



Salmonids

Yearly • 2019

Norwegian aquaculture suppliers

Demoreport

KONTALI

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Methodology

Norwegian Aquaculture Suppliers 2019 is based on various sources, mainly the official financial statements, available from The Brønnøysund Register Centre

The sample: The analysis covers 172 suppliers, mainly to the Norwegian aquaculture industry. Norwegian Aquaculture Suppliers 2019 does not attempt to cover the supplier industry as a whole. The sample is divided into 13 different segments:

Broodstock, breeding and genetics: In this segment, we have included 5 players operating within broodstock, breeding and genetics.

Medications, vaccinations and chemicals: This segment includes 16 companies providing medications, vaccines, vaccination services and chemicals to the salmon industry.

Fish health services: We have included 19 players within fish health and environmental surveillance, a category which is very fragmented.

Feed producers: The segment includes Norwegian fish feed producers, 7 in total, but dominated by four players.

Workboat manufacturers: 18 companies producing workboats to the salmon farming industry are included.

Site service and support: In this segment we have included 37 companies providing diverse service to the on-growing salmon farming industry.

Net and net service providers: 11 companies are included in this category. The companies supply the industry with nets, equipment and/or services for cleaning the nets and products for anti-fouling.

Non-medicamental lice treatment: In this segment you will find in total 8 companies with business related to lice treatment, included solutions for non-medicamental lice treatment.

Wellboat operators: This segment includes 19 wellboat companies supplying services to the salmon industry.

Packaging: This segment includes 8 packaging companies supplying different packaging solutions for the salmon industry.

Certification: This segment consists of 7 companies providing certification services to salmon industry.

Closed-containment technology: This segment includes 6 companies providing closed containment facilities for on-growing in sea to the salmon industry.

Multidisciplines: In this sample, we have included 11 players operating in a broad spectre of the supply chain to on-growing farming activity, typically within more than one of the abovementioned segments.

Content

Chapters 2-14 have identical structure; A first page with a segment overview followed by a sub-chapter with tables showing key figures for the sample companies in the segment.

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1 Introduction

Norwegian Aquaculture Suppliers 2019 is a financial analysis based on the financial statements for 2018 of the Norwegian suppliers to the salmon farming industry. The report attempts to highlight the trends in the supplier market through analysis of key financial metric in order to understand the position and financial development of the players within different segments.

We have divided the sample of suppliers into different categories in order to analyse different segments separately. Norwegian Aquaculture Suppliers 2019 features 172 companies in total. The report only covers a defined sample of the supplier industry - we do not attempt to cover the entire industry.

1.1 Highlights

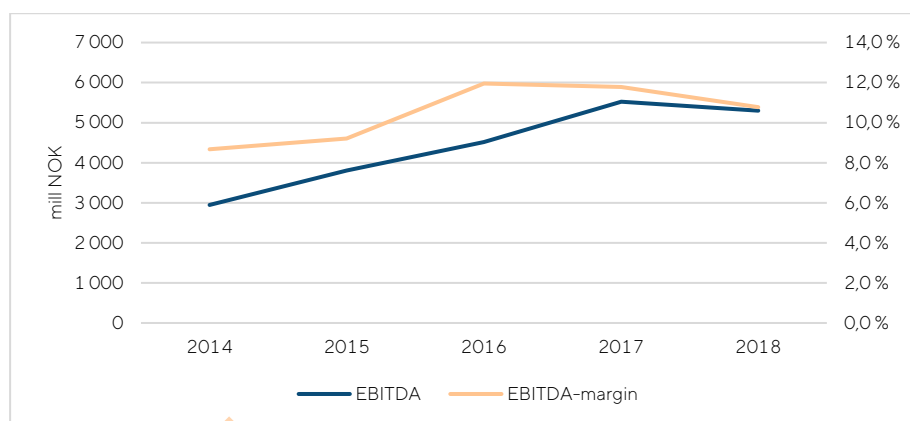
The Norwegian aquaculture supplier industry delivered solid sales growth in 2018, although margins on average decreased somewhat. The 172 companies covered in this report recorded sales of 49.2 billion NOK in 2018, increasing by approximately 2.3 billion (4.8%) compared to 2017. The weighted average EBITDA margin was 10.8% in 2018, decreasing from 11.8% the preceding year. The sample achieved a weighted average EBIT margin of 7.2% which is down from 8.4% the year before. The EBT margin in 2018 amounted to 7.3%, a decrease from 7.6% in 2017. As for return on total capital, the sample averaged 11.5% in 2018, decreasing from 13.1% the preceding year. Return on equity also dropped last year, down from 29% in 2017 to 25% in 2018.

