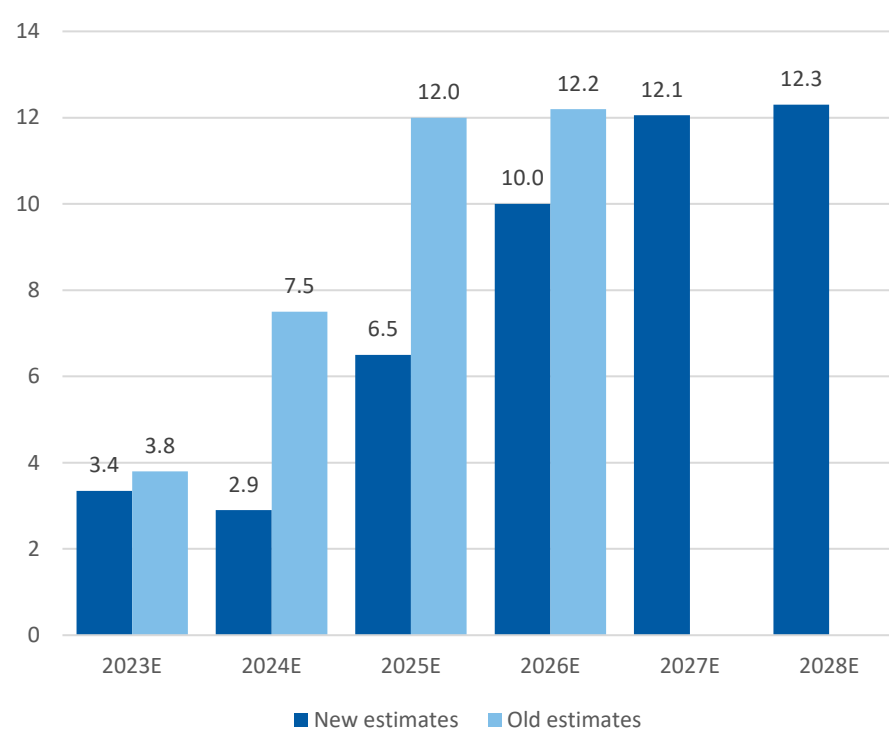
Estimates are coming down on lower harvest volumes. Only minor changes to cost and prices

EBIT estimates (NOKm)



Source: SB1M Estimates.

Harvest volume estimates (k tonnes HOG)



Source: SB1M Estimates.

Statt Torsk liquidity position

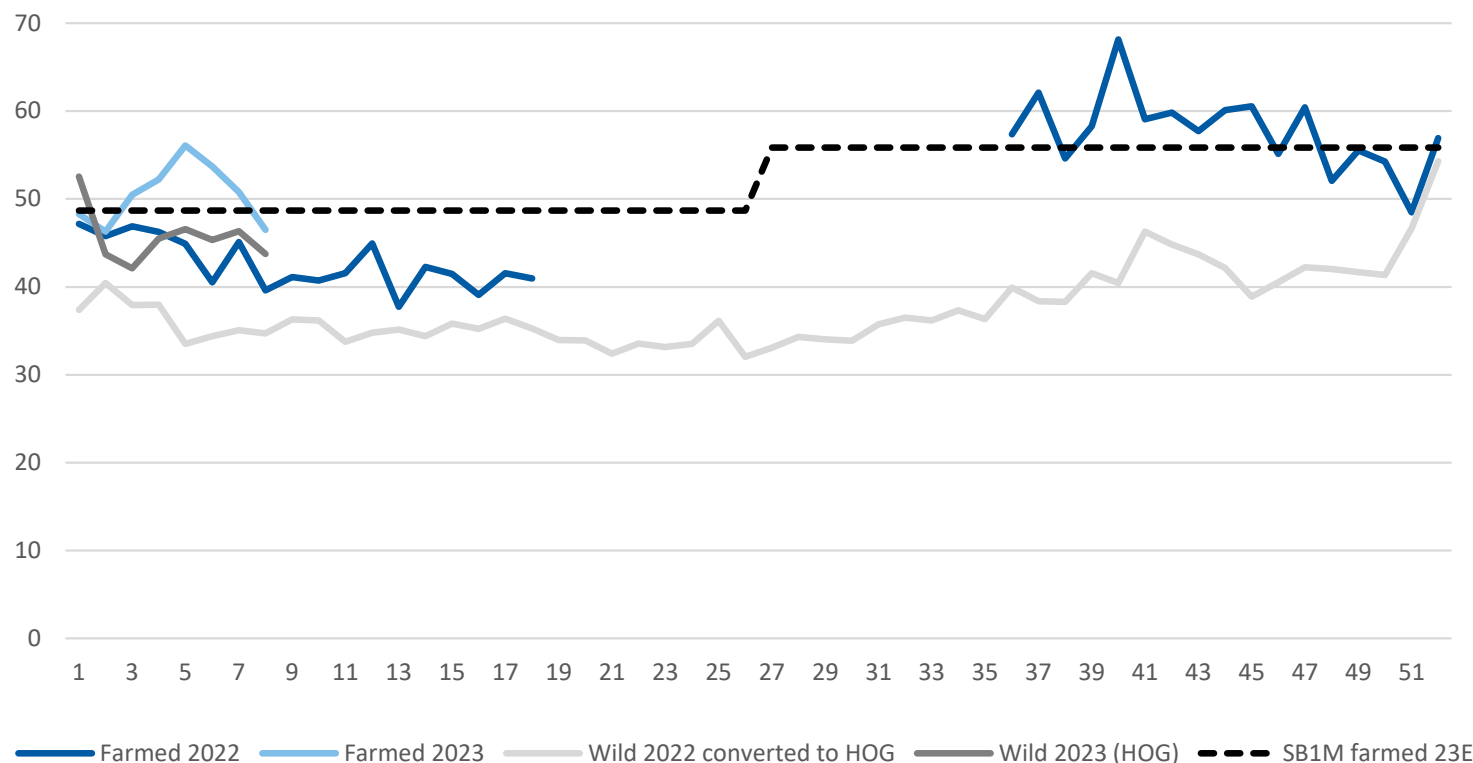
Up to NOK200m in additional financing needed next three years – likely that part of this will be bank debt

