



# Welcome to our webinar

Quarterly update  
2021 Q1



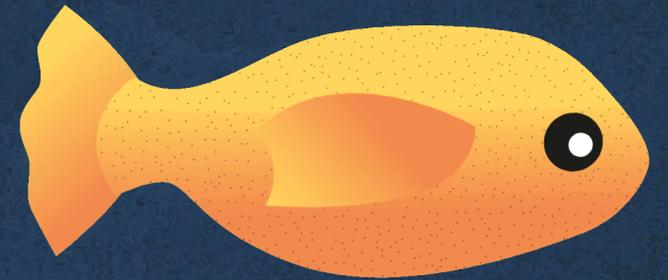
**Christoph Baldegger**  
Founder / Managing Director

**ocean of  
opportunities**

**Quarterly update  
2021 Q1**

**«At the stock exchange,  
2 times 2 is never 4, but  
5 minus 1. You just gotta  
have the nerve to accept  
and endure the minus 1.»**

André Kostolany



## Volatility comparison

	6M	YTD	1Y	2Y
Bonafide Global Fish Fund	15.28%	13.17%	15.23%	17.09%
MSCI All Country World	13.79%	13.81%	16.39%	21.89%
MSCI World Small Cap ETF	17.25%	18.22%	20.88%	24.69%

The Sharpe Ratio of the Bonafide Global Fish Fund was 0.52 vs. 0.78 MSCI All Country World vs. 0.76 MSCI World Small Cap ETF over the last 2 years.

Source: Bloomberg April 2021

## Key figures in comparison

Market Yields	Global Fish Fund	MSCI World	Food-Multis (Ø)
Price-Earnings-Ratio expected	<b>15.32</b>	19.43	21.61
Dividend Yield expected	<b>2.72%</b>	2.03%	2.32%
EV/EBITDA	<b>18.37</b>	16.72	15.38
P/B	<b>1.96</b>	3.02	4.45

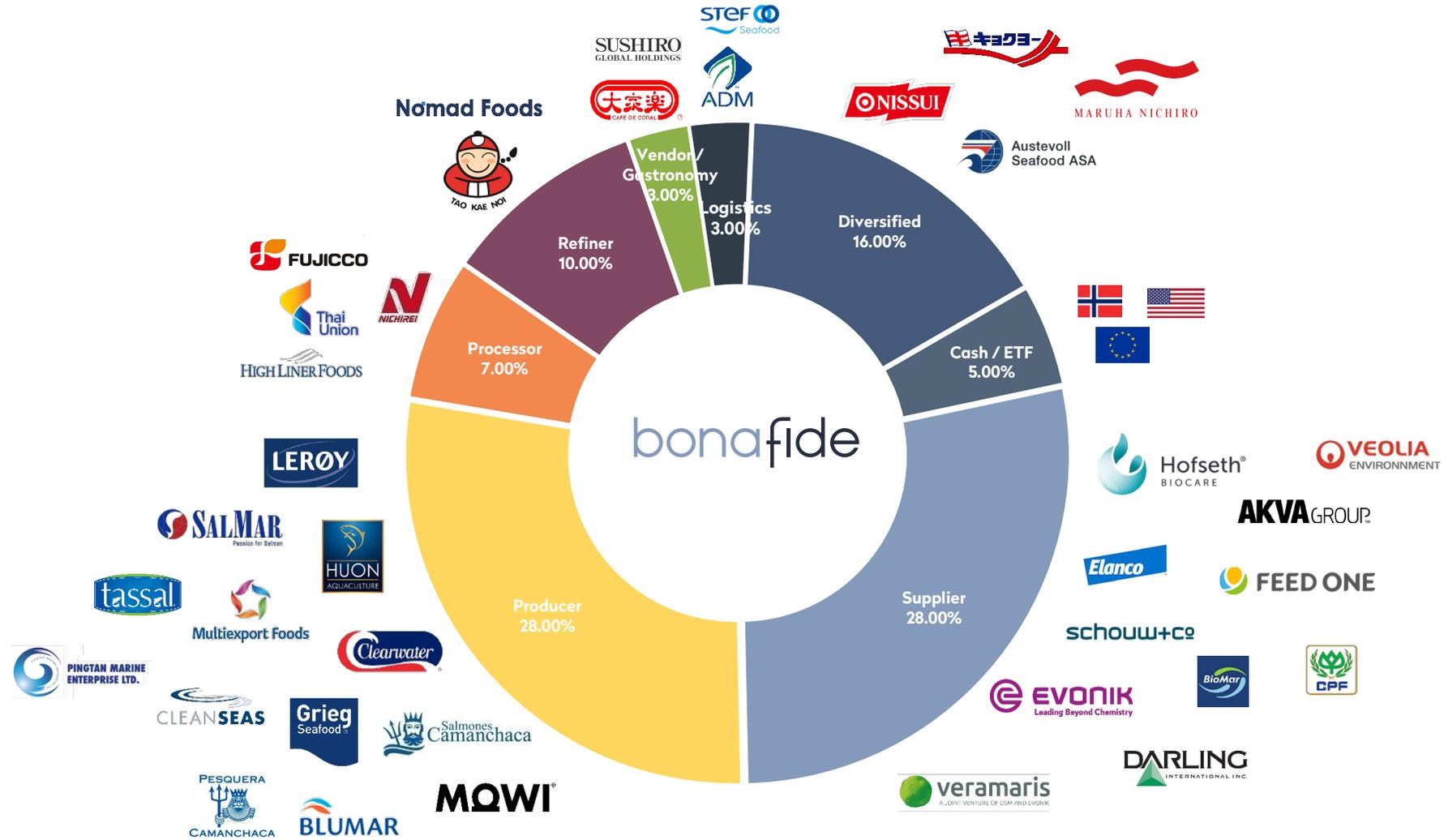
Source: Bloomberg April 2021

- ➔ **MSCI World:** World equity index comprising developed and emerging markets (Bloomberg ticker: MXWD Index)
- ➔ **Food-Multis:** Companies with a market capitalization of over 5,000 million, which are active in the consumer staples sector and are actively traded on the stock exchange.

# Globally positioned...



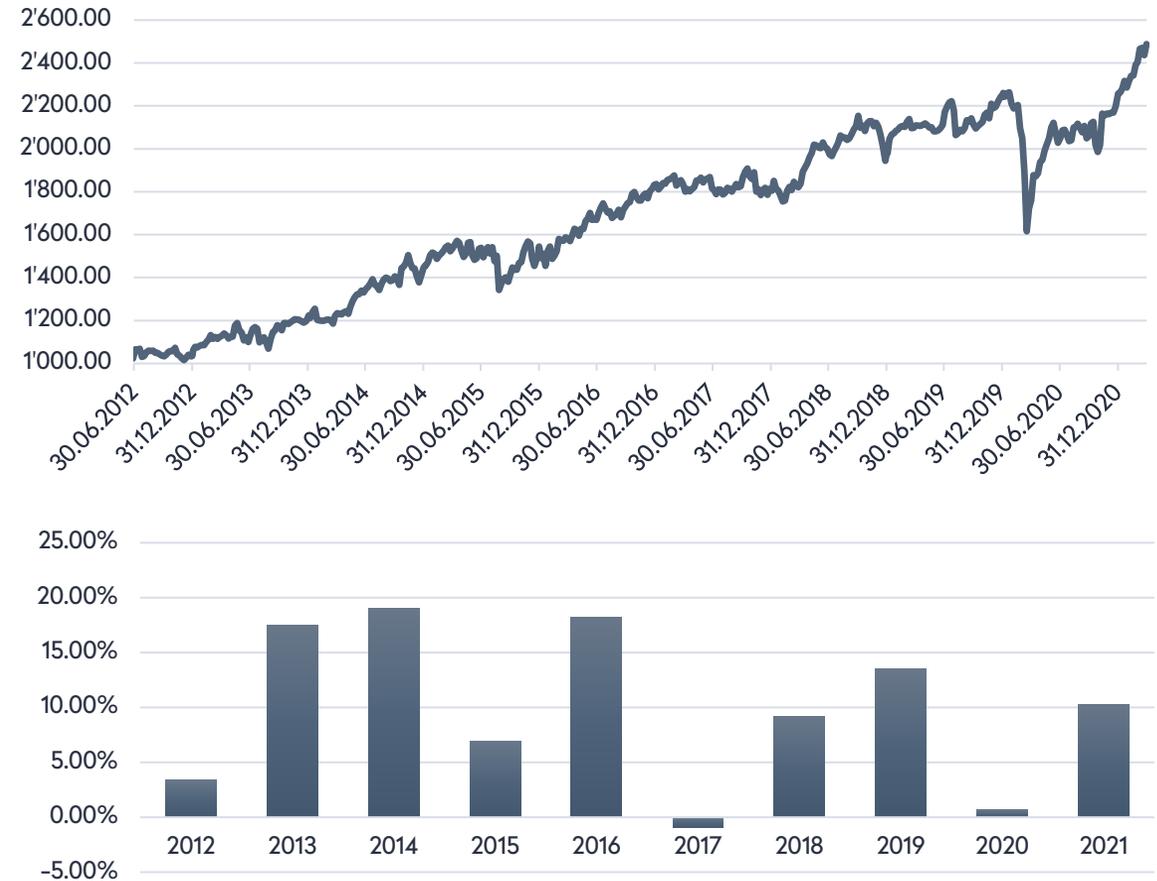
# ...along the entire value chain



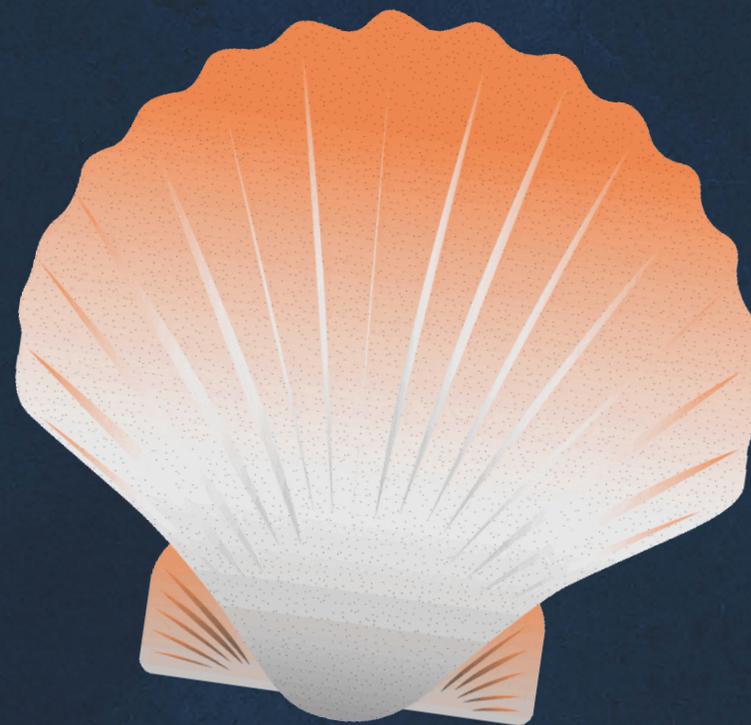
# A 9-year "track record"... the trend is unbroken!

