



**The Scottish  
Salmon Company**

# Investor presentation

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Oslo 5 March 2018

Gousam, Isle of Lewis

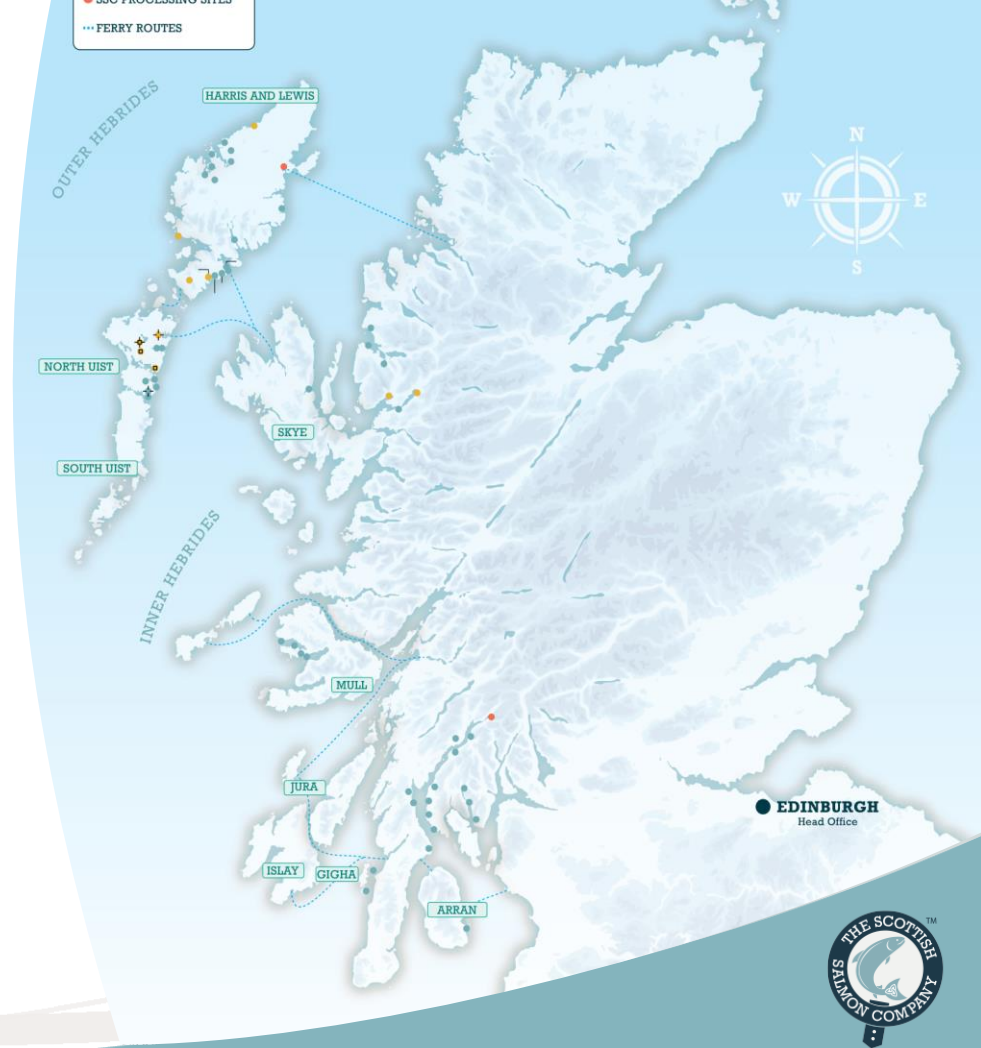
# Agenda

- 2017 Highlights
- The Scottish Salmon Company
- Financial update
- Long term goals and short term priorities
- Outlook & Summary