Statt cash flow estimates (NOKm)

Cash flow estimates (NOKm)	2021	2022	2023E	2024E	2025E	2026E
Underlying EBITDA	-27	-25	4	19	115	173
Tax payments	0	0	0	0	-16	-28
Dow npayment leasing debt	0	0	0	0	0	0
Cash earnings	-27	-25	4	19	99	144
Change in working capital	-36	-72	-14	-109	-101	-68
Other items	1	-5	0	0	0	0
Cash flow from operations	-62	-103	-9	-90	-2	76
Capex	-84	-45	-37	-134	-71	-8
Other investments	-5	0	0	0	0	0
Cash flow from investments	-89	-45	-37	-134	-71	-8
Change in debt to financial institutions	46	-16	20	110	55	0
Change in equity	109	78	3	0	0	0
Distributed dividends	0	0	0	0	0	0
Interest costs	0	-3	-4	-11	-22	-24
Other items	-3	55	0	0	0	0
Total financial cash flow	152	114	19	99	33	-24
Change in cash	1	-34	-27	-125	-40	44
Cash in beginning of period	33	34	0	-27	-152	-192
Cash end period	34	0	-27	-152	-192	-148
Free cash flow	-151	-148	-46	-224	-73	68
Free cash flow incl. interest payments	-151	-151	-50	-235	-95	44

- We estimate Statt to invest materially in biomass over the next couple of years to increase production towards 12k tonnes in 2027E.
- Our estimates are based on Statt receiving licenses for one new site in 2024E and another in H1 2025E.
 - » At current, we estimate that it is possible to finance a large share of the equipment capex with leasing.
- Statt has an equity ratio of 62% at the end of 2022.
- We still believe that part of the working capital will have to be financed with new equity.
 - » The company received NOK35m in new bank debt to finance part of the working capital needed for the first phase of volume ramp-ups.
 - » Our target price is based on NOK75m in new equity within the next two years (not included in cash flow estimate table).
- Statt Torsk reduced the juvenile releases in 2022 vs 2021. As a result, we do not forecast any volume growth from 2023E to 2024E and as a result, very limited working capital build this year.
 - » We estimate juvenile releases up from c800k fish in 2022 to 1.5-1.6m fish in 2023E, which will require significant working capital in 2024E

Export prices for farmed and wild cod last two years (NOK/kg HOG)



Source: Norwegian Seafood Council, SB1Markets estimates.

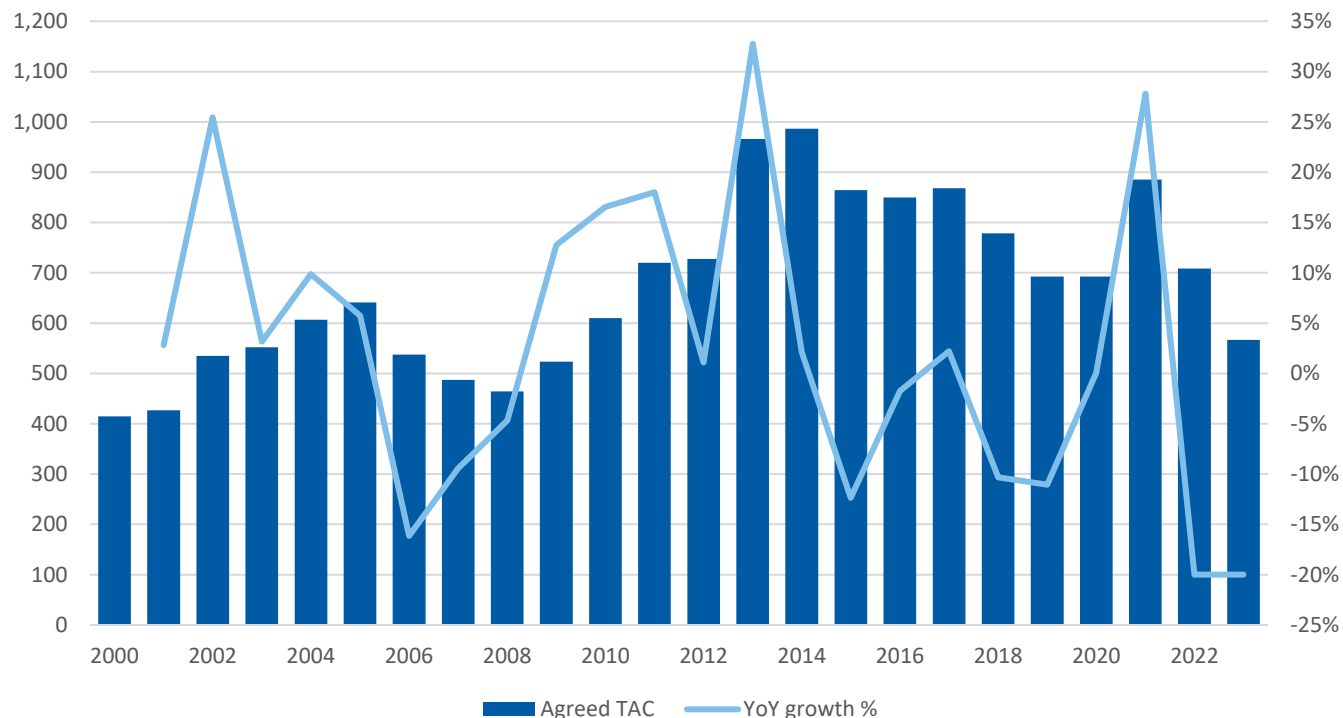
Export prices week 8 (NOK/kg)