Long-term (2014-2018), the sample achieved a weighted average EBIT margin of 7.4% implying that the 2018 margin of 7.2% was fairly average. The weighted average EBT margin for the sample in the last five years was 7.0%. For the industry as a whole the financial performance improved from 2014 onwards. This reflects strong profitability and cash flow among Norwegian salmon farming companies from 2013 onwards, amongst other factors. 2018 showed a slight downturn in profitability, although sales growth is still strong.

There was however large variation within the different segments, with sales growth ranging from -4% in Non-Medicamental Lice Treatment to 20% in Wellboat Operators. Feed Producers is by far the largest segment in terms of sales, with turnover surpassing 20 billion NOK in 2018, albeit decreasing by 3% from 2017. Feed producers are experiencing tough competition, with EBIT margin dropping from 5.7% in 2017 to 1.6% in 2018. Wellboat operators are enjoying strong sales growth, EBIT margin and return on total capital, coming in at 20%, 38% and 14% in 2018, respectively.

The Norwegian aquaculture supplier industry is more fragmented than the salmon farming industry, although there is clearly a trend towards consolidation - initiated by both suppliers and salmon farming companies. There are recent examples of this, with Europharma, Fishguard and ACD Pharma merging into STIM, Aquaship acquiring Gerda Sæle and Salmon Star, and Steinsvik, Aqualine and Aquaoptima merging into Scale Aquaculture. Consolidating units will increase the suppliers' bargaining power which possibly can enable them to put more pressure on the salmon farmers, who currently enjoy superior profitability. Indeed, The Salmon Farming Industry in Norway 2019 (publication from Kontali Analyse) revealed that Norwegian salmon and trout farmers achieved an EBIT margin of 29.8% in 2018, which is beaten only by Wellboat Operators (38%) among suppliers.

Figure 1 EBITDA AND EBITDA MARGIN ALL SEGMENTS LAST FIVE YEARS



1.2 Short-term financial performance

Table 1 TOTAL SALES AND GROWTH BY SEGMENT LAST TWO YEARS (million NOK)

Segment	Total sales		
	2017	2018	% change
Broodstock, breeding and genetics	990	1 045	5,5 %
Medications, vaccinations and chemicals	4 994	5 526	10,7 %
Fish health services	549	627	14,3 %
Feed producers	21 397	20 826	-2,7 %
Workboat manufacturers	2 688	3 029	12,7 %
Site service and support	2 232	2 313	3,6 %
Net and net service providers	1 729	1 979	14,5 %
Non-medicamental lice treatment	360	346	-3,8 %
Wellboat operators	2 905	3 485	19,9 %
Packaging	2 881	3 010	4,5 %
Certification	994	1 050	5,6 %
Closed-containment technology	157	156	-0,9 %
Multidisciplines	5 031	5 770	14,7 %
Total	46 907	49 161	4,8 %

Table 2 TOTAL EARNINGS BY SEGMENT LAST TWO YEARS (million NOK)

Segment	EBT			EBIT			EBITDA		
	2017	2018	% change	2017	2018	% change	2017	2018	% change
Broodstock, breeding and genetics	219	325	48,2%	199	268	35,0%	236	310	31,7%
Medications, vaccinations and chemicals	649	902	38,9%	641	833	30,0%	928	1 157	24,7%
Fish health services	41	56	36,0%	43	54	26,2%	61	79	29,0%
Feed producers	1 213	531	-56,3%	1 213	336	-72,3%	1 594	744	-53,3%
Workboat manufacturers	87	-3	-103,6%	88	5	-94,8%	105	25	-76,0%
Site service and support	192	119	-38,1%	240	174	-27,4%	407	368	-9,6%
Net and net service providers	42	104	148,1%	53	115	117,8%	85	145	70,9%
Non-medicamental lice treatment	42	28	-33,7%	45	31	-30,9%	59	46	-22,3%
Wellboat operators	665	1 140	71,4%	910	1 320	45,0%	1 324	1 765	33,3%
Packaging	73	121	66,2%	123	126	3,0%	176	182	3,7%
Certification	42	60	41,6%	46	49	5,7%	64	74	16,1%
Closed-containment technology	9	13	46,8%	12	15	25,6%	18	21	21,9%
Multidisciplines	295	182	-38,4%	324	209	-35,5%	468	384	-18,0%
Total	3 571	3 578	0,2%	3 937	3 536	-10,2%	5 524	5 301	-4,0%

11 Packaging

In this segment we look at the financial performance of companies providing packaging solutions to the Norwegian salmon farming industry. Some of the companies below may deliver products to other industries as well, although all have significant deliveries to the salmon farming industry.

The packaging players deliver different solutions, all of which seek to provide optimal transportation and protection of salmon before reaching the consumer. Typically, many of the players provide styrofoam boxes for transportation although there is a wide range of solutions.

