

EQUITY RESEARCH REPORT – Salmar ASA



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SECTOR & STRATEGY ANALYSIS

Suggestion: BUY

Target: 586.84 NOK

Risk: Medium

Valuation date: 06/05/2025 Price of stock: NOK 490.60 52-week range: NOK 428.40 – 679.50 30D average volume: 174.84k PE ratio: 21.81 EPS: NOK 22.49
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COMPANY INTRODUCTION

SalMar ASA is a Norwegian seafood company founded in February 1991 by Gustav Witzoe and headquartered in Kverva, Norway. The company is one of the largest players in the global aquaculture sector, with a market capitalization of NOK 64.42 billion. It engages in the processing and trading of fish and shellfish, as well as other related financial activities. SalMar operates through five main segments: Fish Farming Central Norway, Fish Farming Northern Norway, Sales and Industry, Icelandic Salmon and SalMar Aker Ocean. The Central Norway segment controls 68 marine-phase production licenses and several R&D licenses in collaboration with other firms. The Northern Norway segment holds 32 licenses for farmed salmon production. The Icelandic Salmon segment focuses on the production and processing of farmed salmon, while the Sales and Industry segment oversees the Group's sales, harvesting, and processing operations in Norway.

INDUSTRY OVERVIEW

SalMar consistently ranks as one of the top producers in the global salmon market characterized by a gross value of 23 billion USD set to surpass 35 billion USD by 2030 and a CAGR of 4-6%. This growth is owed to a plethora of behavioural and economic conditions. Salmon being high-protein and packed with healthy fats caters perfectly to a rising population of health-conscious and protein focused consumers. There is a new demand of product certifications and novel farming methods from consumers concerned about the environmental impact of seafood production. Norway and the EU enforce strict regulations on fish farming licenses, site management, and environmental footprints. More stringent rules on emissions, sea lice control, and waste handling can increase operating costs but also raise barriers to entry. The production process requires a significant cost which is heavily affected by global commodity prices and supply chain disruptions. Also, slowdown in the economy can dampen demand for higher-priced proteins like salmon, since it is priced as a premium product particularly in Europe, North America, and parts of Asia. Since SalMar is based in Norway it is exposed to the

fluctuations in Norwegian krone and make it even more competitive abroad. Moreover, anti-dumping duties or special tariffs have periodically been imposed by certain countries on Norwegian salmon along with non-tariff barriers of Health and safety standards. Conversely, free trade agreements with EU enable favourable access to European markets.

PRODUCT CHARACTERISTICS

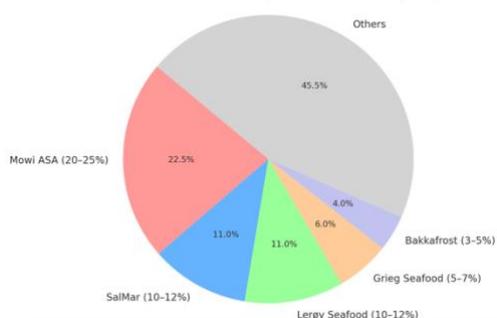
Resting on the keystone “Passion for salmon”, SalMar ASA is the world’s second largest producer of Atlantic salmon. The company’s main areas of activity are marine-phase farming, broodfish and smolt production, processing and sale of the farmed protein. SalMar offers various cuts and parts of the salmon, packaged in different forms, tailored for the customer. These include fillets, which can be with or without skin, plain or seasoned, coming either in a Styrofoam box or a cardboard one, portions, up to 6 pieces, with the possibility to use pre-printed design, accompanied by either an aluminium tray or a plastic one, prime loin cuts and whole fish, gutted, packed in Styrofoam boxes, with wet or dry ice. Secondary processing, including the first three products consists of 36% of SalMar’s total production. The potential ways in which salmon can be packed have been mentioned because they show the firm’s attention to detail – the choice of the box highlights the company’s interest in sustainability, even though the first type of box has better insulation, the types of trays and ice take into account when and how the customers will consume the fish – as well as the wide range of orders across the globe, SalMar selling salmon across Asia, the United States, Canada, the Russian Federation and Norway. Even though the final product is not very different from that of its competitors, being in the food sector, SalMar focuses on a sound farming process. Most of the farming activities take place in Central Norway, an ideal location for farming of salmon as the temperatures are favourable all year round thanks to the Gulf Stream. They also perform farming activities in the northern part of Norway, because the place faces fewer challenges with respect to disease and salmon lice. The top spot in the salmon industry has also been achieved thanks to the creation of two very important plants, Innova Mar in 2011, one of the world’s largest and most innovative plants, capable to process 150000 tons per year, resulting in economies of scale, and Ocean Farm 1, in 2017, the world’s first offshore farm, in Frohavet. These helped SalMar become the pioneers of the open ocean farming, positioning them

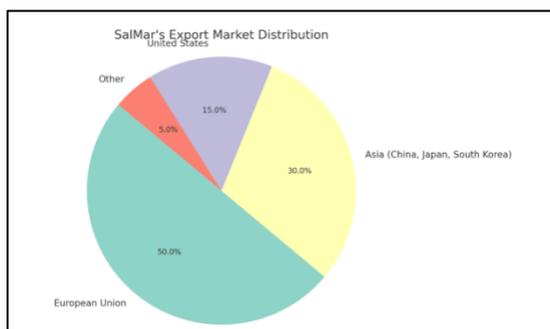
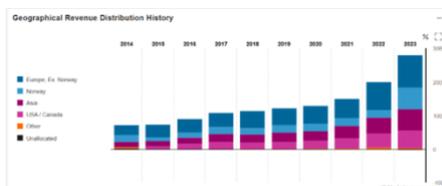
ahead of the other major players in the industry. Another aspect that supports the company's place in the salmon game is, as previously stated, sustainability. SalMar tends to use antibiotics only in very particular cases, when it is advised by the veterinarian, in very precise doses. They also focus on fish wellbeing, working to keep the lice levels down and apply treatment regimens which are kind to both the fish and the environment, as well as reducing the stocking density, reducing, thus, waste and disease transmission.