	Tonnes	Price
Total	308	43.5
Spain	89	59.8
Other EU	185	35.6
Other	34	43.8

- Very strong prices for farmed cod after the summer. Prices are up from NOK40/kg to cNOK60/kg in September to November.
- Farmed cod prices have come down slightly in the beginning of 2023 due to seasonal high wild cod volumes.
- Norcod is ramping up harvest volumes from the 2nd half of February as it has decided to take out most of its 2021-generation. As a result, overall prices are most likely coming down. However, we expect that Statt will continue to sell most of its volumes to its existing customers, resulting in above average prices.
- Customers that are familiar with farmed cod are still paying premium prices, while volumes going into the “spot market” are sold at a material discount. Last week, the export price to Spain averaged at NOK60/kg (HOG – NOK48 wfe), while it implicitly averaged at NOK36/kg (HOG – NOK28 wfe) in other EU countries.
- There is a tight market for cod due to a 20% quota cut in 22E and another 20% cut in 23E, and sanctions against Russian cod.

We expect an even tighter supply situation in 2023E

2023E cod quotas are indicated down another 20% for wild cod, lowest since 2009



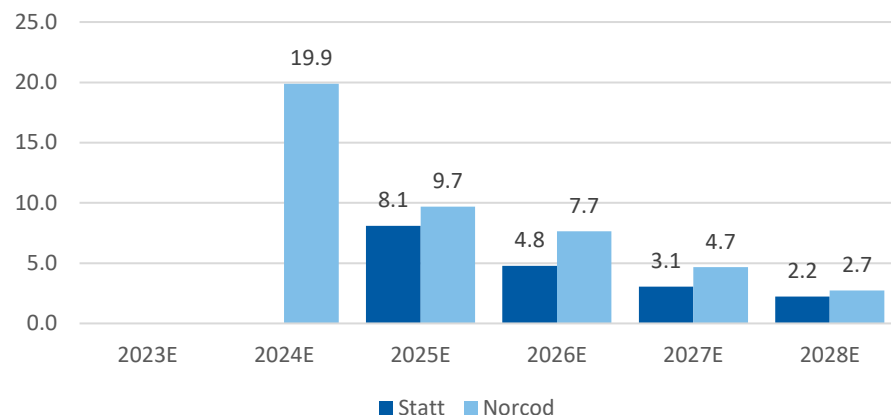
Source: ICES, SB1Markets

- Data shows that roughly 30% of the world's fisheries are overexploited.
- Norway has historically had a 45% share of the agreed TAC for Barents sea cod. Indicates that the Norwegian quota will be around 260k tonnes next year.
- 2022 quotas were down 20% YOY, but actual catches declined less as some fishing vessels transferred some of its quotas from 2021 to 2022. We believe it is less quotas to be transferred from 2022 to 2023.
- 2023 quotas are indicated down another 20%.
- Coastal caught cod in Norway lost its MSC (Marine Stewardship Council) certification last year. This is an indication that the coastal fisheries are not considered to be sustainable.
- All else equal, this should strengthen the position for farmed cod. However, negative press can affect overall demand for cod/fish negatively.

Statt Torsk valuation vs Norcod

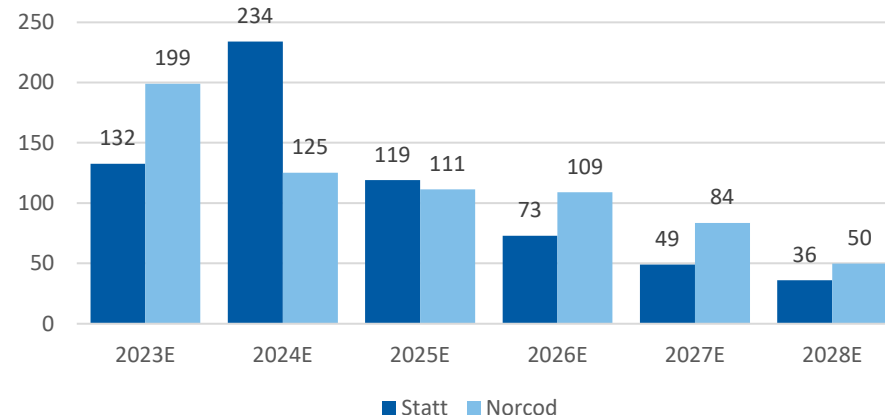
Statt Torsk is valued at a discount to Norcod from 2025E and onwards – high valuation of both in 23E and 24E