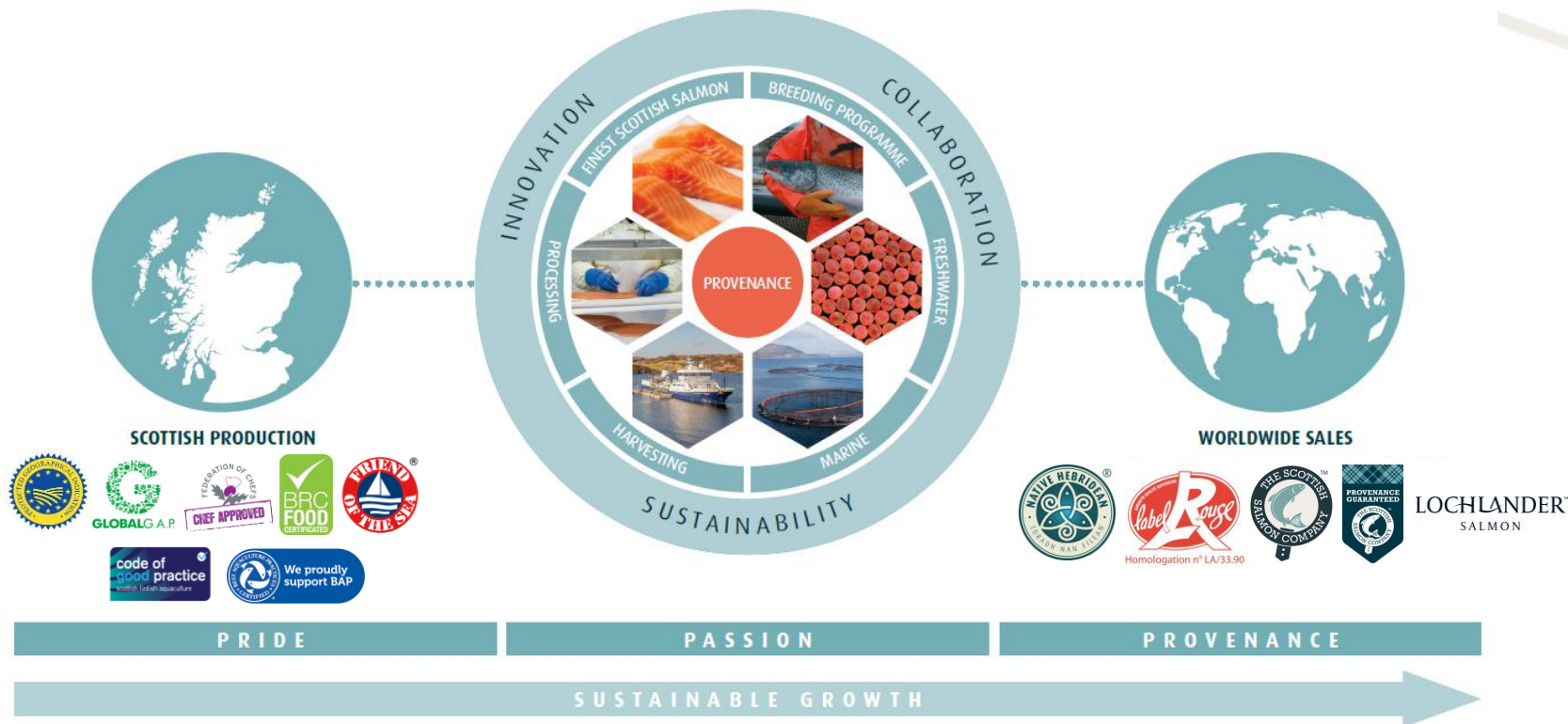
# Scotland's leading salmon company

- Over 60 sites on the West Coast of Scotland & Hebrides
- 26,500 tonnes annual production
- Export more than half to 26 countries worldwide
- Over 500 employees
- HQ Edinburgh, registered at Jersey
- Listed on Oslo Børs