COMPETITORS

SalMar ASA operates in the highly competitive global salmon farming industry. As of 2024, SalMar is the second-largest salmon producer in the world, largely due to its acquisitions of Norway Royal Salmon (NRS) and NTS in 2022/2023. Its major competitors include Mowi ASA, Lerøy Seafood Group, Grieg Seafood, and Bakkafrost (3-5% market share). These companies, like SalMar, are vertically integrated, operating across the entire value chain from broodstock to market sales, and compete in the same key markets: Europe, Asia, and North America. Mowi ASA is the industry leader, both in production volume and market share, producing over 450,000 tons of salmon annually, making it significantly larger than SalMar, which harvested 231,800 tons in 2024. Lerøy and Grieg Seafood are also major players, with annual harvests in the range of 150,000–200,000 tons. Bakkafrost, though smaller in global scale, is a significant competitor in niche markets, especially with its focus on the Faroe Islands and Scotland. In terms of market share, Mowi controls about 20–25% of global farmed salmon production, while SalMar holds a share in the range of 10–12%, and Lerøy and Grieg slightly less. Economies of scale are crucial in this sector due to high fixed costs and biological risk. Companies like SalMar and Mowi leverage their large-scale operations to reduce unit costs through centralized smolt production, remote feeding centers, advanced processing facilities, and logistics efficiency. SalMar has realized significant cost synergies from recent mergers, achieving NOK 844 million in savings and identifying an additional NOK 1.2 billion in future efficiencies. Their focus on technology, such as submerged and semi-closed farming systems and automated lice removal, further enhances cost advantages, supporting their position as a low-cost producer. This scale also enables better resilience against regulatory changes and biological shocks, giving larger players a competitive edge over smaller, regional producers.

Global Market Share of Key Salmon Producers (2024)





CLIENTS

SalMar is mainly a B2B seller, supplying bulk quantities to wholesalers and distributors who further handle the packaging, branding and retail. The salmon reaches customers via third-party retailers or foodservice businesses. Thus, Salmar's main clients are large retailers, distributors and food service companies. It conducts contracts with supermarket chains and hotels, restaurants, etc. One of its major clients is Icelandic Salmon AS, Iceland's largest salmon farmer which they also own a 52% stake of. Other major clients include Norskott Havbruk AS (another subsidiary), Scottish Sea farms limited- a UK based aquaculture company, Cargill- which is also a partner in SalMar's Salmon Living Lab initiative to share industry knowledge. Although a proposed salmon tax has been negatively impacting the market for long-term fixed-priced contracts, SalMar currently maintains them for delivery and processing of the product. Moreover, SalMar's financial strategy prioritizes sufficient liquidity to meet future obligations, which may influence their approach to contract negotiations. 95% of SalMar's sales are exports, primarily in the European Union, followed by Asia- primarily in China, Japan and South Korea ultimately followed by the US and a minority portion held by others.

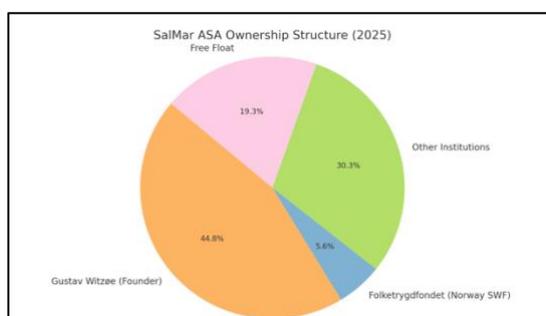
SUPPLIERS

SalMar is a vertically integrated company, meaning it is in full control of certain key stages of the value chain, such as breeding and hatcheries, farming and offshore facilities, as well as sales and logistics. Even though this is the case, it does not mean that SalMar does not rely on certain suppliers for specific inputs or specialized infrastructure. The majority of the company's contractors have offices in Norway, from feed suppliers to suppliers of vessels, cage structures, packaging and technology solutions. However, SalMar's contractors also have a wide range of own contractors from all around the world, including regions such as South America, Asia and several countries in Europe. For example, Maccaferri, an Italian company, supplied the KikkoNet containment net and its built-in structural reinforcements for the Ocean Farm 1 project. Endúr Sjøsterk AS, a Norwegian company this time, was responsible for the construction of a turn-key concrete feed barge, designed for use on locations exposed for extra harsh weather conditions. Another Norwegian company,

Gaia Salmon, has agreed with SalMar for delivery of post-smolt, thus enabling for scaling offshore farming operations. Besides these, SalmoBreed, a subsidiary of Benchmark Holdings, supplies fertilized eggs from its Icelandic facility, providing also fish health services, diagnostics and health products. Disregarding infrastructure, there are two main types of suppliers in the salmon industry, those being the suppliers of eggs and the suppliers of feed. The egg-supplying area is quite concentrated, with SalmoBreed being one of the biggest players. Even though there are no substitutes for the product, there are not very high switching costs neither, and so their bargaining power is limited. The same can pretty much be applied to the feed suppliers as well, with some of the biggest players being Skretting and BioMar – low switching costs, low differentiation among offerings, and thus their power is also limited. Overall, the company maintains stable relationships with its suppliers, but this can be subject to change, as the aquaculture industry is constantly evolving, and SalMar tries to keep its position at the top. The fish farm company is, however, exposed to certain risks, such as increased feed prices, particularly due to the war between Russia and Ukraine: Ukraine was a big exporter of wheat and oils, and due to the disrupted supply chains, feed prices increased. Another risk would be the currency exchange rates - SalMar earns a substantial portion of its revenue in foreign currencies while incurring costs in Norwegian Krone. This exposure makes the company susceptible to exchange rate fluctuations, impacting profitability.

OWNERSHIP AND MANAGEMENT

SalMar ASA maintains one of the most concentrated ownership structures on the Oslo Børs. As of April 2025, over 82 percent of the company's shares are held by insiders and institutions, with Chairman and founder Gustav Witzøe controlling 44.81 percent of total shares outstanding. This makes SalMar one of the most founder-controlled large-cap salmon producers globally. The second-largest holder is Folketrygdfondet, Norway's sovereign wealth vehicle, with a 5.64 percent stake. Other institutional investors include DNB Asset Management, Alfred Berg Kapitalforvaltning, and Vanguard Group. Institutional activism is low across the board, and insider ownership is overwhelmingly concentrated in Witzøe, who owns nearly all insider-held equity. Combined, the top 20 shareholders hold more than four-fifths of the company, leading to a limited free float of 19.3 percent. Structurally, SalMar's executive leadership is operationally strong,



but board-dominated in terms of power. CEO Frode Arntsen, who joined the company in 2017 and was promoted in 2022, has led the firm through consolidation and offshore expansion but holds a marginal equity position. The management team includes senior executives from finance, operations, strategy, and HR, each with long tenure but little ownership influence. The board of directors consists of seven members, with only 43 percent classified as independent. Notable figures include Leif Inge Nordhammer, former CEO and 1 percent shareholder, and Morten Loktu, innovation specialist with experience at Equinor and SINTEF. The average board member is 64 years old and tenure averages six years, suggesting stability but potential aging at the top.