EV/EBIT (x) - @9.7x in 25E, Statt would be valued at NOK2.2/share



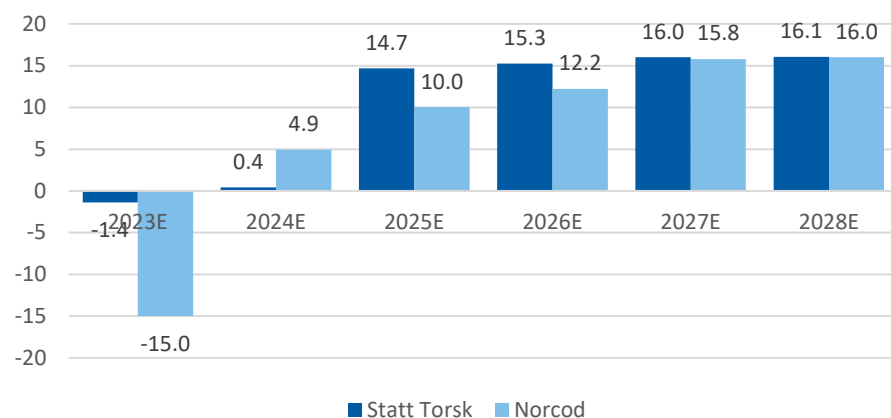
Source: SB1M Estimates, Note: if we apply Norcod 2025E EV/EBIT multiple and assume NOK75m share issue at current share price of NOK1.50, Statt would implicitly be valued at NOK2.07 per share.

EV/kg valuation (NOK)



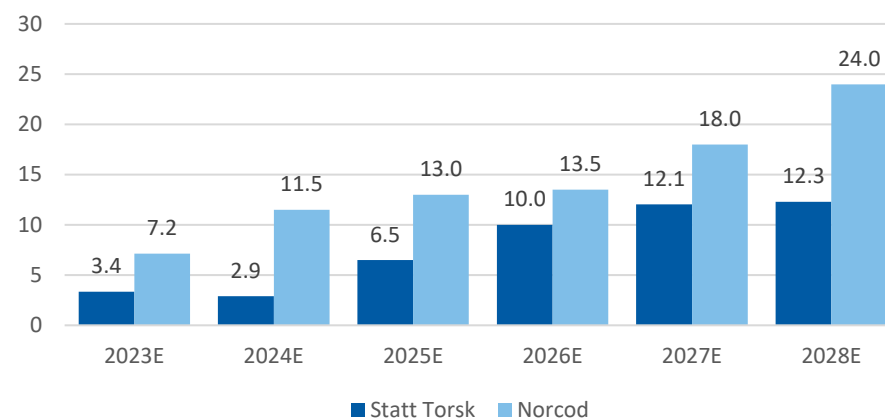
Source: SB1M Estimates,

EBIT/kg estimates farming (NOK)



Source: SB1M Estimates,

Harvest volumes (k tonnes)



Source: SB1M Estimates,

Statt Torsk valuation based on P/E multiples (NOK/share)

	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2028E no discount
Harvest volumes	0.2	0.8	3.4	2.9	6.5	10.0	12.1	12.3	
Farming EBIT/kg	-137.2	-41.5	-1.4	0.4	14.7	15.3	16.0	16.1	
Farming EBIT	-29	-33	-5	1	95	153	193	197	
Other EBIT	0	0	0	0	0	0	0	0	
Operating EBIT	-29	-33	-5	1	95	153	193	197	
Net interest	0	-3	-4	-11	-22	-24	-19	-10	
Pre tax profit (adj.)	-29	-36	-9	-10	74	129	175	188	
Tax	0	0	0	0	-16	-28	-38	-41	
Net profit (adj)	-29	-36	-9	-10	57	100	136	146	
EPS contribution	-0.17	-0.17	-0.04	-0.05	0.27	0.47	0.64	0.69	0.69
P/E multiples	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	14.9
Value per share	-1.5	-1.5	-0.4	-0.4	2.4	4.2	5.7	6.2	10.3
WACC	11%	11%	11%	11%	11%	11%	11%	11%	11%
Value per share 2023E	-1.5	-1.5	-0.4	-0.4	2.0	3.1	3.8	3.7	6.1

Share issue	75
Share price	1.5
New shares	50.0
Total shares adj.	262.2

	2023E	2024E	2025E	2026E	2027E	2028E	2028E no discount
Net profit adj.	-5	-7	61	104	140	150	150
EPS adj	-0.02	-0.03	0.23	0.40	0.53	0.57	0.57
P/E multiples	8.9	8.9	8.9	8.9	8.9	8.9	14.9
Value per share	-0.2	-0.2	2.1	3.5	4.8	5.1	8.5
WACC	11%	11%	11%	11%	11%	11%	11%
Value per share 2023E	-0.2	-0.2	1.7	2.6	3.1	3.0	5.1

- We use 2025E P/E as a base despite our expectations of material growth beyond 2026E. We expect the company to reach the 2025E harvest volumes based on the current number of licenses in the company (Full utilization Rekevika).
- The P/E multiple of 8.9x implies a 40% discount to the average P/E valuation of 14.9x for Norwegian salmon farmers in 2023E.
- At no discount, we calculate a fair value of NOK5.1 based on 2028E earnings, 3x our current target price.