## Historical performance tranche EUR

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	1.26	4.62	4.05										10.23
2020	-1.36	-5.23	-17.87	12.54	5.69	-0.99	0.35	4.04	-2.72	-3.59	8.95	4.35	0.68
2019	5.42	0.91	-0.16	0.60	-1.42	1.47	3.23	-4.52	2.94	-0.84	4.04	1.46	13.49
2018	-1.57	2.35	-0.16	6.14	3.8	-0.25	0.27	1.74	3.17	0.62	0.10	-6.84	9.17
2017	0.72	1.36	-1.68	-1.16	1.71	-1.54	-0.33	-0.52	1.44	2.48	-4.60	1.41	-0.94
2016	-1.38	-0.07	3.96	2.46	2.47	0.41	3.20	-1.49	2.00	3.96	-0.40	1.96	18.24
2015	4.88	-0.27	0.65	0.25	2.65	-2.06	-1.41	-11.21	5.13	3.97	6.84	-1.44	6.90
2014	-0.9	-0.06	1.45	1.92	5.13	1.69	2.83	1.78	-0.31	4.59	-0.47	0.09	19.03
2013	5.08	4.19	-0.83	-0.56	3.21	-4.53	-0.19	-2.65	10.25	0.42	1.84	0.78	17.45
2012						2.28	0.72	2.89	-2.26	2.04	-3.10	0.95	3.40



**+ 10.91% per year**

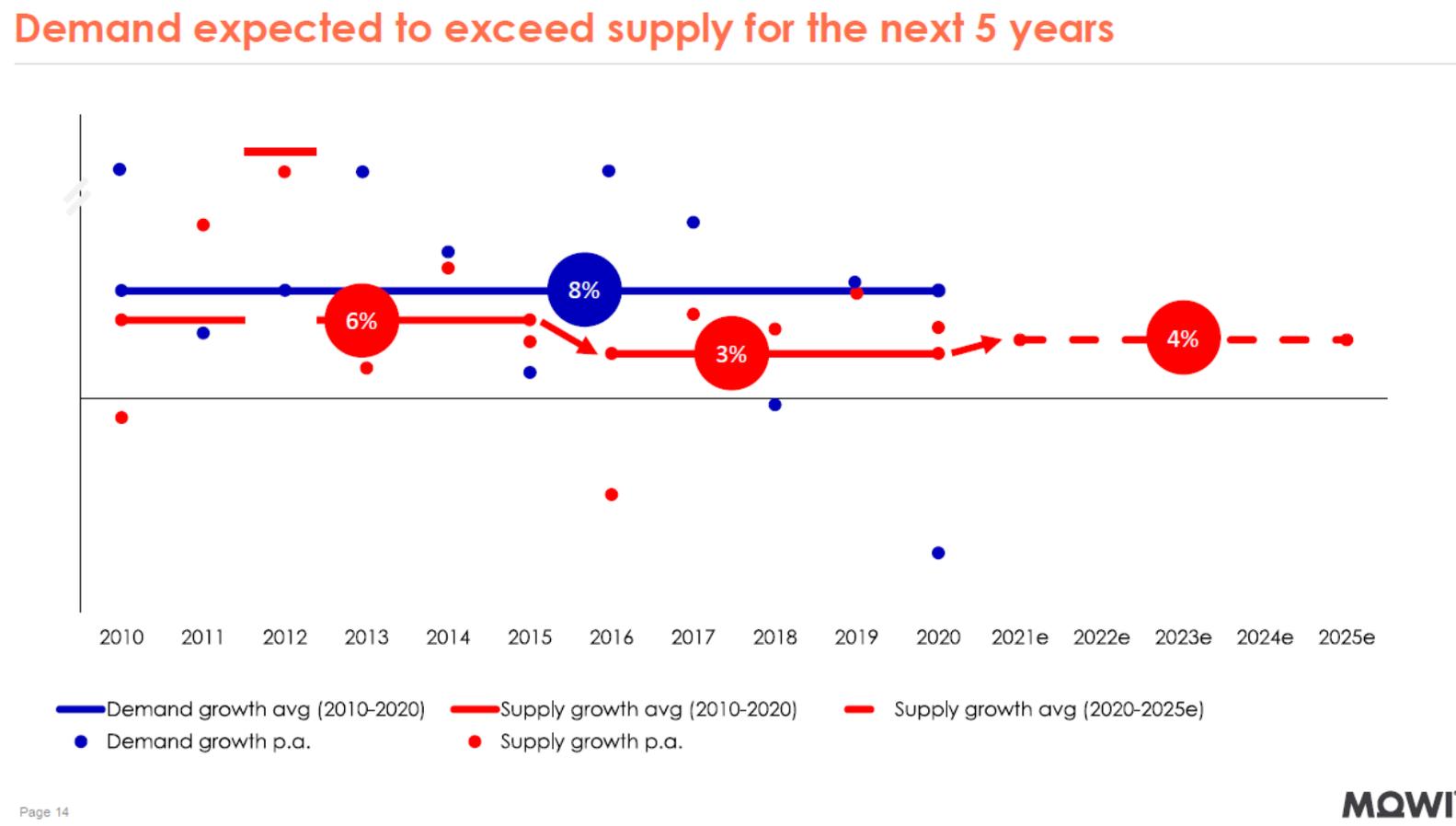


**RESEARCH /  
PORTFOLIOMANAGEMENT**  
Makro



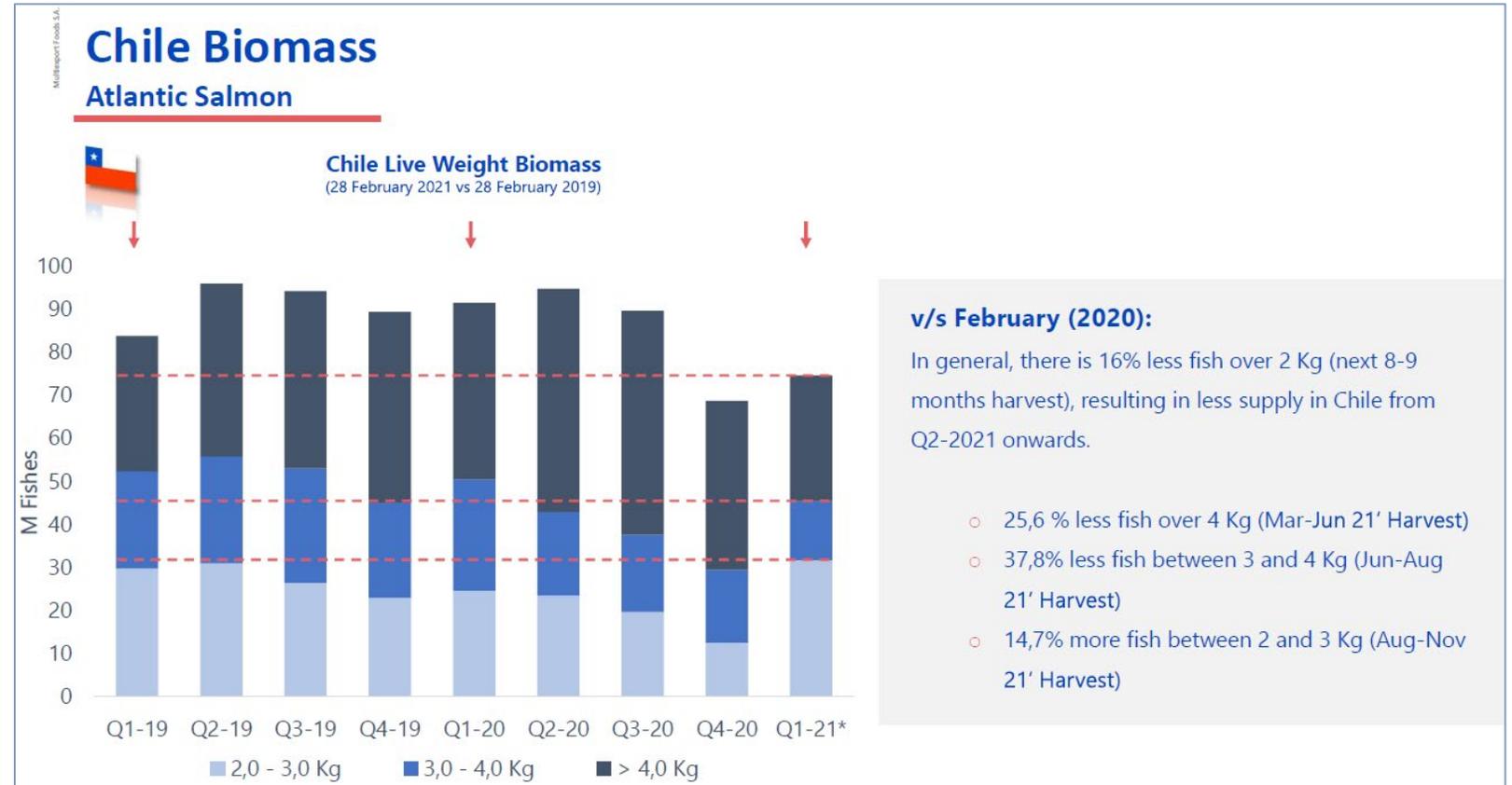
# Bet on salmon price

- Salmon continues to be a «raw material»
- Dependent on supply and demand
- If previous market laws continue to apply in the future, higher salmon prices are only a matter of time