CAPITAL STRUCTURE

SalMar ASA presents great financial health, judging by their report published on 31st December, 2023, the company had revenues totaling to 28.2 billion NOK (€2.37bln), marking a 33.6% growth from 2022, when they had a revenue of only 21.1 billion NOK. The company also managed to increase their EBIT to 8 billion NOK, from 4.5 billion NOK last year. These were the effects of SalMar acquiring NTS, a Norwegian aquaculture group that owned several salmon farming companies, back in 2022. Because of this acquisition, SalMar gained access to both NRS and SalmoNor, two salmon farming companies, allowing it to increase the production capacity (it tripled after the acquisition) and expand its geographic footprint, from Central Norway, up to Northern Norway and Iceland. The company's capital structure is solid, having a balanced mix of both equity and debt. Their financial policy remains conservative, ensuring sufficient liquidity and a strong balance sheet to support its operations and strategic initiatives. In terms of corporate strategy, SalMar's main focuses consist of sustainable growth through innovation and operational excellence. The following characteristics support their vision:

Offshore expansion – the Norwegian company pioneered offshore aquaculture with Ocean Farm 1, aiming to unlock new farming areas and reduce environmental impact

Vertical integration – they control the entire value chain, from broodstock to market; this enables them to ensure quality and efficiency

Sustainability commitment – SalMar started implementing environmentally friendly practices, such as recirculating

aquaculture systems (RAS) for smolt production, also reducing carbon emissions

Market diversification – they expanded in regions such as Asia, the United States and Europe, mitigating regional risks and capturing growth opportunities

In terms of goals, SalMar aims to deliver shareholder value, further improving their efforts towards innovation and sustainability:

Climate action – the company set science-based climate targets, wanting to halve emissions by 2030 and reach net zero by 2050. This will be done by investments in low-carbon vessels, renewable energy use in production facilities and developments in feed (insect-based and algae-based feeds)

Digitalization – SalMar is deploying AI-driven monitoring and automated feeding systems, thus optimizing fish health, reducing feed waste and lowering mortality rates. All of these also contribute to increased profitability and environmental control

PARTNERSHIPS AND GROWTH

SalMar is pursuing an ambitious growth strategy centered on production expansion, operational efficiency, and global market penetration. The company targets a 17% YoY increase in harvest volume in 2025, rising from 252,000 tons in 2024 to 294,000 tons, with a longer-term goal of reaching 370,000 tons by 2028. This planned 26% output expansion is backed by recent acquisitions including Knutshaugfisk, Refsnes Laks, Øylaks, and Hitramat Farming which strengthen SalMar's integrated value chain and boost capacity across key farming regions. The transformational 2022–23 merger with NRS and acquisition of NTS positioned SalMar as the world's second-largest salmon producer and delivered NOK 844 million in realized cost synergies, with an additional NOK 1.2 billion targeted by 2029 through structural and operational efficiencies. In parallel, SalMar is leveraging international partnerships to scale its global footprint. It owns 50% of Scottish Sea Farms in a JV with Lerøy Seafood Group and holds a 52.5% stake in Icelandic Salmon, the largest producer in the Icelandic market. SalMar's commercial network supports sales to 54 countries, with regional sales offices across Asia (Thailand, Vietnam, South Korea, Japan, Taiwan, and Singapore) enhancing distribution. While the company paused further offshore aquaculture development due to regulatory uncertainty, existing platforms Ocean Farm 1 and Arctic Offshore Farming continue to

yield strong biological outcomes. The company also maintains a uniquely close alignment with Norwegian public interests: Folketrygdfondet, the state's investment arm, is its second-largest shareholder, and SalMar contributed NOK 1.5 billion to the state in 2024 through taxes, fees, and production license purchases.

MARKETING AND ESG COMMITMENT

As previously discussed, SalMar employs a B2B export-oriented strategy. Due to this, Salmar does not invest heavily in marketing efforts, instead acquires certificates like ASC and Global GAP to cement its trustworthiness as a supplier. This also helps it retain clients, along with consistency in quality, long-term contracts as previously discussed quickly adapting to regulatory changes. Additionally, it participates in global seafood expos, uses certification to unlock ESG-sensitive markets and expanding geographically into new markets. It utilizes its subsidiary Ocean Quality for handling processing and distribution of its products worldwide. Due to the nature of the product logistics need to be of the highest quality to preserve freshness and cold-chain integrity. Salmar maintains a vertical supply chain including smolt facilities in Norway along with conducting marine-phase farming in various regions. Furthermore, when it comes to transportation, the company employs a combination of modes like trucks, water and air freight and trains to reach markets quickly. It operates high-tech processing plants like InnovaMar in Frøya and InnovaNor in Senja. SalMar has also organized offshore aquaculture projects like Ocean Farm 1 and Smart Fish Farm. These products focus on reducing emissions and waste, improving fish welfare and optimizing feed usage. SalMar also has set science-based targets, validated by the Science Based Target initiative (SBTi), to reduce its greenhouse gas emissions (GHG) by 42% by 2030 compared to a 2020 baseline, including scope 1, 2, and 3 emissions. For the social aspect of ESG, SalMar consistently creates a safe and inclusive workplace, engages with communities and emphasizes ethical governance and transparency in its operations. Moreover, it complies with the strict data and traceability regulations such as GDPR in the EU.

PORTER'S FIVE FORCES

Threat of New Entrants: MODERATE

It is the case because of entry barriers, such as high capital costs, regulatory restrictions and requirements for biological expertise. Practices such as land-based farming and increased investors interest could, potentially, lower these barriers in the future, but for now, this specific industry may not be the best for most companies.

Bargaining Power of Suppliers: MODERATE

Feed, vaccines and smolt are relatively concentrated markets, affecting margins. SalMar, however, manages to mitigate some of the risk involved with these markets, through vertical integration and supplier diversification.

Bargaining Power of Buyers: HIGH

It is because retailers, food service companies and wholesalers all have the ability to exert significant pressure, due to their scale and purchasing power. Under this section, SalMar's reputation for quality and sustainable practices provides some insulation, but in the end, market expectations for competitive prices and pristine quality tend to be constant.

Threat of Substitutes: HIGH

Alternatives such as poultry and pork tend to be more accessible and affordable, pushing salmon down the list. This may not be the case in high-income markets such as Japan or Northern Europe, where salmon has a health and premium perception (and thus, in these demographics, this threat would be moderate), but globally speaking, people are more likely to choose other protein sources

Industry Rivalry: HIGH

The salmon farming industry is highly competitive due to factors such as price sensitivity, biological risks, as well as limited farming licenses. Besides SalMar, important players are Mowi, Lerøy Seafood and Grieg Seafood. Even though SalMar's focus on offshore technology and operational efficiency helps them maintain a solid position in the salmon game, the industry still remains fierce.