DCF valuation of Statt Torsk points to a fair value of NOK3.8 per share

	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	...	2045E
Sales	163	154	375	576	705	730	756	783		1,162
Cash EBIT (Underlying EBIT)	-5	1	95	153	193	197	202	206		215
Tax on underlying EBIT	1	0	-21	-34	-43	-43	-44	-45		-47
NOPLAT	-4	1	74	119	151	154	157	161		168
Depreciation (incl. IFRS 16)	9	18	20	20	20	20	20	20		23
Capex	-37	-134	-71	-8	-8	-8	-9	-9		-23
Other Investments	0	0	0	0	0	0	0	0		0
Change in working capital	-14	-109	-101	-68	-9	-10	-10	-10		-12
Dow npayment of leasing debt (to offset IFRS-16 in depr.)	0	0	0	0	0	0	0	0		0
Other operating cash elements	0	0	0	0	0	0	0	0		0
Free cash flow	-45	-224	-78	63	153	156	159	162		155
NPV value	-45	-203	-64	46	102	94	87	80		17
Harvest volumes	3	3	7	10	12	12	13	13		16
Group EBIT/kg	-1.38	0.41	14.68	15.26	16.03	16.05	16.08	16.10		13.10
Value in period	676				Risk free rate		3.5 %			
Value residual	163				Market premium		4.5 %			
Total value	839				Beta		1.0			
Net debt end 22E	-29				Small cap premium		4.0 %			
Minorities/associates	0				Cost of equity		12.00%			
Equity value	810				Cost of debt		6.0 %			
# shares	212				Tax rate		22.0 %			
Equity value per share	3.8				Equity weight		80%			
					WACC		10.54%			

Valuation overview

Valuation	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E
P/E	-15.9	-8.9	-36.5	-31.1	5.5	3.2	2.3	2.2
EV/EBIT (underlying)	-16.2	-12.1	-96.1	565.8	8.1	4.8	3.1	2.2
EV/EBITDA (underlying)	-17.4	-15.7	101.3	35.4	6.7	4.2	2.8	2.0
EV/EBITDA IFRS-16 adjusted	-17.4	-17.6	112.5	37.9	7.1	4.5	3.0	2.3
EV/EBITDA (no adjustments)	-17.4	-15.7	101.3	35.4	6.7	4.2	2.8	2.0
EV/CEBIT	-4.2	-5.7	-13.6	-5.9	17.4	4.4	2.9	2.1
EV/Sales	52.5	11.7	2.7	4.4	2.1	1.3	0.8	0.6
P/B	3.2	1.7	1.8	1.9	1.4	1.0	0.7	0.5
EV/kg (NOK)	2,226.9	504.3	132.5	234.1	119.1	73.0	49.0	36.0
EV/kg (1 year fw d volumes) (NOK)	594.6	118.4	153.1	104.4	77.4	60.5	48.1	35.3
FCF-yield	-32.1 %	-47.4 %	-15.8 %	-73.9 %	-29.9 %	13.8 %	43.5 %	46.6 %
FCF-yield including investments	-33.2 %	-47.4 %	-15.8 %	-73.9 %	-29.9 %	13.8 %	43.5 %	46.6 %

Target valuation	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E
P/E	-9.8	-10.1	-41.4	-35.2	6.3	3.6	2.6	2.5
EV/EBIT (underlying)	-10.2	-13.4	-105.3	601.1	8.6	5.1	3.3	2.5
EV/EBITDA (underlying)	-10.9	-17.4	110.9	37.6	7.1	4.5	3.0	2.2
EV/EBITDA IFRS-16 adjusted	-10.9	-19.3	122.2	40.1	7.5	4.8	3.2	2.5
EV/EBITDA (no adjustments)	-10.9	-17.4	110.9	37.6	7.1	4.5	3.0	2.2
EV/CEBIT	-2.7	-6.3	-14.9	-6.3	18.4	4.7	3.1	2.3
EV/Sales	33.0	12.9	3.0	4.7	2.2	1.3	0.9	0.7
P/B	2.0	2.0	2.0	2.2	1.6	1.1	0.8	0.6
EV/kg (NOK)	1,400.3	558.3	145.2	248.7	125.6	77.2	52.6	39.5
EV/kg (1 year fw d volumes) (NOK)	373.9	131.1	167.7	111.0	81.6	64.0	51.5	38.7
FCF-yield	-51.8 %	-41.8 %	-13.9 %	-65.2 %	-26.3 %	12.2 %	38.4 %	41.1 %
FCF-yield including investments	-53.5 %	-41.8 %	-13.9 %	-65.2 %	-26.3 %	12.2 %	38.4 %	41.1 %