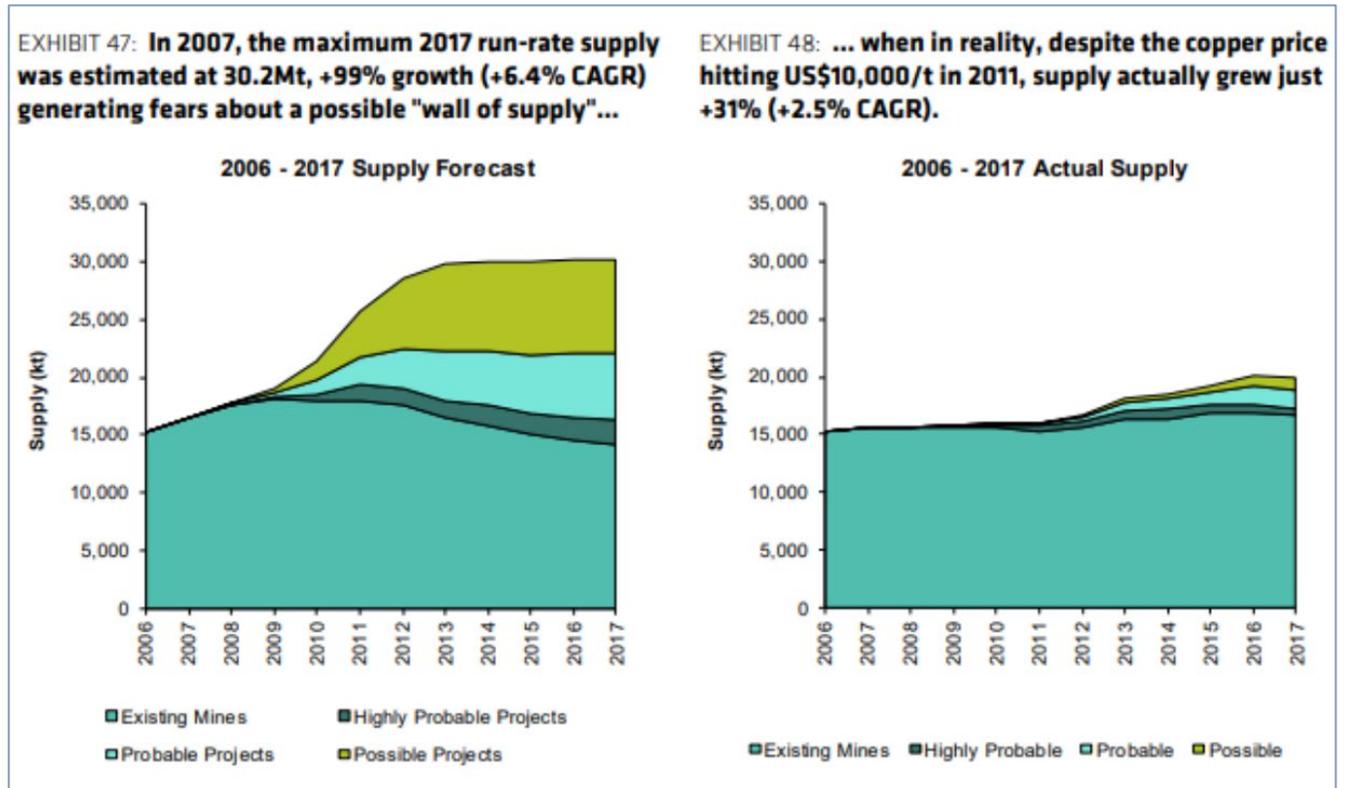
# Supply: shock from Chile 2021

- 2021 supply from Chile will fall back to 2018 level (-14% yoy)
- Salmon price in Miami (hub for chilean salmon) stays at attractive pre-COVID-19-level



# Cross comparison with another raw material (copper)

- Copper:
  - Estimate and reality
  
- Salmon:
  - In Norway (max. 3% biomass growth every 2 years) and Chile the new regulation takes effect
  - Few small coastal countries like Iceland can still grow vigorously
  - New technology (land-based or Offshore) are still in their infancy and need risk capital to emerge



# Supply: global development

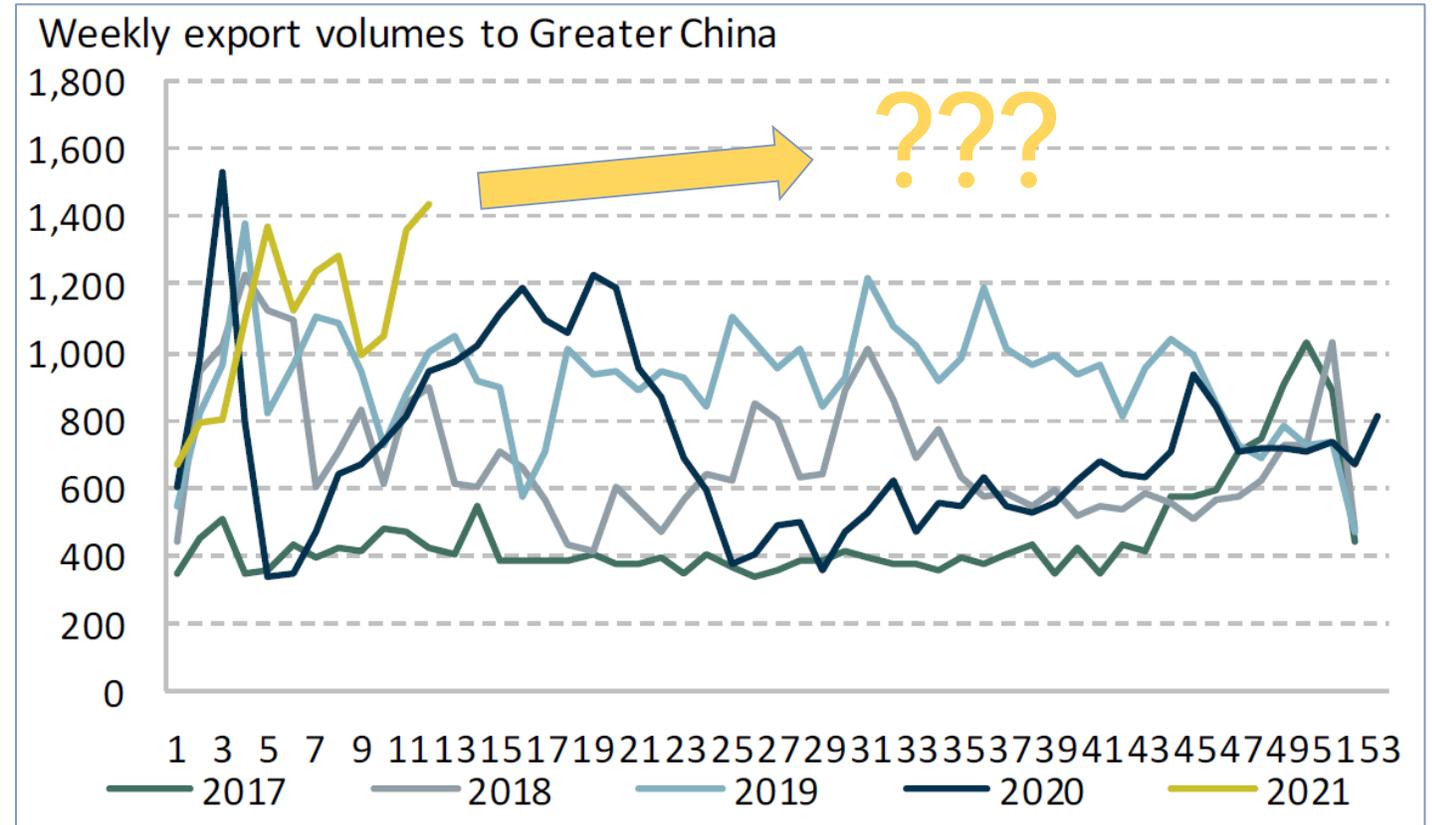
## Long term supply estimates

### The world production of Atlantic Salmon (rw 1,000 tons)

Country	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Norway	856	945	1,006	1,183	1,144	1,199	1,234	1,171	1,208	1,253	1,335	1,369	1,466	1,494	1,532
Chile	239	130	221	364	468	583	598	504	564	660	690	778	669	728	757
UK	145	142	155	159	158	172	166	157	177	152	191	178	204	201	203
Canada	115	118	120	137	115	95	135	146	137	146	138	140	133	146	153
Faroes	48	42	56	70	73	83	76	77	80	72	87	81	101	107	113
USA	16	18	19	20	20	20	20	23	22	19	21	20	23	24	36
Ireland	16	18	16	16	11	12	16	16	17	14	16	16	14	17	17
Australia	32	33	36	40	39	42	55	54	61	64	62	83	88	94	97
Iceland	1	1	1	3	3	5	4	8	12	14	25	31	45	52	65
Russia		4	4	7	10	13	14	5	9	5	12	11	19	25	28
Other	0	1	1	1	1	3	2	3	4	5	7	8	17	21	25
Total production	1,468	1,452	1,634	2,000	2,041	2,227	2,320	2,165	2,291	2,405	2,581	2,716	2,778	2,909	3,025
Annual growth	-2 %	-1 %	13 %	22 %	2 %	9 %	4 %	-7 %	6 %	5 %	7 %	5 %	2 %	5 %	4 %
Frozen inventories	31	1	-17	-10	-4	-19	-7	57	-28	-12	-24	-64	35	15	-
Total supply	1,499	1,453	1,617	1,990	2,037	2,208	2,313	2,222	2,263	2,393	2,558	2,651	2,813	2,924	3,025
Supply growth	2 %	-3 %	11 %	23 %	2 %	8 %	5 %	-4 %	2 %	6 %	7 %	4 %	6 %	4 %	3 %