PESTEL ANALYSIS

Political

- Strict laws and regulations to protect marine wildlife and the environment, which limit expansion
- It is highly susceptible to be affected by the volatility caused by the current geopolitical environment (tariff wars)
- Norway has an ongoing free trade negotiation with China
- There's a 25% tax on salmon farming established in 2023 that is costing the company their profits

Economic

- Salmon prices are lower compared to the trend and might continue
- It is vulnerable to exchange rate volatility
- It is vulnerable to fish feed prices
- Since salmon is a semi-premium product it may see reduced demands during economic downturns

Social

- It is seeing growing demand due to health-conscious audiences becoming aware of protein intake
- Consumers are more conscious of ethical food sourcing
- Veganism as a growing trend may negatively impact the brand
- Salmar gains local support by hiring locally

Technological

- Offshore fish farming is gaining momentum with increased investment in technology
- Investments in automated feeding, monitoring and harvesting methods
- Research in genetics and fish health to boost growth rates
- Uses blockchain to enable end-to-end product tracking

Environmental

- Climate change risks caused by warmer waters and other extreme events un hospitable for breeding salmon
- Salmon industry faces scrutiny for pollution, sea lice and biodiversity impact

Legal

- Stricter aquaculture laws
- GDPR laws require a lot of transparency
- International food standards need to be complied with for the right to distribute

SWOT ANALYSIS

STRENGTHS

- SalMar is the world's second-largest Atlantic salmon producer
- Vertically integrated operations offering control over the entire value chain, from broodstock to sales
- Innovative offshore aquaculture technologies (Ocean Farm 1 and Arctic Offshore Farming)

WEAKNESSES

- Heavy dependence on Norwegian operations exposes it to domestic regulatory risks
- Relies mostly on a single product (Atlantic salmon), limiting diversification
- Founder-dominated ownership structure may limit governance transparency and flexibility

OPPORTUNITIES

- Growing global demand for healthy, sustainable seafood supports long-term growth
- Expansion of offshore farming and semi-offshore operations to unlock new capacity
- Technology adoption (AI, automation) to enhance operational efficiency and reduce biological risks
- Strong growth potential in Asian and North American markets

THREATS

- Increasing regulatory pressures and taxes in Norway and the EU could impact profitability
- Economic downturns potentially reducing consumer demand for premium seafood products
- Biological risks such as sea lice, diseases, and climate-related disruptions
- New US tariffs on Norwegian salmon imports (15%) from April 2025

CRITICAL FACTORS AND CATALYSTS

As global demand for sustainable protein continues to rise, salmon remains a core part of health-conscious diets. This long-term shift supports SalMar's strategy of expanding production and reaching new international markets. With 95% of revenue from exports, the company benefits from foreign exchange tailwinds and broad geographic diversification, reducing reliance on domestic consumption.

SalMar's vertically integrated model and low-cost operations allow it to scale efficiently across regions. The company controls the entire value chain, from broodstock to processing, creating strong quality control and cost advantages. Following its recent mergers with NRS and NTS, SalMar has already realized NOK 844M in synergies, with an additional NOK 1.2B targeted by 2029.

The rollout of advanced farming technologies, including submerged and semi-closed systems, supports operational efficiency and environmental performance. By 2025, SalMar aims to implement these solutions at 40% of its sites, helping to reduce lice pressure and improve biological outcomes. These innovations align with stricter ESG demands and position the company ahead of regulatory shifts.

Entry of new large-scale competitors remains unlikely, due to high barriers to entry such as limited license availability, biological risk, and capital intensity. SalMar's long-standing expertise, offshore R&D initiatives, and technological investments create strong competitive moats that would be difficult to replicate without deep industry knowledge and scale.

Looking forward, key catalysts include the planned 17% increase in harvest volume in 2025, reaching 294,000 tons, and a longer-term target of 370,000 tons by 2028. Regulatory clarity on offshore aquaculture, particularly concerning Ocean Farm 1, would unlock further capacity. Additionally, recovery from biological challenges in 2024, along with ongoing efficiency gains, could strengthen margins and earnings visibility. Despite regulatory and tax-related risks, SalMar's scale, innovation, and sustainability leadership support a favourable long-term outlook.

FINANCIAL STATEMENT ANALYSIS

INCOME STATEMENT

The financial analysis carried out covers a period of four years, from 2021 to 2024.

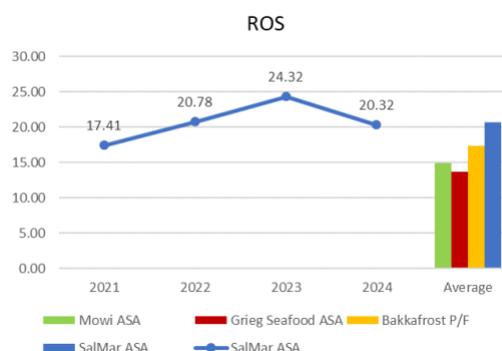
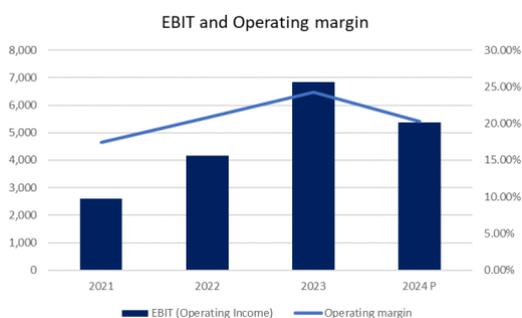
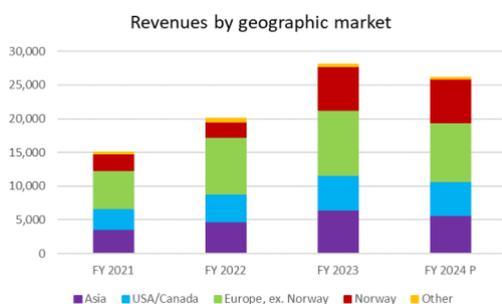
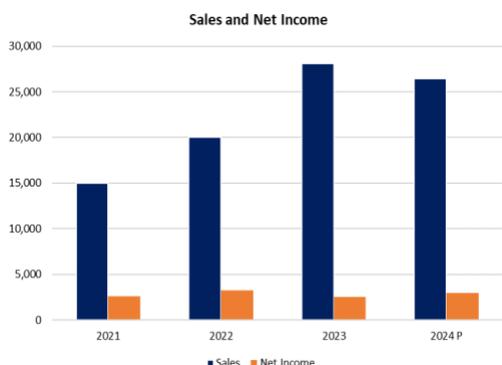
In 2024, **total sales** amounted to 26.426¹ billion. Overall, from 2021 to 2024, there was a significant growth of 76.50%. Despite the positive trend, a slowdown in sales is expected for 2024, with a decrease of approximately 6% (-5.95%).