# Bringing Scotland's finest salmon to the world



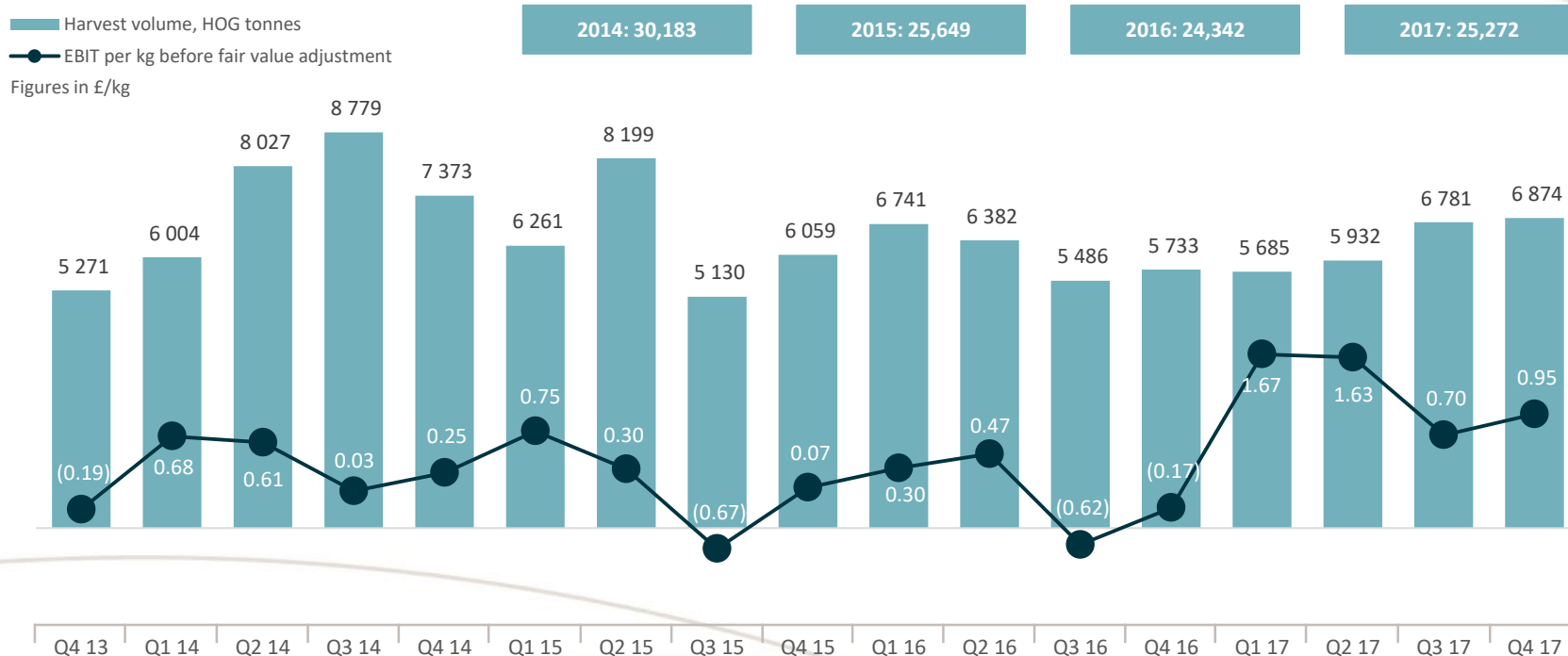
# 2017 highlights

- First Dividend since 2011
- Record revenue of £151m driven by higher prices and volume recovery
- Exports exceeded 50% of sales with increased volumes to North America and the Far East
- Driving exports through Hebridean Origin and Scottish Provenance offerings
- Consent in the Hebrides for additional 4,000 tonnes supports growth strategy