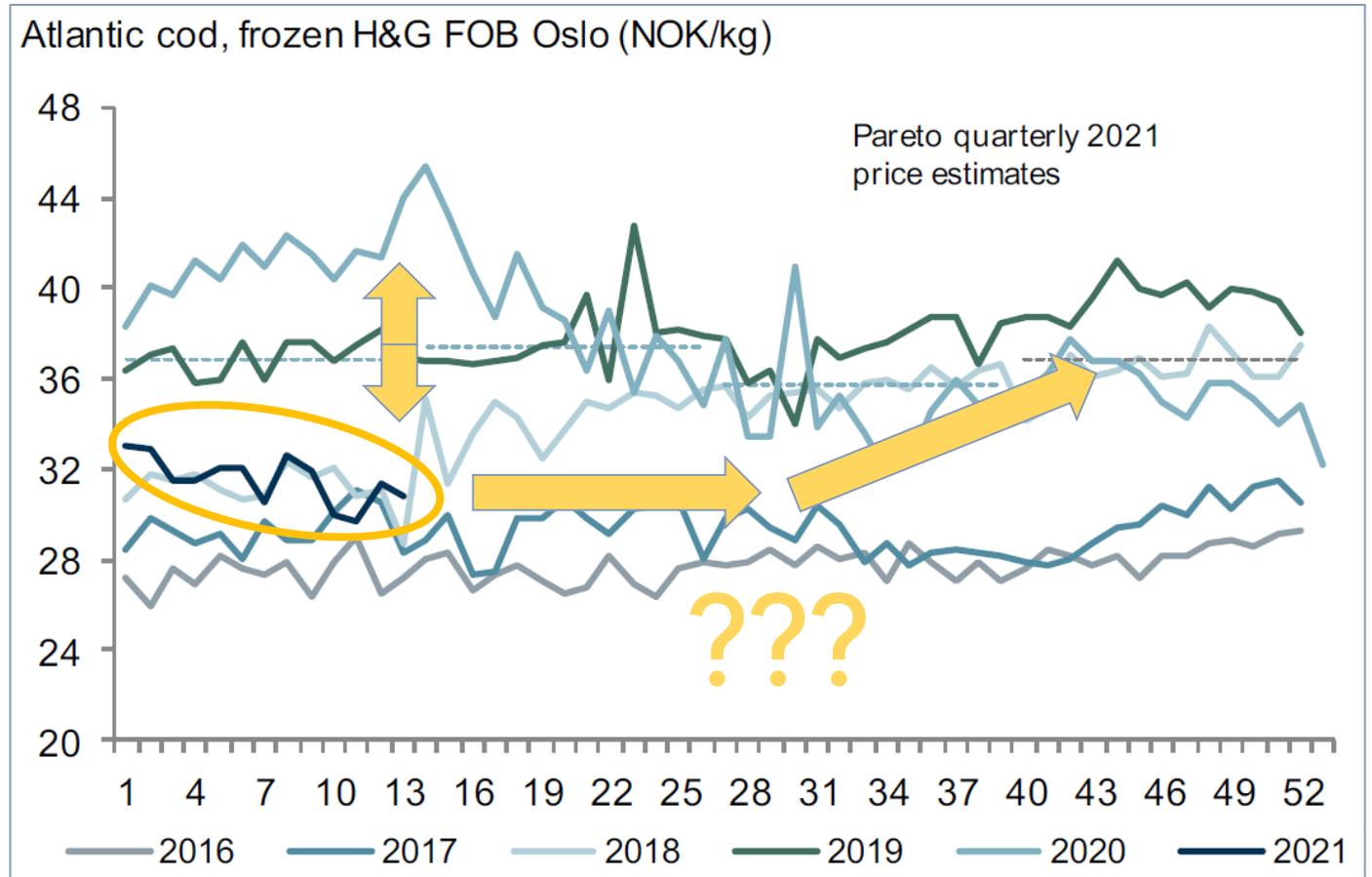
# Demand: China is back and hungrier than ever before

- In China salmon consumption per capita and year raised from 0.0kg to 0.1kg between 2014 to 2020
- For comparison: Consumers in Germany on average eat 2.7kg salmon per year (2014: 1.8kg)
- 100 grams of additional salmon consumption per capita in China corresponds to 140k tons
- Development in Europe, USA and Asia all point in one direction: more salmon consumption per capita



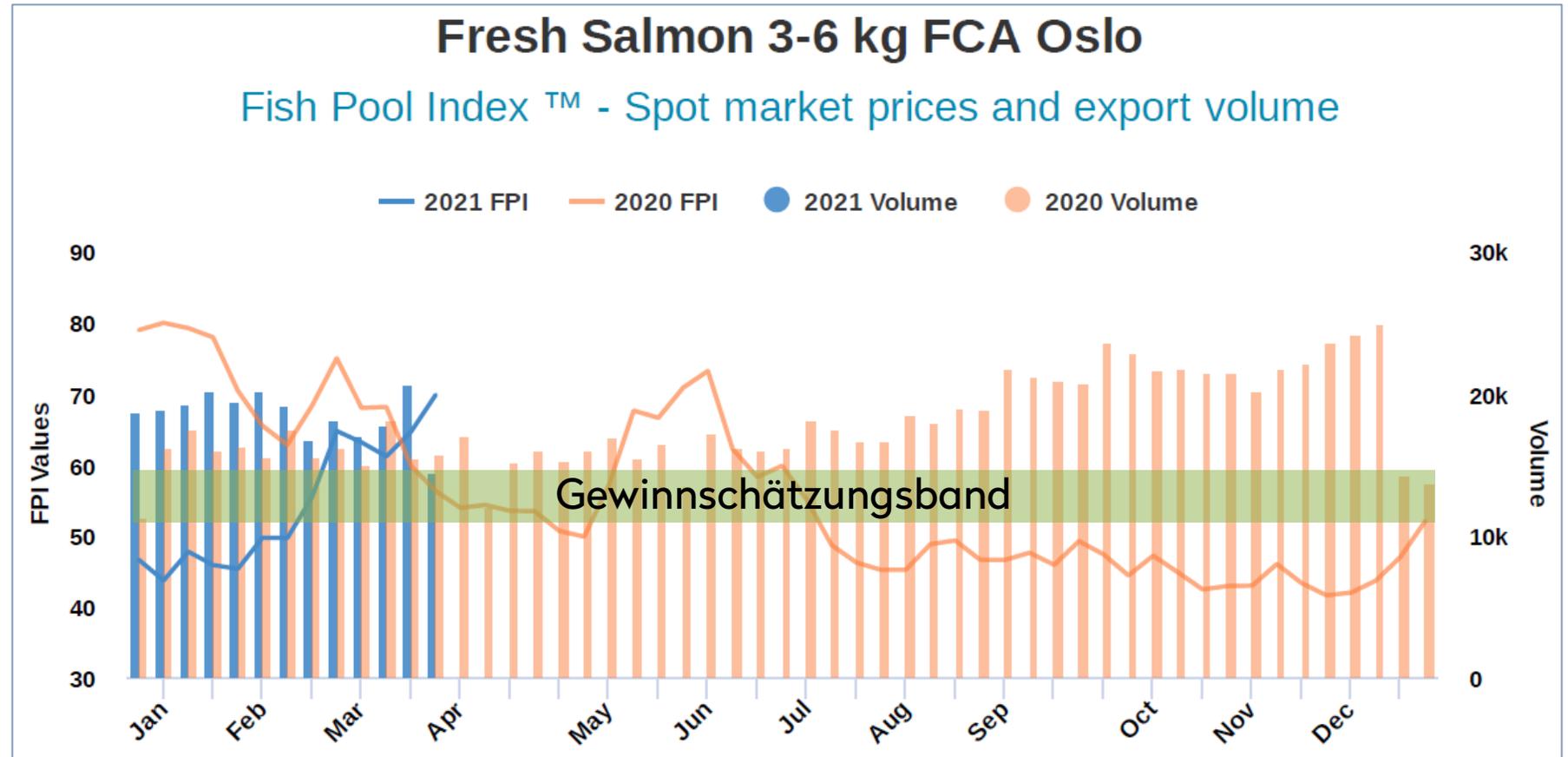
## Demand: Foodservice (HoReCa) still missing

- Salmon is a great retail product and COVID-19 showed that easy-to-cook fillets will be consumed at home as well
- Atlantic cod is much harder affected by missing foodservice demand
- Price of atlantic cod is therefore a better measure for foodservice comeback
- Will lockdowns in Europe ends with beginning of summer and advanced vaccinations?