Valuation overview traditional salmon farmers

	Mowi MOWI-NO	SalMar SALM-NO	Lerøy Seafood LSG-NO	Bakkafrost BAKKA-NO	Grieg Seafood GSF-NO	Frøy FROY-NO	Måsøval MAS-NO	Salmon farmers Average	Clean Seas Seafood CSS-NO
Rating	Buy	Hold	Buy	Buy	Buy	Hold	Buy		Buy
Target price	205	420	59	660	100	54	37		7.0
Share price	175.1	419.4	51.1	666	73.75	66.1	31.5		4.1
Upside to target	17%	0%	15%	-1%	36%	-18%	17%		71%
Market cap (NOKm)	90,546	55,129	30,444	39,389	8,367	5,708	3,859		678
EV end 2022E	108,333	76,260	34,548	42,795	9,872	9,417	5,693		598
P/E 22E	11.3	18.5	13.7	24.1	6.7	41.4	9.0	13.9	32.6
P/E 23E	13.2	19.6	13.0	18.0	10.9	30.6	14.7	14.9	9.2
P/E 24E	12.7	16.5	11.0	17.3	7.9	27.0	12.7	13.0	6.5
EV/EBITDA div. adj. 22E	8.0	13.9	7.6	15.2	4.8	14.8	18.2	11.3	11.2
EV/EBITDA div. adj. 23E	7.7	11.2	7.2	12.3	6.2	12.4	9.0	8.9	5.3
EV/EBITDA div. adj. 24E	7.1	9.4	6.1	11.8	4.7	11.2	7.3	7.7	4.6
EV/kg farming 22E	212	389	178	448	117		247	265	153
EV/kg farming 23E	187	269	143	409	123		211	224	127
EV/kg farming 24E	170	233	110	360	93		181	191	121
Farming EBIT/kg 22E	19.1	24.0	17.3	21.8	19.9		29.2	21.9	5.9
Farming EBIT/kg 23E	21.4	26.6	19.5	24.2	19.2		25.7	22.7	15.8
Farming EBIT/kg 24E	21.6	28.9	19.4	22.8	20.6		26.5	23.3	18.5
Dividend yield 22E	4.2 %	4.8 %	4.9 %	2.1 %	4.1 %	2.3 %	1.6 %	3.6 %	0.0 %
Dividend yield 23E	6.1 %	4.8 %	4.9 %	2.4 %	4.1 %	2.3 %	3.2 %	4.2 %	0.0 %
Dividend yield 24E	6.1 %	4.8 %	5.9 %	2.7 %	4.1 %	3.0 %	3.2 %	4.5 %	0.0 %

Source: SB1 Markets. Note: Based on share prices as of close on 3 March 2023.

- EV/EBITDA multiples are adjusted for the proposed resource tax.

Estimate changes

Profit & loss (NOKm)	2022			2023E			2024E		
	New	Old	Δ%	New	Old	Δ%	New	Old	Δ%
Revenues	34.0	79.0	-57.0%	163	182	-10.5%	154	368	-58.1%
growth (YoY)	282%	787%		379%	130%		-5%	102%	
Opex	59	86		158	166		135	299	
EBITDA	-25	-8	236.6%	4	16	-71.7%	19	69	-72.1%
margin	-74%	-10%		3%	9%		12%	19%	
Depreciation and amortisation	7	5		9	12		18	18	
Operational EBIT (clean)	-33	-13	156.0%	-5	4	-231.9%	1	51	-97.6%
margin	-96%	-16%		-3%	2%		1%	14%	
Fair value adj. and non-recurring	0	0		0	0		0	0	
EBIT	-33	-13	156.0%	-5	4	-231.9%	1	51	-97.6%
margin	-96%	-16%		-3%	2%		1%	14%	
Associated companies	0	0		0	0		0	0	
Net interest	-3	-2		-4	-3		-11	-11	
Other financial items									
PTP	-36	-15	142.2%	-9	0	-9312.9%	-10	40	-125.8%
Discontinued operations									
Taxes	0	0		0	0		0	0	
Minorities	0	0		0	0		0	0	
Net income	-36	-15	142.2%	-9	0	-9312.9%	-10	40	-125.8%
EPS (basic)	-0.17	-0.08		-0.04	0.00		-0.05	0.21	
EPS (adj.)	-0.17	-0.08	113.2%	-0.04	0.00	-8209.7%	-0.05	0.21	-122.7%

Balance and cash flow	2022			2023E			2024E		
	New	Old	Δ%	New	Old	Δ%	New	Old	Δ%
DPS	-	-	#DIV/0!	-	-	#DIV/0!	-	-	#DIV/0!
NIBD	29	61	-52.8%	76	168	-54.7%	311	326	-4.6%
NIBD (inc. IFRS 16)	78	61	27.7%	126	168	-25.2%	361	326	10.5%
Total investments inc. lease payments	-45	-45	-1.4%	-37	-36	2.8%	-134	-124	8.1%
Working capital	104	76	36.5%	117	159	-26.2%	226	251	-9.8%

Farming	2022			2023E			2024E		
	New	Old	Δ%	New	Old	Δ%	New	Old	Δ%
Revenues	34	79	-57.5%	163	182	-10.5%	154	368	-58.1%
Op. EBIT	-33	-13	156.0%	-5	4	-231.9%	1	51	-97.6%
Op. EBIT/kg	-41.5	-7.4	-34.2	-1.4	0.9	-2.3	0.4	6.8	-6.4
Volumes (kt gw)	0.8	1.7	-0.9	3.4	3.8	-0.4	2.9	7.5	-4.6