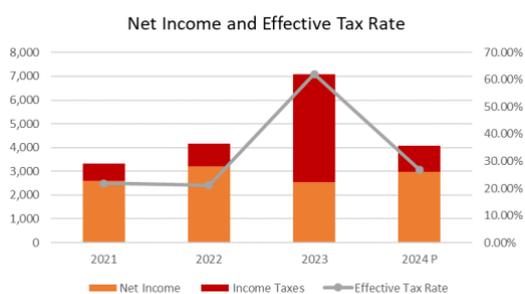
SalMar reports its operations in five segments: Fish Farming Central Norway, Fish Farming Northern Norway, Icelandic Salmon, Sales and Industry, and SalMar Aker Ocean. In general, all segments, except for SalMar Aker Ocean, experienced a slowdown in revenues. Similarly, the decline in revenues affected all geographic markets in almost equal measure: the Asian market decreased by approximately 12%, the U.S./Canadian market saw a more moderate slowdown of around 3%, and the European market, excluding Norway, experienced a revenue drop of nearly 10%. The only market that recorded growth, albeit modest, was the Norwegian market, with an increase of +0.81%.

EBIT grew steadily until 2023, and for 2024, in line with what was observed for revenues, it is expected to decline. However, it is important to note that SG&A expenses data for 2024 are not available, and the evaluation of COGS cannot be conducted with complete consistency compared to previous years due to the lack of available data.

Preliminary estimates indicate an increase in COGS, which has been assessed considering costs that now include freight and insurance—elements that were excluded in previous years. For these reasons, we caution against using this value as an absolute key variable.

With these considerations in mind, EBIT for 2024 amounts to 5.369 billion, resulting in a ROS of approximately 20%. Comparing this figure and the past values of competitors, the operating margin appears to be generally higher, averaging around 20%.



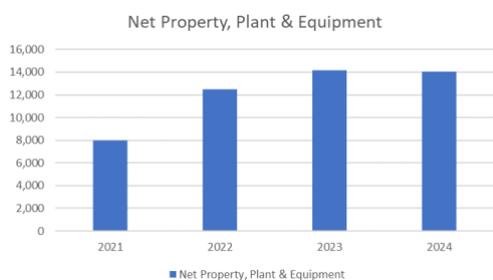


Net Income stands at a solid level of 2.969 billion, showing a recovery compared to 2023 values (+16.61%), although it has not yet reached 2022 levels.

However, it is important to highlight that 2023 was marked by a particularly high level of Income Taxes: the tax burden for 2023 was 62.05%, compared to an average of 20%. This was due to the Norwegian Parliament's approval in 2023 of an additional resource rent tax on aquaculture in Norway, with a tax rate of 25%. This information helps explain why, in 2023, Net Income did not strictly follow the revenue trend.

BALANCE SHEET

Assets

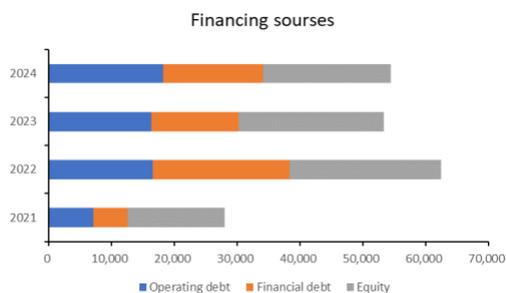


SalMar Group's total assets were NOK 54,433 million at the end of 2024 million compared to NOK 53,331 million at the end of 2023.

Current assets were NOK 17,924 million in line with the values of 2023 and 2022. Although whole current assets remained unchanged during these years, the composition has significantly changed. Indeed, inventories has steadily increased from NOK 12,685 million in 2022 to NOK 15,246 million in 2024 while cash has decreased significantly from NOK 2,713 million in 2022 to NOK 518 million in 2024.

The cash reduction in 2024 was primarily due to a decline in CFO (Cash Flow from Operations), due to a lower Net Income; a negative CFI (Cash Flow from Investing), equal to NOK -2,160 million compared to the positive value of NOK +1,775 million in 2023 and a significant decline in CFF (Cash Flow from Financing), due to the inflow from new debt issuance in 2024 and debt repayments of NOK -7,947 million in 2023.

At the end of the fourth quarter of 2024 long term assets were NOK 36,509 million compared to NOK 35,533 million at the end of 2023 and they primarily consist of two components: PP&E (Property, Plant & Equipment) and Intangible Assets. While PP&E remained almost unchanged in the last year, if we consider 2021 as the reference year it has increased by more than 75%, meaning that significant investments have been made since 2022 in particular in Buildings and Machinery & Equipment. Intangible Asset consist of Goodwill and licenses; the former is about one-sixth of the total NOK 19,493 million in 2024 and it is primarily due to the acquisition of subsidiaries and the activity of M&A. The remaining portion is composed of licenses.



Liabilities and Equity

Current liabilities stood at NOK 10,343 million, slightly increasing from the previous year. However, a major difference was observed between 2021 and 2022, when SalMar entered interest rate and currency swaps to hedge against variable rate risks, totaling NOK 2,250 million.

On the other side, non-current liabilities primarily consist of non-current interest-bearing debt with different maturities and the remaining portion has been due to deferred tax liabilities equal to NOK 7,007 million.

In 2021 and in 2022 large-scale investments have been made for the acquisition of Buildings & Machinery and for the acquisition of NTS and NRS and this caused an increase in both short term and long term debt.

As of December 31, 2024, SalMar Group's total equity amounted to NOK 20,240 million, with an equity ratio of 37.2%, compared to NOK 23,078 million at the end of 2023 and an equity ratio of 43.3%.

Approximately 90% of total equity consists of Common Equity, while the remaining portion is Non-controlling Interest. Although non-controlling interest declined in absolute terms between 2023 and 2024, it increased in proportion to total equity.

RATIO ANALYSIS

PROFITABILITY

Profitability	ROE	Turnover Ratio	ROI	ROA
2021	19.78%	79.77%	13.88%	9.32%
2022	16.56%	50.35%	10.46%	5.13%
2023	12.79%	80.62%	19.61%	4.77%
2024	16.56%	72.56%	14.74%	5.45%

Regarding profitability ratios ROE (Return on Equity) is higher than the ones of the competitors and in 2024 is equal to about 16% while the other companies of the same sector report lower levels, just Mowi ASA is similar to SalMar ASA's level.