# Salmon price development

- Easter-rallye despite 20% additional volume since beginning of the year
- Earnings estimates 2021 based on prices between NOK 52-58
- Salmon market seems to absorb 20% more volume easily at prices of NOK 45-50 (Jan & Feb)



# Sector valuation

- Consumer staples enjoy higher valuations/multiples
- Integration / advancing near the client within the value chain becomes more and more important (away from price sensitivities)
- Building of global fish & seafood giants in early stages
- Young sector, numerous consolidation options

	Global Fish Fund	MSCI World	Food-Multis (Ø)
Forward P/E	<b>15.32</b>	19.43	21.61
Dividend yield estimate	<b>2.72%</b>	2.03%	2.32%
EV/EBITDA	<b>18.37</b>	16.72	15.38
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# A wave of IPOs since summer 2020 on seafood exchange

## Salmon – new regions



## Aquaculture – new service providers



## Salmon – new technologies



PROXIMAR SEAFOOD

## Aquaculture – new species



NORDIC HALIBUT

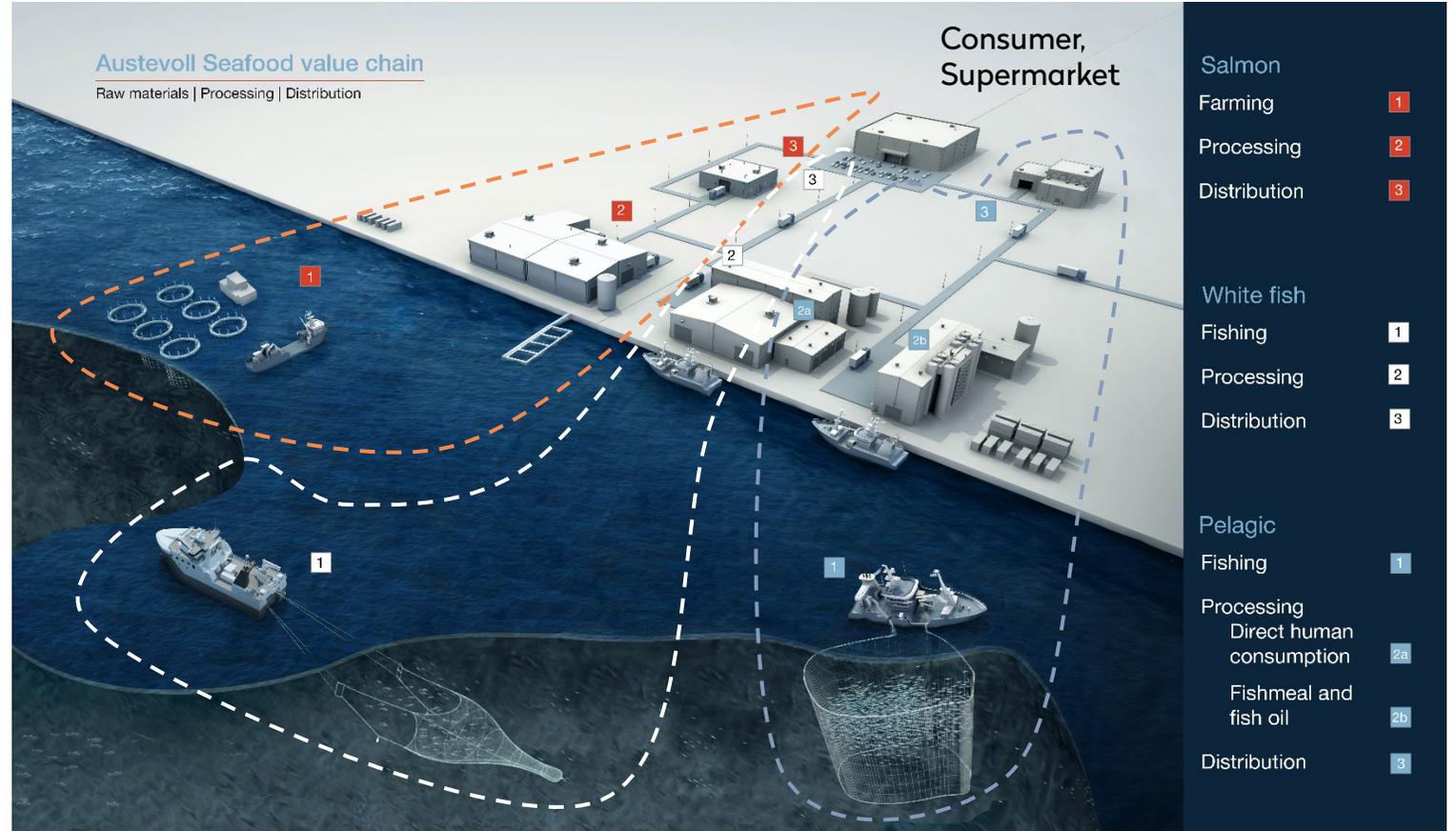
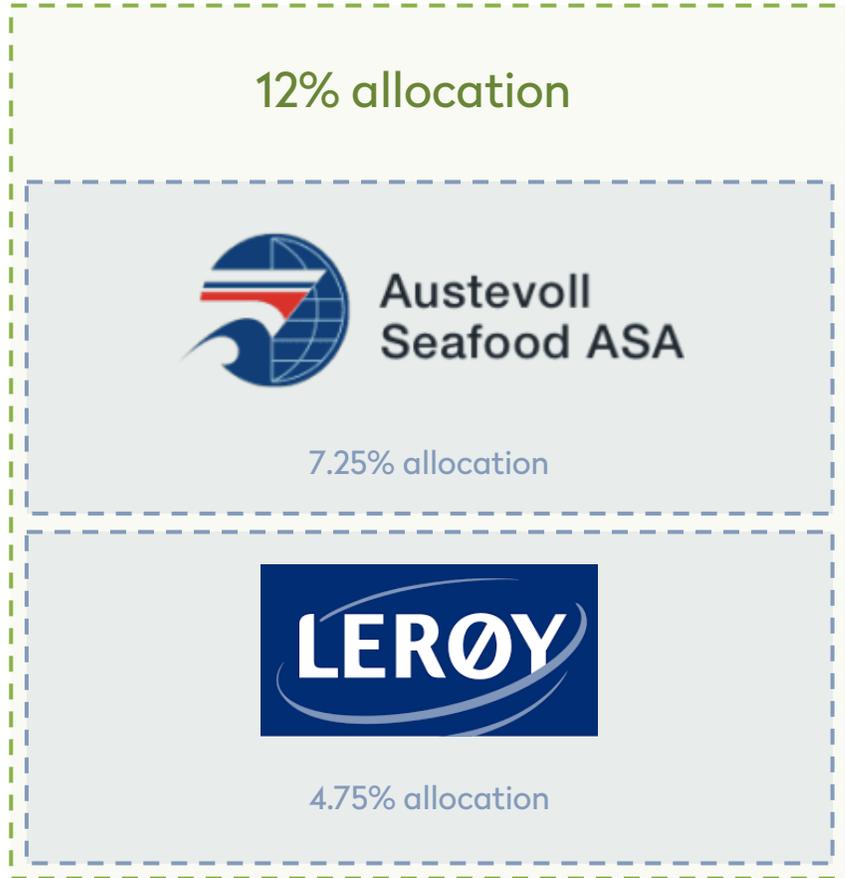


AKER BIOMARINE

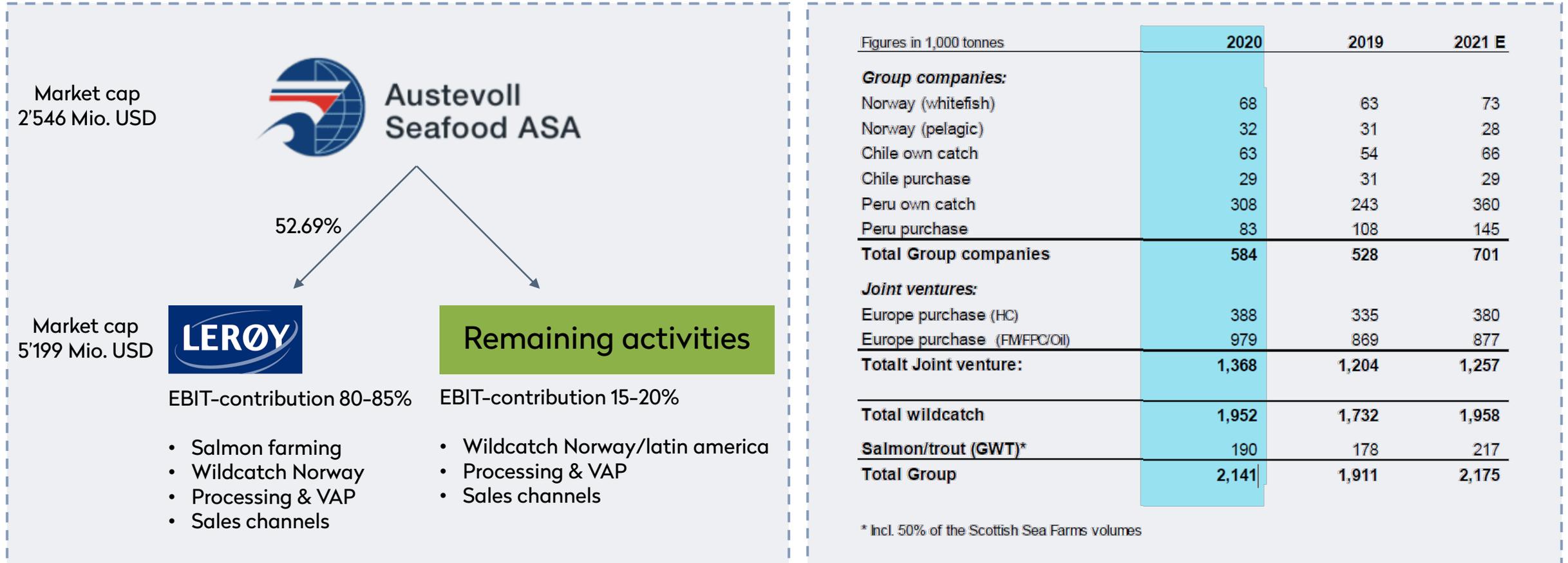
**RESEARCH /  
PORTFOLIOMANAGEMENT**  
A pearl from the portfolio