Reference price	2022			2023E			2024E		
	New	Old	Δ	New	Old	Δ	New	Old	Δ
Spot Europe (NOK/kg)	46.27	45.61	1.5%	61.75	50.00	23.5%	62.50	49.00	27.6%

SEGMENTS	2022			2023E			2024E		
	New	Old	Δ%	New	Old	Δ%	New	Old	Δ%
Norway									
Achieved price	42.7	45.7	-6.4%	48.5	48.5	0.2%	53.1	49.0	8.4%
Estimated cost	84.3	53.0	58.9%	49.9	47.5	5.0%	52.7	42.2	24.8%
Op. EBIT/kg	-41.5	-7.4	463.2%	-1.4	0.9	-247.7%	0.4	6.8	-93.9%
Volumes (kt gw)	0.8	1.7	-54.5%	3.4	3.8	-10.7%	2.9	7.5	-61.3%
Operating EBIT	-33	-13	156.0%	-5	4	-231.9%	1	51	-97.6%

Estimate assumptions

Profit & loss (NOKm)	1Q22	2Q22	3Q22	4Q22	1Q23E	2Q23E	3Q23E	4Q23E	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Revenues	8	1	4	22	47	76	6	34	2	1	5	9	34	163	154	375	576	705
growth (YoY)										-72%	653%	75%	282%	379%	-5%	143%	54%	22%
Opex	14	7	13	26	49	70	10	30	4	1	10	36	59	158	135	259	404	492
EBITDA	-6	-6	-9	-5	-3	6	-4	5	-2	-1	-4	-27	-25	4	19	115	173	213
margin	-73%	-857%	-249%	-21%	-6%	8%	-71%	13%	-62%	-121%	-87%	-302%	-74%	3%	12%	31%	30%	30%
Depreciation and amortisation	1	2	2	2	2	2	2	2	1	1	1	2	7	9	18	20	20	20
Operational EBIT (clean)	-7	-8	-11	-7	-5	4	-6	2	-2	-1	-5	-29	-33	-5	1	95	153	193
margin	-89%	-1129%	-305%	-32%	-10%	5%	-111%	7%	-84%	-210%	-107%	-324%	-96%	-3%	1%	25%	26%	27%
Fair value adj. and non-recurring	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EBIT	-7	-8	-11	-7	-5	4	-6	2	-2	-1	-5	-29	-33	-5	1	95	153	193
margin	-89%	-1129%	-305%	-32%	-10%	5%	-111%	7%	-84%	-210%	-107%	-324%	-96%	-3%	1%	25%	26%	27%
Associated companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net interest	-1	0	-1	-1	-1	-1	-1	-1	0	0	-1	0	-3	-4	-11	-22	-24	-19
Other financial items	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PTP	-8	-8	-12	-8	-6	3	-7	1	-2	-2	-6	-29	-36	-9	-10	74	129	175
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-16	-28	-38
Minorities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net income	-8	-8	-12	-8	-6	3	-7	1	-2	-2	-6	-29	-36	-9	-10	57	100	136
EPS (basic)	-0.05	-0.04	-0.06	-0.04	-0.03	0.01	-0.03	0.01	-0.07	-0.05	-0.05	-0.17	-0.17	-0.04	-0.05	0.27	0.47	0.64
EPS (adj.)	-0.05	-0.04	-0.06	-0.04	-0.03	0.01	-0.03	0.01	-0.07	-0.05	-0.05	-0.17	-0.17	-0.04	-0.05	0.27	0.47	0.64

Balance and cash flow	1Q22	2Q22	3Q22	4Q22	1Q23E	2Q23E	3Q23E	4Q23E	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
DPS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NIBD	39	-35	19	29	34	-13	14	76	3	10	-33	13	29	76	311	406	362	224
NIBD (inc. IFRS 16)	39	18	69	78	83	36	63	126	3	10	-33	13	78	126	361	456	412	273
Total investments inc. leasing payments	0	0	0	0	-8	-2	-2	-25	0	0	-7	-89	-45	-37	-134	-71	-8	-8
Working capital	53	55	80	104	99	55	76	117	1	5	7	40	104	117	226	327	395	405

Farming	1Q22	2Q22	3Q22	4Q22	1Q23E	2Q23E	3Q23E	4Q23E	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Revenues	8	1	3	22	47	76	6	34	2	1	5	9	34	163	154	375	576	705
Op. EBIT	-7	-8	-11	-7	-5	4	-6	2	-2	-1	-5	-29	-33	-5	1	95	153	193
Op. EBIT/kg	-33.3		-155.2	-14.2	-4.6	2.6	-63.1	3.9	-18.9	-52.5	-43.4	-137.2	-41.5	-1.4	0.4	14.7	15.3	16.0
Volumes (kt gw)	0	0	0	0	1	2	0	1	0	0	0	0	1	3	3	7	10	12

Reference price	1Q22	2Q22	3Q22	4Q22	1Q23E	2Q23E	3Q23E	4Q23E	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
export price fresh wild cod HOG (NOK/kg)	44.29	43.15	44.32	53.34	57.00	60.00	65.00	65.00	32.75	38.52	39.49	33.10	46.27	61.75	62.50	63.44	64.39	65.35