# Financial update

# Business development



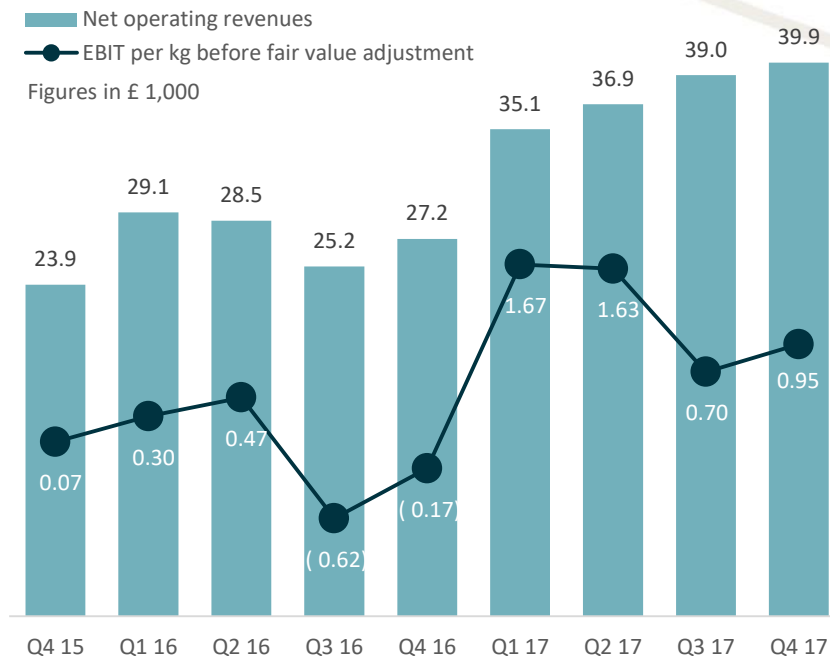
# Key financials

£ 1,000	FY 2017	FY 2016	Q4 2017	Q4 2016
Net operating revenues	150 946	109,921	39 895	27,209
EBITDA	38 669	8,939	8 650	1,175
EBIT before fair value adjustments	30 476	672	6 542	(994)
Equity ratio (%)	59 %	55%	59 %	55%
NIBD	38 519	42,904	38 519	42,904
Harvested volume (HOG tonnes)	25 272	24,342	6 874	5,733
EBIT/kg before fair value adjustments (£/kg)	1.21	0.03	0.95	(0.17)



# Positive earnings development

- Net operating revenues increased in 2017
  - Strong market for Scottish Salmon
  - Strong selling prices
  - Driving premium value
- Increased product diversification
- Historic earnings impacted by biological challenges
- Outlook for 2018 prices remains good, with increased participation by SSC

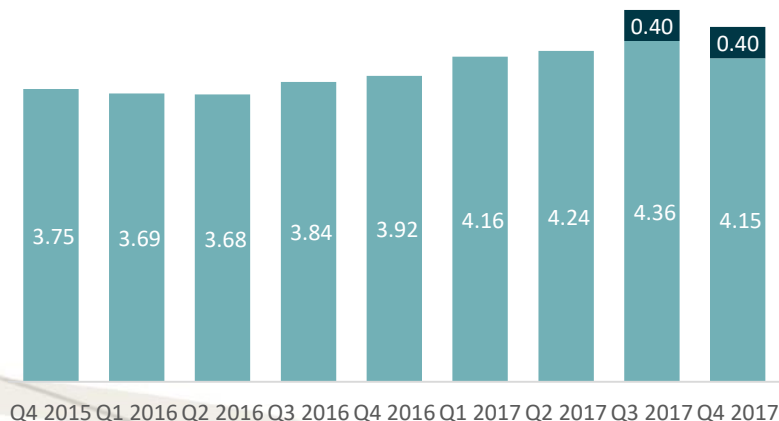


# Operational performance

## Operational performance

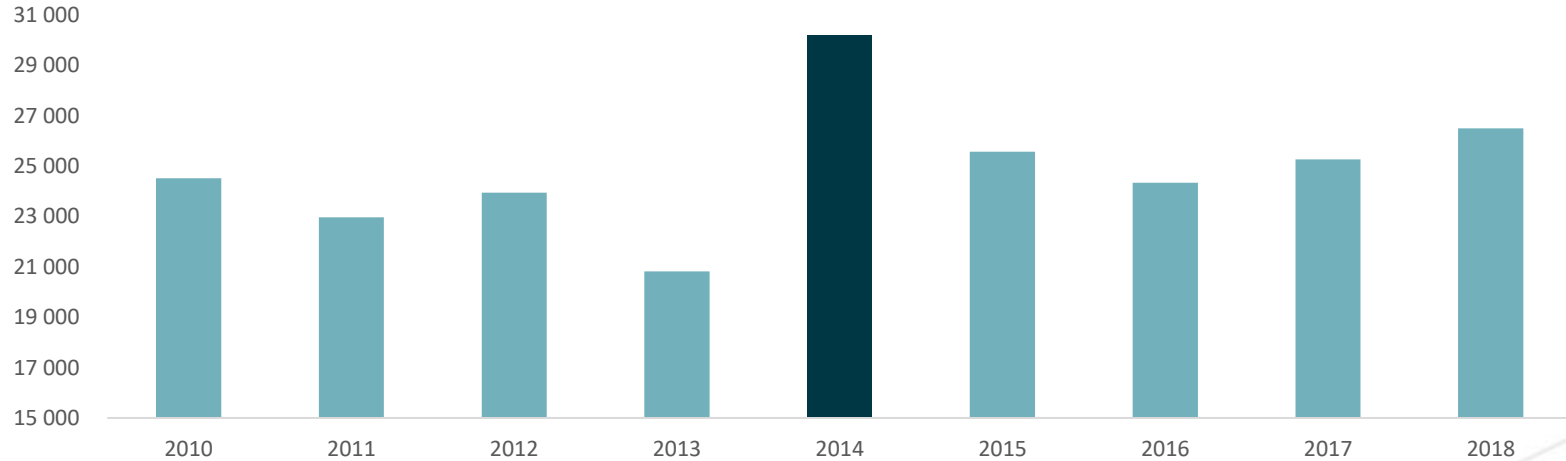
- Biological improvement from previous quarter
- Review and development of sites
  - New site in Hebrides
- Processing platform in place
  - Improved operational efficiency
- 2018 alignment of mortality estimation