# Our top allocation



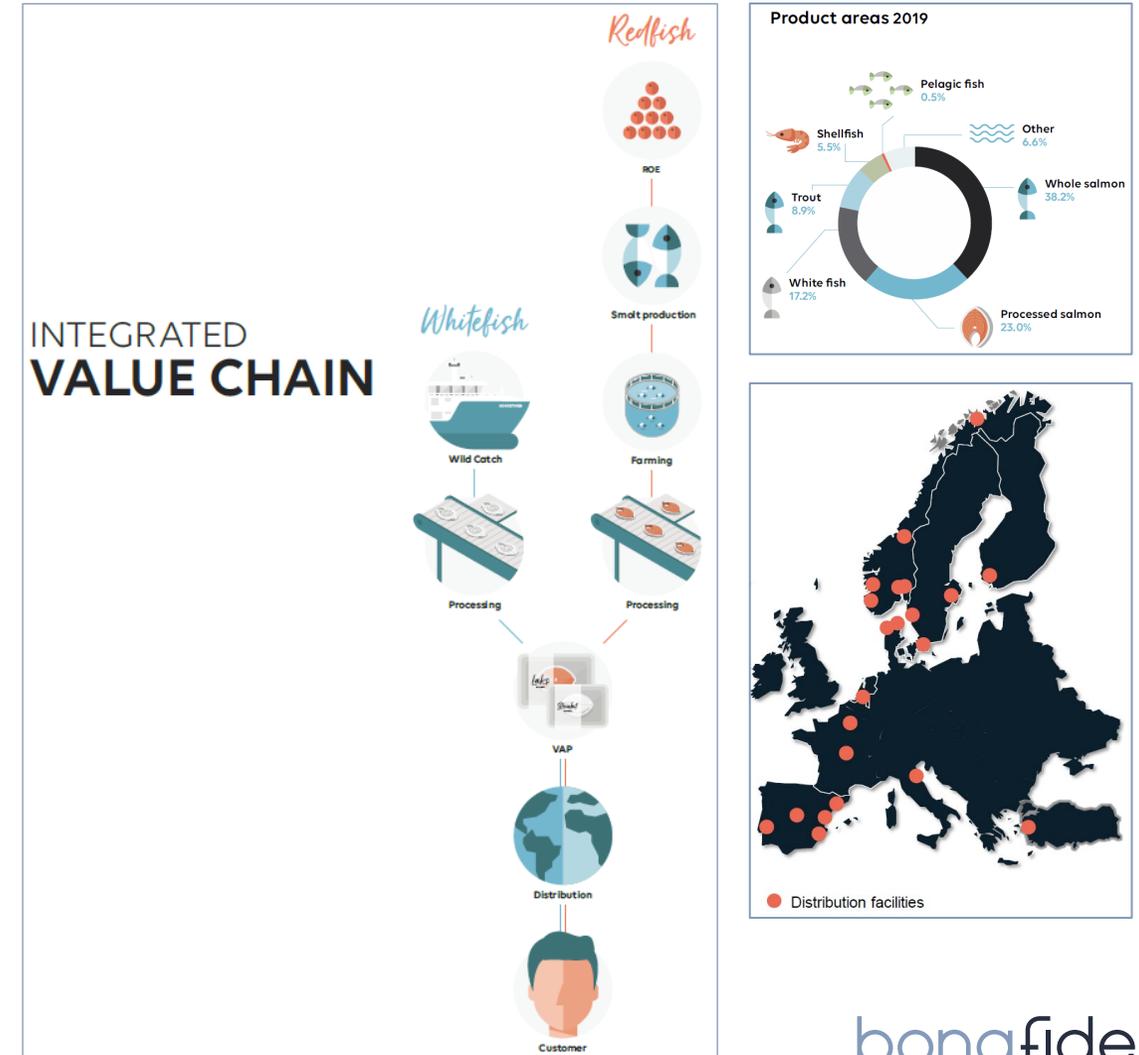
# Austevoll: An unknown «giant of the sea»



# Leroy Seafood: A «Hidden» Leader

- Has been working on integrated value chain for several years
- Focuses on the customer (supermarket, restaurants, canteens), builds on the seafood platform
- Large investments in diversification since 2016, not a pure salmon farmer but «fish & seafood powerhouse»
- Nevertheless, large investments within farming in land-based farming (larger smolts on land)

Source: Annual Report 2019 Leroy Seafood



# Leroy Seafood: Investments

## Wild Catch



## Farming



## Processing



## Value Added



# Lerøy Seafood: Newsflow 2019

## 2.6 million smolt lost at Lerøy facility during fire

News by Owen Evans - 28 January 2019

Salmon farmer responds to huge blaze at its post-smolt facility in Northern Norway, revealing the extent of the damage.

Firefighters battled a huge fire at the 100 million euro post-smolt Lerøy-owned Laksefjord facility. A

## Algal bloom wipes out hundreds of salmon at Leroy's Aurora sites

Three weeks in, the algal bloom continues to spread in Troms.

5 June 2019 8:58 GMT UPDATED 5 June 2019 15:43 GMT

By IntraFish Media 

Three Leroy Aurora sites in Troms were hit by the [ongoing algal bloom in Northern Norway](#) and hundreds of dead fish were found at the farms after Troms had been clear of mortality for a few days, said the Norwegian Directorate of Fisheries.

Leroy is the first publicly listed company reporting mortality from the bloom.

## Sea lice pressure

The company said high sea lice pressure in central Norway towards the end of Q3 and start of Q4 led to frequent lice treatment that had reduced growth and had an impact on release from stock volume and costs.

This situation was gradually returning to normal, but the loss of growth in relation to former projections was approximately 6-7,000 tonnes of harvest weight, said LSG.

## Another estimate slash

*LSG reported another weak quarterly result, with a farming EBIT/kg margin 23% below our estimates. The main deviation was in region Midt, but also Sjøtroll reported a poor result. We cut our 2019e EBIT with 11%, while our 20e/21e is reduced with 7-9%. The main driver is lower volumes in Midt/Sjøtroll and weaker margins in the same two regions. We lower our TP to 75 (80) but reiterate our Buy recommendation as we find the 25-40% discount to peers too high.*

## Disappointing Q3 results as region Midt underperforms

The weaker than expected Q3 result is mostly related to the 40% lower than expected farming margin in Region Midt. Also another weak result in Sjøtroll and slightly lower VAP margin impacts negatively. On the positive side Aurora is back on track with a stronger than expected result, and also Havfisk delivers better than expected as white fish prices have been strong.

# Lerøy Seafood: Newsflow 2020/2021

## Lerøy Seafood Group

LSG NO / Aquaculture / Norway  
Nordic Aquaculture

### 3q20 Beat and Solid Guidance for 2021

LSG posted 3q20 Operational EBIT of NOK 370m, some 50% above both FStest. and CS. The beat on our numbers comes from all farming regions, partly offset by a poor result in the Wildcatch segment. Lerøy Aurora posted an EBIT/kg of NOK 13/kg (FStest NOK 10/kg) with lower costs q/q as 1h20 was impacted by winter wounds. Lerøy Midt posted a solid EBIT/kg margin of NOK 11/kg (FStest NOK 7.5/kg), with both costs and achieved prices driving the beat on our estimates. In

## Lerøy Seafood inks salmon distribution deal with \$70 billion Chinese ag giant

Groups inked deal to import and distribute Leroy's frozen salmon fillets.

12 April 2021 3:57 GMT UPDATED 12 April 2021 12:18 GMT

By [Dominic Welling](#)  

Norway's Leroy Seafood Group has signed an exclusive agreement with China's largest food processor and distributor to supply its frozen fillets into the massive Chinese market.

## Leroy's salmon farming ops outperform expectations to buck trend of tough Q3s

By [Neil Ramsden](#) Nov. 11, 2020 10:11 GMT

Leroy Seafood Group has outperformed analysts' expectations for the third quarter of 2020, with results down year-on-year, but better than feared [...]

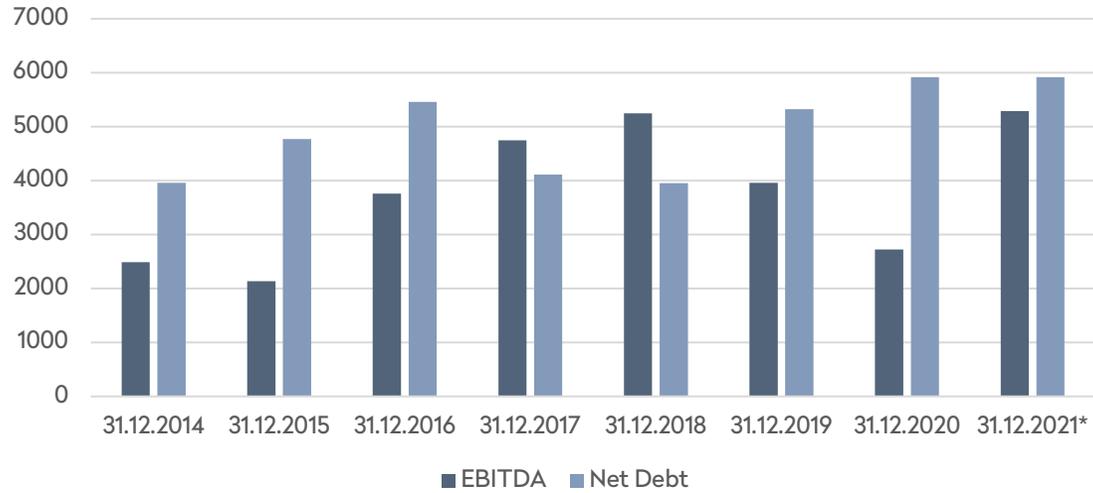
## Turnaround firming up

Q4 operating EBIT of NOK441m beat our estimate by 21% and consensus by 15%, largely explained by lower costs at Lerøy Sjøtroll (previously something of a headache for the group). The proposed DPS of NOK2