The same situation is present if we look to ROI (Return on Investment) which is 14.74% for SalMar in 2024. If we decompose ROI in its two main components the higher level compared to the competitors comes from a good profitability of sales (the ROS is around 20%) and a good turnover ratio which highlight a good capital efficiency.

The last profitability ratio we consider is ROA (Return on Assets). The difference with other companies within the same sector is less pronounced but ROA is still at proper level. The slight difference with the competitors is a feature of the sector in which the company operates. Indeed, aquaculture sector is a capital intensive sector that requires significant investments.

LIQUIDITY

Liquidity	Current Ratio	Working Capital	Quick Ratio	Cash Ratio
2021	2.19	5558.24	0.49	0.19
2022	1.55	6188.42	0.42	0.24
2023	1.82	8004.82	0.34	0.08
2024	1.73	7581.00	0.26	0.05

SalMar's liquidity situation presents some challenges. The current ratio is quite good, above 100%, indicating that the company is potentially able to meet its current obligations using only current assets. This situation is also evident when looking at working capital. However, when considering the quick ratio and especially the cash ratio, we can see that both are extremely low.

The quick ratio, which has decreased over the years, indicates that the high current ratio is essentially due to the large amounts of inventory on hand. Similarly, the low cash volume, as also seen in the analysis of the balance sheet, indicates an inability to meet short-term cash outflows.

These factors are indicators that lead us to conclude that the company could be extremely vulnerable to liquidity risk.

EFFICIENCY

Efficiency	DSO	DIO	DPO	Cash Conversion Cycle
2021	33.62	268.47	70.26	231.83
2022	36.14	326.49	64.34	298.30
2023	31.24	280.62	70.06	241.80
2024	29.82	263.90	68.16	225.56

Over the years Cash Conversion Cycle has remained relatively stable without significant fluctuations.

DSO (Days Sales Outstanding) has followed a decreasing trajectory and is currently at a low level, around 30 days, indicating that SalMar can collect its receivables within a month. As for DPO (Days Payable Outstanding), it remains at a strong level, more

than twice the DSO, indicating SalMar's strong bargaining power with creditors, which allows for longer payment terms.

The most significant figure concerns inventories: they remain at a high level, exceeding 250 days, which is, however, consistent with the industry in which the company operates. Moreover, over the years—except for 2022—it has remained stable, providing further evidence of strong operational consistency.

SOLVENCY

Regarding the company's solvency, we immediately notice that the debt-to-equity ratio is quite high: liabilities are almost double the equity, indicating a high level of leverage.

The interest coverage ratio has decreased over the years, although in 2024 it still remains at good levels. This situation is driven by the rising interest expenses rather than a decrease in EBIT which has increased over the years.

As for financial leverage, it remains a substantial level and this means that the company heavily relies on debt. This can result in higher profitability due to the lower cost of debt compared to equity but inevitably implies a higher financial risk.

Solvency	Gross debt ratio	Intrest Coverage Ratio	Financial debt ratio	Refinancing ratio
2021	0.95	13.33	0.42	1.62
2022	1.98	11.39	1.06	3.96
2023	1.52	5.40	0.75	1.81
2024	1.91	4.24	1.03	2.62

FORECAST

INDUSTRY

The fish sector in which SalMar ASA operates has undergone a complex but significant evolution over the last five years. In general, the fluctuating trend has been influenced by macroeconomic factors, regulatory changes, technological innovation and biological and health shocks.

The sector is, however, experiencing a period of strong growth in global demand, with a steady growth of CAGR between 3% and 4% during the period 2019-2023. The trend is not perfectly linear or in any case slowed down by the impact of the pandemic in 2020-2021 and the regulations introduced on the environment and sustainability that have limited the expansion in areas with negative environmental impact.

The Norwegian salmon aquaculture industry faced significant difficulties during 2024, mainly due to three reasons: adverse weather conditions; biological challenges related to pests and diseases; and price pressure. Despite these challenges, a recovery in terms of volumes is expected for 2025 thanks to more favourable environmental and climatic conditions.

However, optimism has been dampened by recent developments regarding the new US trade policy which could be a drag on growth. As of 9 April 2025, the US has imposed a 15% duty on imports of salmon from Norway. These fees can be a major obstacle for the entire sector from which SalMar ASA is not exempt as about 19% of revenues come from the American continent.

Finally, in the context of growth in the sector, it is worth briefly referring to the main risks that may affect the performance of the sector: Increased water temperatures that compromise salmon health and stimulate the growth of parasites; toxic algae blooms; extreme weather events; loss of marine areas suitable for production.

COMPANY-WIDE FORECAST

REVENUES

SalMar ASA has undertaken a number of strategic investments in recent years to strengthen its competitiveness and position itself

for sustainable revenue growth. In terms of capacity expansion, recent strategic acquisitions by Knutshaugfisk, Refsnes Laks, Øylaks and Hitramat Farming aim to strengthen SalMar's integrated value chain and increase production capacity in all major agricultural regions. The merger in 2022-23 with NRS and the acquisition of NTS positioned SalMar to become the second largest salmon producer in the world and provided 844 million NOK in cost synergies realized.

The investments do not only include acquisitions or mergers but SalMar has invested heavily and will continue to do so in recent years also on technological innovation and on the welfare of fish with new production systems. In this sense, SalMar is continuing the development of several projects, including the Smart Fish Farm, an offshore facility with a planned production capacity of 22,700 tons per year, expanding offshore farming, Arctic Offshore Farming; Marine Donut: together with Bluegreen SalMar, develops an economically efficient closed fish farm. Enables completely new and profitable production strategies.

This investment activity is about NOK 2.523 million in line with the values of the past years and whose benefits, in terms of increased revenues, should be seen in the future.

In terms of product diversification, SalMar is not actively trying to diversify its products in the strict sense (new species, new commodity categories). More than 95% of revenues still come from the sale of whole or processed salmon. The current diversification is of type: geographical (Iceland, offshore), operational (advanced technologies and automation), commercial (more ready-to-eat products, but always based on salmon). This in a context of global economic uncertainty could be a problem if the core business of the company suffered a setback.

Considering the potential impact that the duties could have on the entire sector and given the exposure of the company to the current market, and also considering the significant investments made in the last years, a recovery is expected and this is why the forecast for 2025 is 20.20%. From the following years, taking into account the large investments made and considering that the entire salmon market is expanding, growth is expected to converge to the sector's average of about 5% in 2029.

COST COMPONENT

As for the cost component, COGS excluding D&A have remained stable over the years and are expected to remain between 65% and 70%. However, SalMar ASA's commitment to implement efficiency strategies through the implementation of new technologies to monitor fish welfare, improved environmental conditions and more effective vaccination programmes could reduce the margin by up to 60%. This view is also supported by the high degree of vertical integration that SalMar has achieved over the years through mergers and acquisitions, which make it possible to streamline production chains and operating costs.