The selected players had total sales of 3 billion NOK in 2018, an increase of 4,5% from 2017. Both the EBIT and EBITDA margin has remained at the approximately same level for the last 5 years.

Return on total capital was 11% in 2018, the same as for the preceding year. The weighted average EBIT margin from 2014 – 2018 was 4.1%.

Figure 13 SEGMENT DEVELOPMENT LAST FIVE YEARS

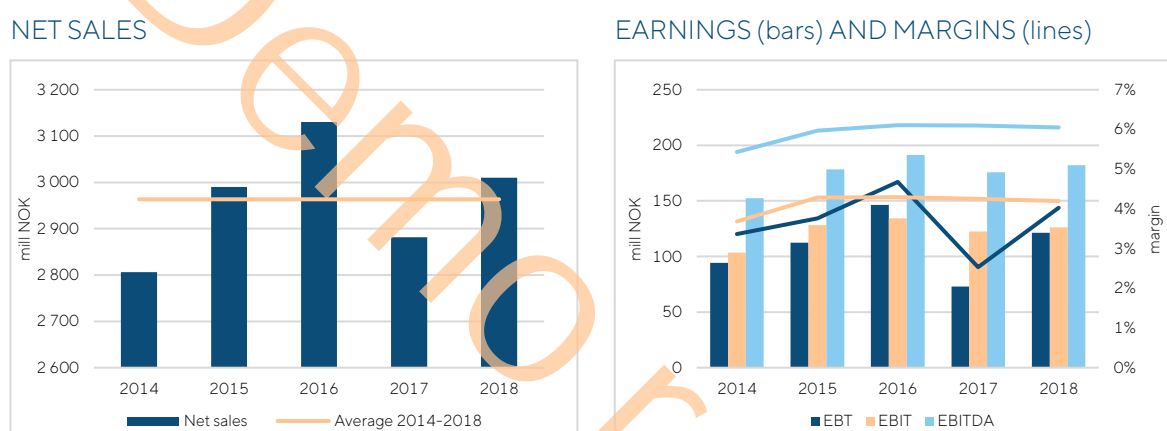


Table 73 SEGMENT AGGREGATE BALANCE SHEET LAST TWO YEARS (1.000 NOK)

Assets			Liabilities and shareholders' equity		
	2017	2018		2017	2018
Non-current assets	822 152	903 806	Total shareholders' equity	797 278	750 623
Licenses and other rights	0	0	Non-current liabilities	379 827	374 955
Fixed assets	335 192	416 695	Liabilities to credit institutions	280 692	285 204
Other non-current assets	486 960	487 111	Deferred tax	15 595	12 766
Current assets	833 132	781 149	Other non-current liabilities	83 540	76 985
Inventories	214 396	200 981	Current liabilities	478 178	559 377
Accounts receivables	357 582	363 802	Liabilities to credit institutions	39 203	36 905
Bank and cash	96 686	147 005	Accounts payable	165 603	177 358
Other current asset	164 468	69 361	Other current liabilities	273 372	345 114
			Total Liabilities	858 005	934 332
Total assets	1 655 284	1 684 955	Total liabilities and shareholders' equity	1 655 283	1 684 955

11.1 Key figures by company

Table 74 TOTAL SALES AND EARNINGS (1.000 NOK)

Company	Total sales		EBT		EBIT		EBITDA	
	2017	2018	2017	2018	2017	2018	2017	2018
Vartdal Plastindustri AS	680 296	678 642	21 461	16 208	20 398	17 473	21 859	19 743
Jackon AS	663 791	654 720	-2 854	-14 568	34 262	-5 022	47 001	9 036
Ranheim Paper & Board AS	555 929	567 642	5 187	44 256	12 312	39 979	15 803	44 242
Glomma Papp AS	437 642	454 926	31 860	18 650	30 543	17 135	45 492	32 758
Bewi Produkter AS	338 771	358 828	21 284	43 817	26 318	42 368	44 526	59 945
Nordic Emballasje AS	94 355	179 543	6 887	20 967	6 882	20 932	7 220	21 098
Rajapack AS	94 193	99 831	-8 691	-4 776	-6 679	-3 546	-6 413	-3 325
Lopack AS	16 249	15 713	-2 188	-3 340	-1 526	-3 083	261	-1 307
Total	2 881 226	3 009 845	72 946	121 214	122 510	126 236	175 749	182 190