■ Total cost £/kg ■ Cost £/kg (adjusted for new Accounting policy)



# Harvest volumes

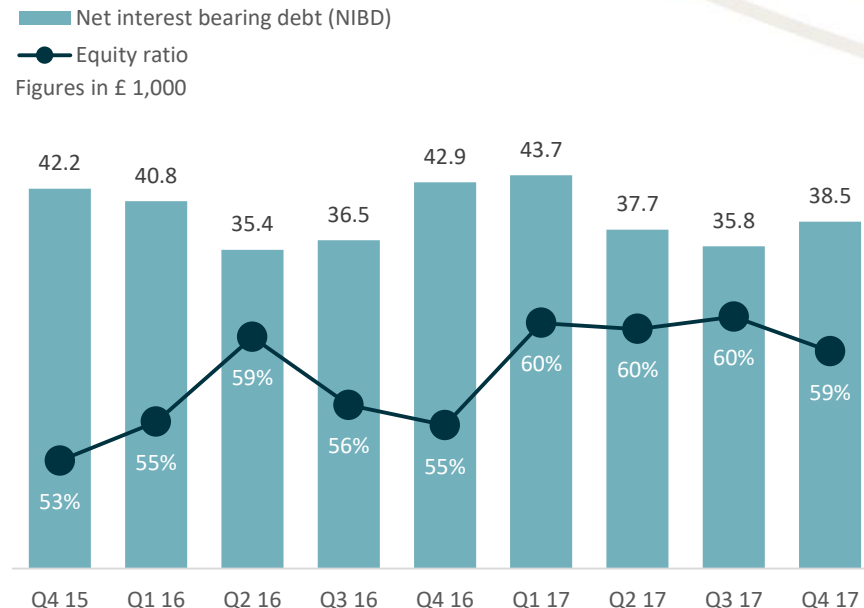
Harvest volume (GWE)



- Historic volume imbalance being remediated

# Healthy financial position

- Investing in responsible and sustainable growth
  - Total investments of £12m in 2017
- Funds available to support growth throughout the supply chain
- Planned investments of over £24m in 2018
  - Freshwater facilities
  - Site development
- Solid asset base
- Equity ratio stable in the 55-60% range





# Long term goals and short term priorities



# Responsible and sustainable business growth



Ambition

33,000 tonnes  
in 5 years



Strategy

- Operational efficiency
- Market development



Priorities

1. Strengthened biosecurity
  2. Steady volume growth
  3. Infrastructure development
- 
1. Long-term strategic partnership
  2. Brand development
  3. Drive export growth

# Operational Efficiency

1. Strengthened biosecurity
2. Steady volume growth
3. Infrastructure development



# Market Development

Building on commitment to Scottish provenance and quality:

1. Long-term strategic partnership
2. Brand development
3. Drive export growth

## 5 Brands of Excellence



# Native Hebridean



Reared and sold exclusively by The Scottish Salmon Company

- Unique strain
- 100% Hebridean Provenance
- Stronger, leaner, more robust salmon
- Endorsed by chefs for its outstanding quality, sea fresh taste and firmness
- Already won two awards for New Product and Innovation
- Partnership with Hendrix



NATIVE  
**HEBRIDEAN**  
100% SCOTTISH SALMON



*“Looks good, feels great –  
as close to wild salmon as we’ve seen”*

The Federation of Chefs Scotland





# Outlook and summary



# Outlook & Summary

- Anticipate 2018 harvest volume will be around 26,500 tonnes
- Market prices and demand forecast to remain high into 2018
- Long-term growth strategy focused on customer partnerships, provenance, site development
- Export strategy focused to leverage the value of provenance
- Investing in sustainable growth
- Continued strong focus on operating improvements

# Bringing Scotland's finest salmon to the world



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