SEGMENTS	1Q22	2Q22	3Q22	4Q22	1Q23E	2Q23E	3Q23E	4Q23E	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Norway																		
Achieved price	37.6	34.1	45.5	44.9	44.4	47.6	56.9	56.9	22.5	25.0	40.6	42.4	42.7	48.5	53.1	57.7	57.6	58.5
Estimated cost	70.9	418.4	200.7	59.1	49.0	45.0	120.0	53.0	41.5	77.5	84.0	179.6	84.3	49.9	52.7	43.0	42.4	42.5
Op. EBIT/kg	-33.3	-384.4	-155.2	-14.2	-4.6	2.6	-63.1	3.9	-18.9	-52.5	-43.4	-137.2	-41.5	-1.4	0.4	14.7	15.3	16.0
Volumes (kt gw)	0	0	0	0	1	2	0	1	0	0	0	0	1	3	3	7	10	12
Operating EBIT	-7	-8	-11	-7	-5	4	-6	2	-2	-1	-5	-29	-33	-5	1	95	153	193

Sector specific risk

- **Biological performance.** Cod farming is biological production with high risk. Increased mortalities or slower than expected growth can affect harvest volumes negatively and increase unit costs. Note that both farmers postponed harvesting and reduced expected harvest volumes for the batches that were expected to be harvested in 2021. At the same, a better than expected biological performance can affect both earnings and valuation positively. Given the lack of historical operational and biological performance, we currently consider the risk somewhat higher than for traditional salmon farming.
- **Supply and demand.** There are plans to increase farmed cod volumes from almost zero in 2020 to between 100-200,000 tonnes within the next 5-8 years. While it is not likely that all volumes will be realized, there is a risk that we will experience periods with too high supply growth. While we are confident that there is a lot of potential to develop a market for farmed/fresh cod, we believe it will take time to educate the market to favour cod over salmon or other animal proteins. The cod trade is dependent on market access and limited import barriers.
 - » It appears that many existing customers are willing to pay a premium for farmed cod, but the uncertainty is related to the price acceptance from new customers in a ramp-up phase.
- **Wild cod.** Farmed cod competes directly with the access of wild cod. Wild cod access is dependent on quotas. Higher or lower quotas will affect wild cod prices and as a result most likely also prices for farmed cod.
- **Regulations and licenses:** Neither Norcod nor Statt have enough license capacity to reach its targeted production. We believe both companies need to get at least one new farming site within the next 6 months to reach our 2024E harvest volume expectations. Current licenses are awarded for free. A change in this policy will potentially change the invest case materially. There is also a risk that authorities will implement new regulations that will limit production and/or increase production costs. There is a risk that authorities in the future will increase taxation, as seen for the salmon farmers.
- **Financing:** At our estimates, both companies need additional financing to reach the targeted production. We estimate that they will need some additional funding to finance the current biomass in the sea reaching harvestable sizes
- **Valuation.** As the companies are in a ramp-up phase, investors have to look into 2024E and 2025E to find support for the current valuation. Higher interest rates can affect the valuation negatively. There is a risk that investors will value the seafood sector at lower valuation multiples in the future.
- **The risk factors listed above are not fully describing all risk associated with investing in cod farmers.**

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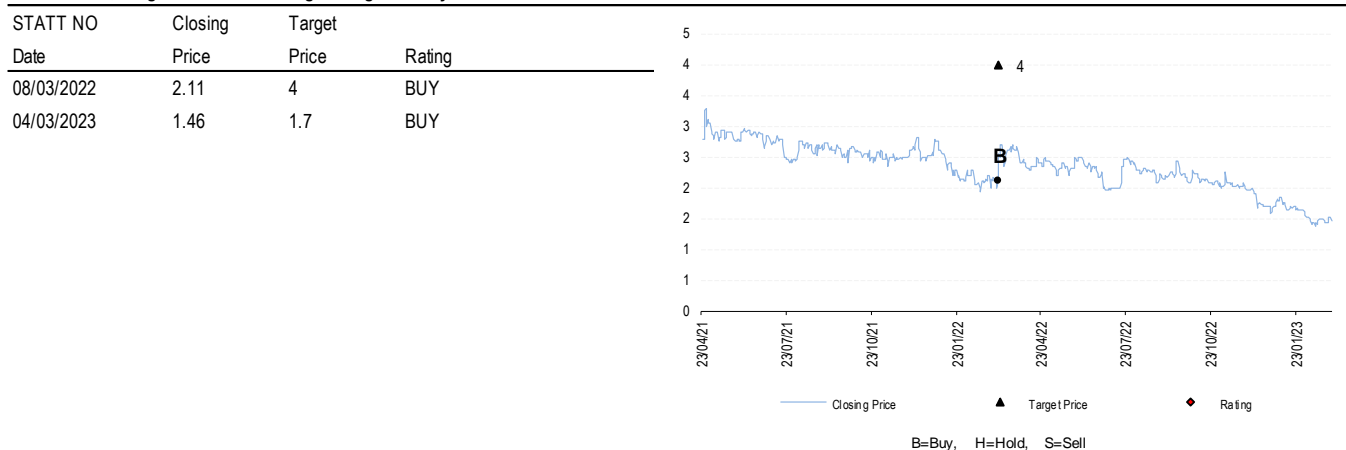
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Neutral	27.6%	15.6%
Sell	11.5%	6.3%
Total	100%	

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