With reference to the D&A over the past years and also for the future, an increase is expected mainly due to investments in infrastructure, strategic acquisitions and expansion of production capacity. As a result, the average moving growth rate of D&A over three years is used.

The company is still in a phase of active investment therefore, it is premature to consider the D&A in a "steady state" completely stable. Depreciation and amortisation is likely to remain significant in the near future, reflecting the company's continued commitment to expansion and innovation.

Finally, as regards SG&A expenses, a share equal to the average of the last five years is considered corrected for the expected inflation in Norway.

COMPANY VALUATION

REVENUES

Years	Revenues (in NOK m)	Growth rate
2020A	12.857	16,45%
2021A	14.972	16,45%
2022A	20.070	34,05%
2023A	28.099	40,01%
2024A	26.426	-5,95%
2025E	31.764	20,20%
2026E	36.982	16,43%
2027E	41.660	12,65%
2028E	45.358	8,88%
2029E	47.671	5,10%

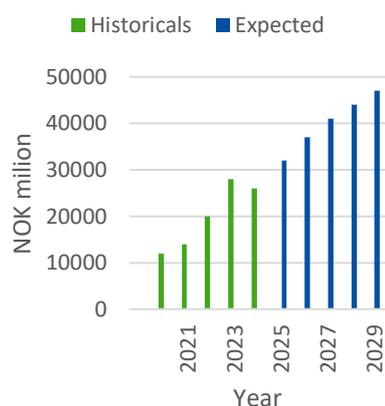
In the table historical and future growth rates are shown with their respective value of revenues.

In order to compute the growth rate for the DCF model company-specific situation and industry valuations have been made. As written in the forecast section, starting point in 2025 is the historical average growth rate of the company of 20% which during the years is expected to converge with the sector forecast growth rate of around 5%.

To determine the appropriate growth rate for the DCF model, historical, fundamental, and analysts' estimated growth rates were analyzed.

The table below displays Salmar's historical and expected revenue. It is evident that Salmar's experienced a significant revenue increase during the Covid pandemic. However, this growth has begun to taper off, and it is anticipated to return to normalized levels over the coming years. Revenue growth is expected to increase from relatively low levels during the initial two years of the forecast period before stabilizing at a rate of 5% for the subsequent four years. . After the five-year horizon, a perpetual growth rate of 2% is assumed, aligning with the long-term inflation targets of Norway and Europe overall, which is the primary market of Salmar.

Revenues - Historicals and Expected



Cost of equity	
Risk free rate	3,84%
Market risk premium	4,33%
Beta	0,80
Ke	7,33%

WACC

COST OF EQUITY

We calculated SalMar's cost of equity using the Capital Asset Pricing Model (CAPM). The risk-free rate employed is 3.84%, derived from Norway 10y bond yield. The adjusted beta we computed is 0,80, which we have multiplied by a market risk premium of 4.33%—obtained by subtracting the risk-free rate from the average historical market return. This resulted in a calculated cost of equity of 7.33%.

Cost of debt	
Risk free rate	3,84%
Credit spread	1.75
Kd	5.59%

Equity	64.837
Net Debt	17.220
Total	82.057
Tax rate	47,00%
Weight Equity	79,01%
Weight Net Debt	20,99%
WACC	6,410%

COST OF DEBT

The cost of debt calculation also began with the 3,84% risk-free rate, to which we added SalMar's default spread of 1.75%, as indicated by a BBB corporate rating provided by Nordic Credit Rating. The final output is a cost of debt of 5.59%.

WACC

According to the latest balance sheet figures from 2024, SalMar's capital structure comprises NOK 64,837 million in equity (79.01%) and NOK 17,220 million in net debt (20.99%). Combining these factors, we derived a WACC of 6.39%. This elevated WACC primarily reflects the high proportion and cost of equity within SalMar's capital structure.

DISCOUNTED CASH FLOW MODEL

Given the sensitivity of the DCF valuation to key assumptions we have also conducted a sensitivity analysis. This analysis examines potential fluctuations in the WACC and the perpetual growth rate – two variables with substantial impacts on the valuation.

Applying our calculated WACC to SalMar's forecasted cash flows, we arrived at an **enterprise value of NOK 100.168 billion** and an **equity value of NOK 82.948 billion**. This valuation implies an intrinsic **share price of NOK 627,89**, indicating a potential **upside of 27.88%** compared to the current share price of NOK 489 as of May 6, 2025. For additional details, please refer to the DCF analysis in the appendix.

Given the sensitivity of the DCF valuation to key assumptions, we have also conducted a sensitivity analysis. This analysis examines potential fluctuations in the WACC and the perpetual growth rate—two variables with substantial impacts on the valuation.

SENSITIVITY ANALYSIS

The attached table details SalMar's implied share prices under various scenarios of WACC and perpetual growth rate adjustments. Under the most conservative assumptions, featuring a 1% higher WACC and a 1% lower perpetual growth rate than our

base scenario, the share price would fall to NOK 358.68. Conversely, in the most optimistic scenario, with a 1% reduction in WACC and a 1% increase in the perpetual growth rate, the share price would rise significantly to NOK 1176.07, value which is significantly higher than the current share price.

	WACC					
	627,39	5,41%	5,91%	6,41%	6,91%	7,41%
1,00%	652,64	565,31	494,25	435,32	385,68	
1,50%	747,85	639,88	554,04	484,18	426,25	
2,00%	870,98	733,53	627,39	543,00	474,32	
2,50%	1036,43	854,64	719,50	615,16	532,19	
3,00%	1270,55	1017,37	838,63	705,77	603,18	

COMPARABLE COMPANIES ANALYSIS

	EV/ Revenues	EV/ EBITDA	EV/EBIT
Mowi ASA	1.89	8.6	15.34
Bakkafrost	3.04	12.69	20.11
Leroy			
Seafood	1.16	7.64	14.06
Group ASA			
Austevoll			
Seafood ASA	0.83	3.82	10.79
Grieg			
Seafood ASA	1.73	31.45	-
MEDIAN	1.73	8.6	14.7

To carry out the comparable company analysis, the asset-side and equity-side approaches were used with the following key multiples: for the calculation of the Enterprise Value (EV), the following EV/Revenues, EV/EBITDA, EV/EBIT multipliers were considered; for the calculation of the Equity Value, the following multiples P/E, P/BV were taken into account.