Table 75 MARGIN DEVELOPMENT

Company	EBT		EBIT		EBITDA	
	2017	2018	2017	2018	2017	2018
Bewi Produkter AS	6,3 %	12,2 %	7,8 %	11,8 %	13,1 %	16,7 %
Nordic Emballasje AS	7,3 %	11,7 %	7,3 %	11,7 %	7,7 %	11,8 %
Ranheim Paper & Board AS	0,9 %	7,8 %	2,2 %	7,0 %	2,8 %	7,8 %
Glomma Papp AS	7,3 %	4,1 %	7,0 %	3,8 %	10,4 %	7,2 %
Vartdal Plastindustri AS	3,2 %	2,4 %	3,0 %	2,6 %	3,2 %	2,9 %
Jackon AS	-0,4 %	-2,2 %	5,2 %	-0,8 %	7,1 %	1,4 %
Rajapack AS	-9,2 %	4,8 %	-7,1 %	-3,6 %	-6,8 %	-3,3 %
Lopack AS	-13,5 %	-21,3 %	-9,4 %	-19,6 %	1,6 %	-8,3 %
Total	2,5 %	4,0 %	4,3 %	4,2 %	6,1 %	6,1 %

Table 76 KEY FIGURES EQUITY AND LIQUIDITY

Company	Equity ratio (%)		Current ratio		Acid test ratio	
	2017	2018	2017	2018	2017	2018
Lopack AS	44,6 %	48,8 %	14,02	7,63	12,45	5,91
Rajapack AS	9,3 %	10,4 %	1,40	2,73	0,60	1,62
Glomma Papp AS	41,0 %	41,4 %	1,39	1,85	1,12	1,46
Vartdal Plastindustri AS	20,4 %	21,2 %	1,46	1,41	1,34	1,29
Nordic Emballasje AS	46,5 %	40,1 %	2,23	1,64	1,21	0,92
Ranheim Paper & Board AS	29,9 %	41,9 %	1,24	1,50	0,54	0,91
Jackon AS	55,8 %	55,2 %	2,22	1,12	1,80	0,86
Bewi Produkter AS	64,4 %	26,2 %	2,75	1,00	2,03	0,84
Total	48,2 %	44,5 %	1,74	1,40	1,29	1,04

Table 77 LONG TERM FINANCIAL PERFORMANCE LAST FIVE YEARS (accumulated)

Company	Total sales	EBT		EBIT	
	1.000 NOK	1.000 NOK	%	1.000 NOK	%
Ranheim Paper & Board AS	4 137 827	93 574	2,3 %	111 852	2,7 %
Vartdal Plastindustri AS	3 060 673	126 118	4,1 %	106 213	3,5 %
Jackon AS	3 048 616	60 431	2,0 %	122 496	4,0 %
Glomma Papp AS	2 070 406	115 608	5,6 %	112 247	5,4 %
Bewi Produkter AS	1 519 820	151 912	10,0 %	154 565	10,2 %
Nordic Emballasje AS	506 376	51 999	10,3 %	51 857	10,2 %
Rajapack AS	423 766	-41 674	-9,8 %	-36 405	-8,6 %
Lopack AS	49 929	-10 552	-21,1 %	-8 196	-16,4 %
Total	14 817 413	547 416	3,7 %	614 629	4,1 %

Table 78 CAPITAL EXPENDITURE LAST FIVE YEARS (1.000 NOK)

Company	Capital Expenditure						Accumulated 2014-2018
	2014	2015	2016	2017	2018	18/17	
Jackon AS	23 322	39 438	13 675	11 481	81 994	614,2 %	169 910
Vartdal Plastindustri AS	704	7 189	0	292	31 853	10808,6 %	40 038
Glomma Papp AS	13 828	8 529	8 100	7 804	21 352	173,6 %	59 613
Ranheim Paper & Board AS	0	12 694	0	4 174	8 905	113,3 %	25 773
Lopack AS	3 054	24 821	1 734	637	61	-90,4 %	30 307
Bewi Produkter AS	8 955	20 816	40 516	21 765	0	-100,0 %	92 052
Nordic Emballasje AS	0	0	336	575	0	-100,0 %	911
Rajapack AS	35	0	511	223	0	-100,0 %	769
Total	49 898	113 487	64 872	46 951	144 165	207,1 %	419 373

Table 79 RETURN ON TOTAL CAPITAL LAST FIVE YEARS

Company	2014	2015	2016	2017	2018
Nordic Emballasje AS	35 %	38 %	29 %	29 %	47 %
Ranheim Paper & Board AS	7 %	8 %	12 %	9 %	29 %
Bewi Produkter AS	20 %	22 %	12 %	16 %	27 %
Vartdal Plastindustri AS	18 %	17 %	26 %	14 %	11 %
Glomma Papp AS	10 %	8 %	16 %	17 %	10 %
Jackon AS	5 %	10 %	10 %	9 %	4 %
Lopack AS	-2 %	-3 %	-6 %	-4 %	-8 %
Rajapack AS	-37 %	-45 %	-34 %	-27 %	-10 %
Total	9 %	11 %	12 %	11 %	11 %