# Balance sheet quality

## Austevoll Seafood

EBITDA & Net Debt

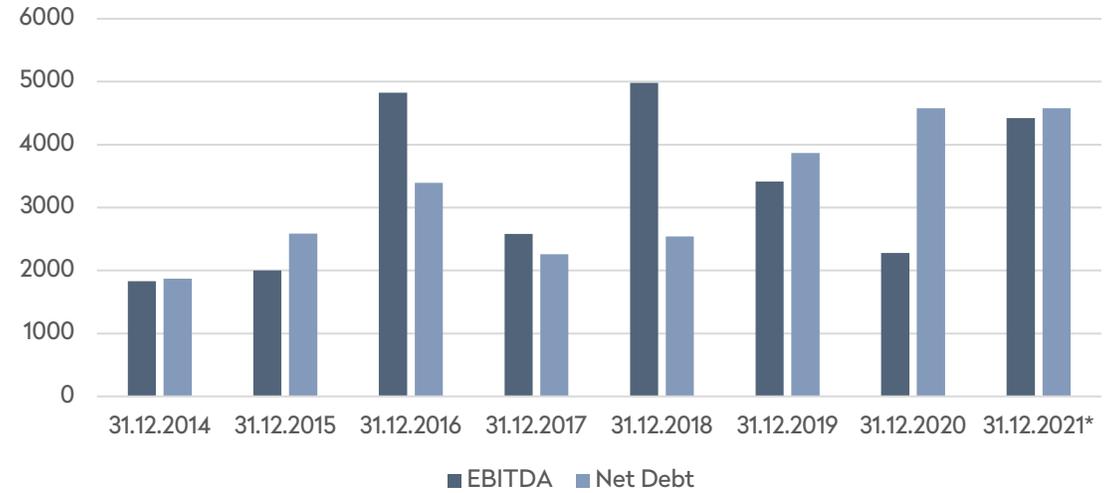


Net Debt/EBITDA



## Leroy Seafood

EBITDA & Net Debt



Net Debt/EBITDA



# Valuation of our top allocators

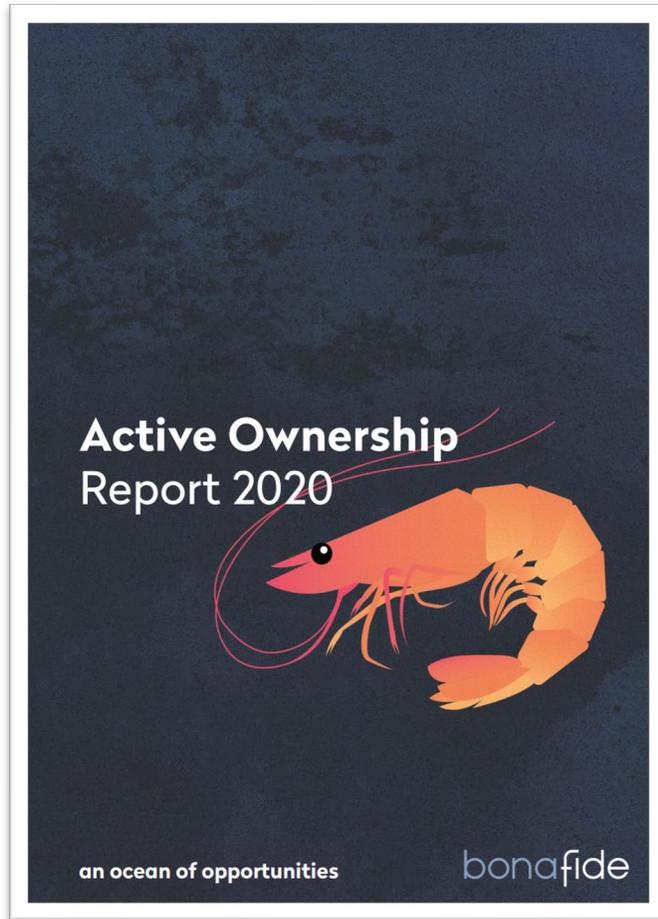
	EV/EBITDA			EV/EBIT			P/E			DVD yield		
	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e
Mowi	14.2x	11.1x	10.3x	20.5x	14.6x	13.7x	23.6x	17.6x	17.0x	2.1 %	4.2 %	5.1 %
SalMar	17.0x	13.5x	12.7x	21.7x	16.5x	14.9x	25.0x	19.4x	18.0x	3.5 %	3.6 %	4.3 %
Lerøy Seafood	11.4x	9.0x	8.6x	15.4x	11.0x	10.3x	18.7x	13.6x	13.0x	3.1 %	4.0 %	4.6 %
Grieg Seafood	11.1x	7.8x	6.8x	17.3x	10.2x	7.7x	20.8x	11.0x	8.5x	3.0 %	3.3 %	6.3 %
Norway Royal Salmon	14.7x	9.7x	8.7x	18.7x	11.3x	10.2x	22.0x	13.5x	12.7x	2.2 %	3.7 %	4.2 %
Bakkafrost	17.5x	12.9x	11.8x	25.0x	16.6x	15.2x	32.3x	20.9x	18.7x	1.4 %	2.2 %	3.1 %
Austevoll	7.3x	5.9x	6.1x	9.8x	7.1x	6.7x	11.2x	8.8x	8.8x	3.4 %	3.8 %	4.4 %
Salmones Camanchaca	9.8x	6.3x	5.4x	14.3x	8.2x	6.7x	18.2x	9.6x	8.0x	2.3 %	4.1 %	6.3 %
Atlantic Sapphire	49.4x	25.4x	18.8x	88.7x	41.2x	33.6x	235.8x	55.1x	29.9x	0.0 %	0.0 %	0.0 %
Salmon Evolution	n.a.	n.a.	8.6x	n.a.	n.a.	21.8x	n.a.	n.a.	46.8x	0.0 %	0.0 %	0.0 %
The Kingfish Company	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.0 %	0.0 %	0.0 %
<b>Average</b>	<b>16.9x</b>	<b>11.3x</b>	<b>9.8x</b>	<b>25.7x</b>	<b>15.2x</b>	<b>14.1x</b>	<b>45.3x</b>	<b>18.8x</b>	<b>18.2x</b>	<b>2.1 %</b>	<b>2.9 %</b>	<b>3.8 %</b>

**Sustainability**



bonafide

# Our Active Ownership activities

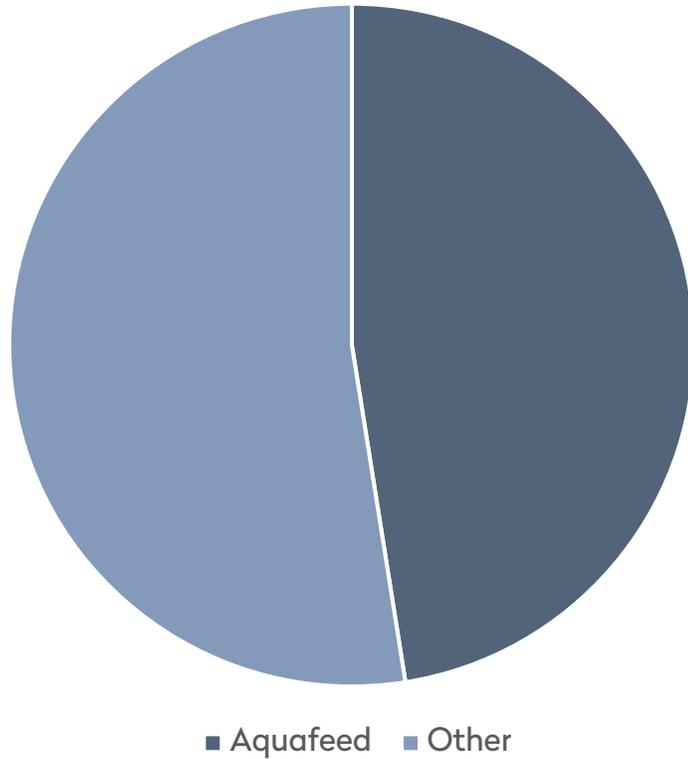


## Highlights:

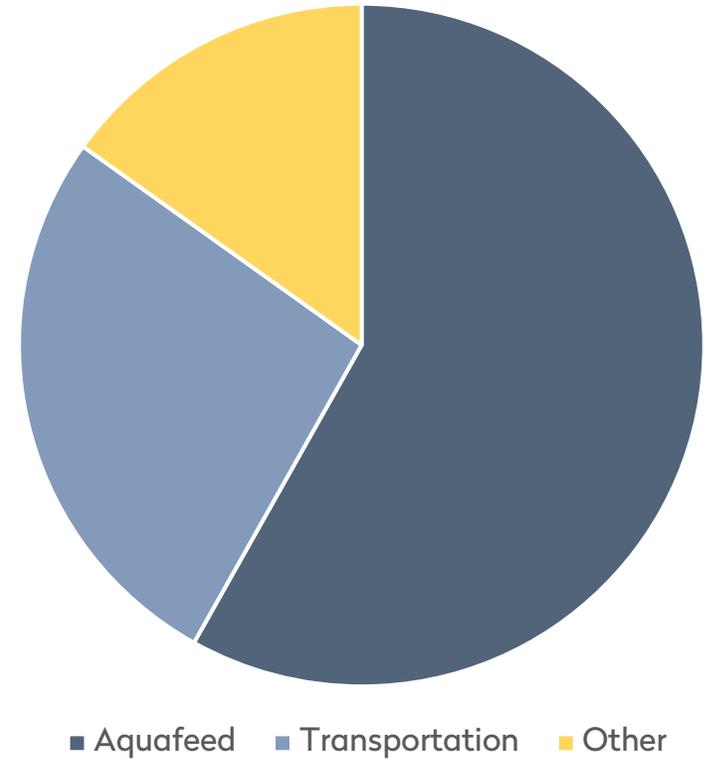
- Expansion of ESG rating coverage
- Traceability survey
- Reorientation of Clean Seas Seafood
- **NEW:** Aquafeed engagement