After obtaining the multiples for the above companies, the median values have been taken into account to avoid counting outliers which can heavily influence the calculation. The average value of Enterprise Value (EV) obtained from the various multiples derived and applied to SalMar ASA was calculated. Finally, the equity value is calculated by subtracting the net cash debts from the EV and using the equity value approach with the respective multiples. The average price of SalMar ASA obtained from the different approaches is NOK 256.80, well below the current market quotation of SalMar ASA of NOK 499.4. To identify companies comparable to SalMar, we started by looking at peers that share a similar business model and operate in the same Nordic region. This helps ensure a fair comparison, as these companies are subject to similar regulations, tax regimes, biological conditions, and operational risks. Based on that, we selected five names: Mowi ASA, Lerøy Seafood Group ASA, Grieg Seafood ASA, Bakkafrost P/F, and Austevoll Seafood ASA.

	P/E	P/BV
Mowi ASA	17.11	2.12
Bakkafrost	28.29	1.7
Leroy Seafood		
Group ASA	9.96	1.3
Austevoll		
Seafood ASA	6.91	1.12
Grieg Seafood		
ASA	-	1.64
MEDIAN	13.54	1.64

While all five share important operational similarities with SalMar, most of them differ significantly in terms of market capitalization. In fact, Bakkafrost is the only one that could be considered

somewhat comparable from a size perspective. However, relying on a single company doesn't provide a strong enough basis for a robust valuation benchmark. **For this reason, we've decided not to proceed with this peer-based analysis.**

RECOMMENDATION

Our final recommendation is to **buy**, as the stock appears to be **undervalued** based on our DCF analysis. This view is **supported** by solid company fundamentals, as highlighted in both the financial statement review and ratio analysis. In addition, our projections point to continued growth for both the company and the broader sector—at a time when SalMar enjoys a clear competitive edge over its peers.

The DCF model estimates an intrinsic value of NOK 627,89, which is significantly higher than the current market price, implying an upside of around 27,88%. Even under various scenarios tested in the sensitivity analysis, the intrinsic value remains above the market value in most cases, reinforcing our positive outlook.

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DCF APPENDIX

EBIT ESTIMATION

(Data in NOK million)	Historicals					Explicit forecast				
	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Income statement										
Sales	12.857	14.972	20.070	28.099	26.426	31.764	36.982	41.660	45.358	47.671
Growth	16,45%	16,45%	34,05%	40,01%	(5,95%)	20,20% ⁽¹⁾	16,43%	12,65%	8,88%	5,10%
COGS (excluding D&A)	(8.234)	(9.975)	(13.180)	(17.433)	(19.396)	(21.441)	(24.038)	(27.079)	(28.349)	(28.603)
% of sales	(64,04%)	(66,63%)	(65,67%)	(62,04%)	(64,78%)	67,50%	65,00%	65,00%	62,50%	60,00%
Gross profit	4.623	4.997	6.890	10.666	7.030	10.323	12.944	14.581	17.009	19.068
SG&A expenses	(1.638)	(1.335)	(1.760)	(1.968)	0	(1.675)	(1.950)	(2.197)	(2.392)	(2.514)
% of sales	(12,74%)	(8,92%)	(8,77%)	(7,00%)	-	(5,27%) ⁽¹⁾	(5,27%)	(5,27%)	(5,27%)	(5,27%)
Other	(16)	(253)	41	(446)	30					
EBITDA	3.750	4.212	6.172	9.671	8.751	8.648	10.993	12.384	14.617	16.555
Margin	29,17%	28,13%	30,75%	34,42%	33,12%	27,23%	29,73%	29,73%	32,23%	34,73%
D&A	(781)	(803)	(1.001)	(1.419)	(1.691)	(2.173)	(2.821)	(3.550)	(4.546)	(5.815)
% of sales	(6,07%)	(5,36%)	(4,99%)	(5,05%)	(6,40%)	(6,84%)	(7,63%)	(8,52%)	(10,02%)	(12,20%)
EBIT	2.969	3.409	5.171	8.252	7.060	6.475	8.172	8.834	10.071	10.740
Margin	23,10%	22,77%	25,77%	29,37%	26,72%	20,38%	22,10%	21,20%	22,20%	22,53%

DCF

(Data in NOK million)	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
EBIT	2.969	3.409	5.171	8.252	7.060	6.475	8.172	8.834	10.071	10.740
Operational taxes	(661)	(744)	(1.097)	(5.121)	(1.897)	(3.043)	(3.841)	(2.032)	(2.316)	(2.470)
NOPAT	2.308	2.664	4.074	3.132	5.163	3.432	4.331	4.682	5.338	5.692
% of sales	17,95%	17,80%	20,30%	11,15%	19,54%	10,80%	11,71%	11,24%	11,77%	11,94%
Depreciation & Amortization	781	803	1.001	1.419	1.691	2.173	2.821	3.550	4.546	5.815
% of sales	6,07%	5,36%	4,99%	5,05%	6,40%	6,84%	7,63%	8,52%	10,02%	12,20%
Gross cash flows	3.089	3.468	5.075	4.551	6.854	5.605	7.153	8.232	9.884	11.507
% of sales	24,03%	23,16%	25,29%	16,20%	25,94%	17,65%	19,34%	19,76%	21,79%	24,14%
WC value	4.556	6.25 ⁽¹⁾	7.188	9.243	9.337	11.514	13.406	15.101	16.442	17.280
% of sales	35,43%	41,77%	35,81%	32,89%	35,33%	36,25%	36,25%	36,25%	36,25%	36,25%
Change in noncash WC	N/A	(1.698)	(934)	(2.055)	(94)	(2.177)	(1.891)	(1.696)	(1.340)	(839)
% of sales		(11,34%)	(4,65%)	(7,31%)	(0,36%)	(6,85%)	(5,11%)	(4,07%)	(2,95%)	(1,76%)
CAPEX	(3.755)	(2.224)	(2.455)	(2.352)	(2.582)	(3.634)	(4.231)	(4.766)	(5.189)	(5.454)
% of sales	(29,21%)	(14,86%)	(12,23%)	(8,37%)	(10,30%)	(11,44%) ⁽¹⁾	(11,44%)	(11,44%)	(11,44%)	(11,44%)
FCFF		(455)	1.686	143	4.178	(206)	1.030	1.770	3.355	5.215
% of sales										
TV cash flow										
Year						0,5	1,5	2,5	3,5	4,5
Discount factor						0,9694	0,9110	0,8561	0,8046	0,7561
PV FCFF						(200)	939	1.516	2.699	3.943
Terminal Value										120.623
PV terminal value										91.205

(Data in NOK million)

Enterprise Value	100.101
(Net Debt)	(17.220)
Equity Value	82.881
NOSH	132
	(Data in NOK)
Share Price	627,39
Current Share Price	49 ⁽¹⁾
Upside/Downside	27,85%
Recommendation	BUY