# Importance of aquafeed

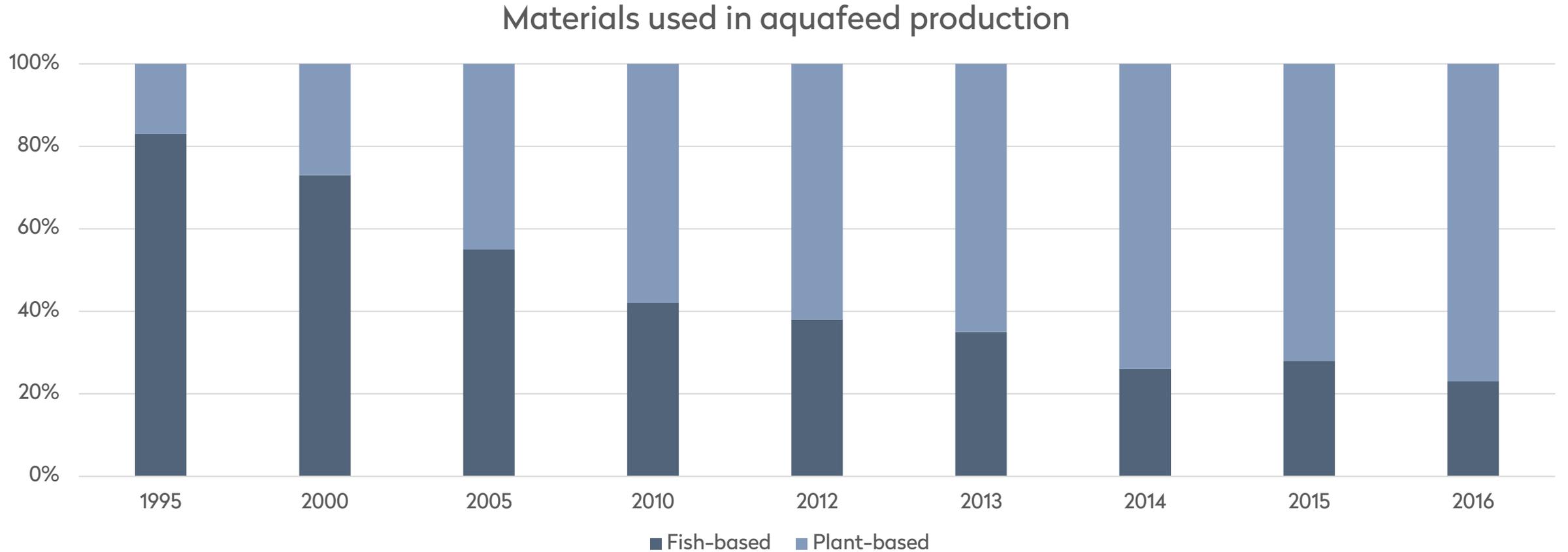
Costs during farming



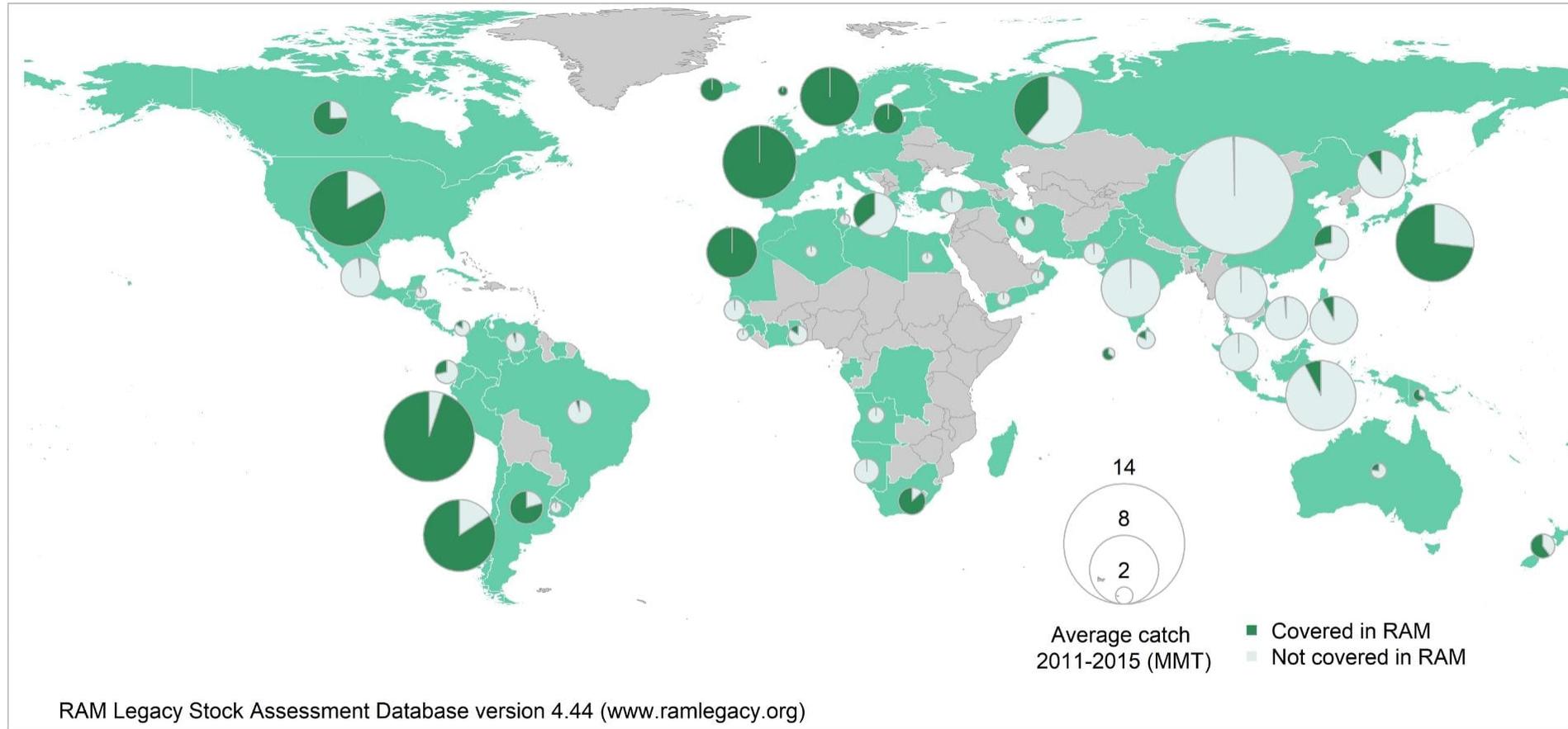
CO2 emissions during farming



# Development of aquafeed composition reaching its limits

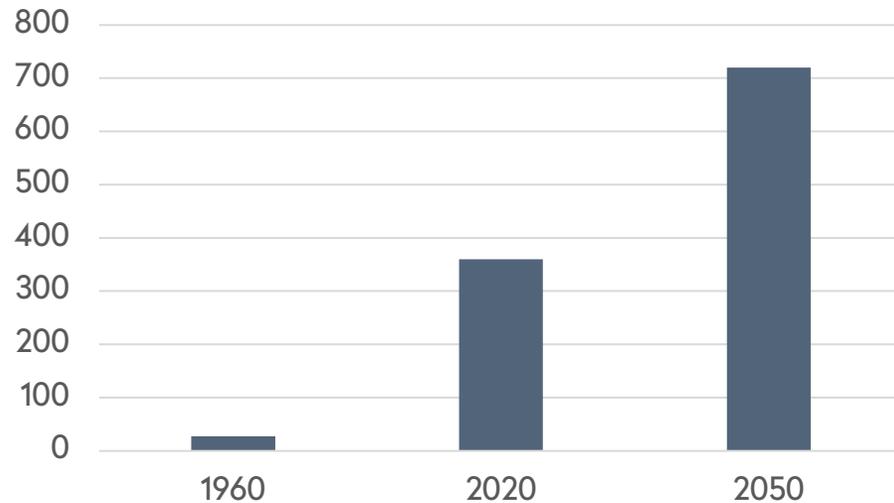


# Monitored fish is sustainable fish, but supply remains limited



# Soy is becoming increasingly deforestation free

Soy production in mil. tonnes



75% use as feed



Only 2% certified as deforestation free (ProTerra oder RTRS)



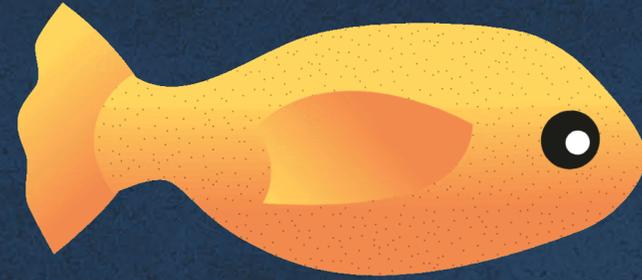
Since 08/2020 (brought forward from 2021 on behalf of salmon farmers) the three largest, Brazilian soy producers for the salmon industry promised to keep their supply chains completely deforestation free



**Gilbert Vergères**  
Partner

**ocean of  
opportunities**

**Quarterly update  
2021 Q1**



**Summary**  
ocean of opportunities

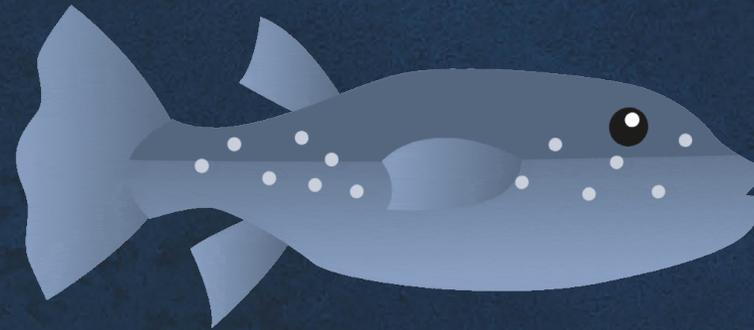
# ocean of opportunities

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- 10.91% average return per year (9-year track record)
- Global Fish Fund with lower volatility
- Short-term portfolio trigger: return of food service
- Medium- and long-term portfolio momentum: limited supply
- IPO wave shows investor interest in the sector
- TOP allocation Austevoll / Leroy in the middle of a turnaround
- Enormous progress in sustainability (feed, species, etc.)
- **«At the stock exchange, 2 times 2 is never 4, but 5 minus 1. You just gotta have the nerve to accept and endure the minus 1.» - André Kostolany**



Q & A



**Helping to feed the world  
with healthy food out of  
the ocean.**



# Contact

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Bonafide Wealth Management AG  
Höfle 30  
9496 Balzers  
Liechtenstein

+423 388 00 30

[info@bonafide-ltd.com](mailto:info@bonafide-ltd.com)



Christoph Baldegger



[cb@bonafide-ltd.com](mailto:cb@bonafide-ltd.com)



+423 388 00 31



Marco Berweger



[mb@bonafide-ltd.com](mailto:mb@bonafide-ltd.com)



+423 388 00 34

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Bonafide Wealth Management AG, Höfle 30, 9496 Balzers, Liechtenstein