



Annual General Meeting

19 March 2020

Presented by

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Iceland Seafood International is proud of its strong heritage and history and continues to build on that foundation, to become a respected industry leader



The Union of Icelandic Fish Producers (SÍF)
Founded in 1932 for export of salted fish products

1932



Samband of Iceland establishes a seafood division for export of frozen seafood products

1957



Merger: SÍF and Iceland Seafood Plc.
Including the Herring Board, under the name SIF Plc.

1999



Tros
The first company in exporting fresh fish from Iceland became a part of Iceland Seafood.

2008



Havelok
Founded as a joint venture, Havelok today is a leading seafood supplier to UK foodservice

2012



Oceanpath
Purchased in 2018, Oceanpath is the largest seafood provider in the Irish retail market

2018



Main Market listing & Management changes
A new board and CEO are appointed and ISI lists its shares on the Nasdaq Iceland Main Market

2019



Iceland Seafood UK
Merge of the two Iceland Seafood's UK based companies Havelok Ltd and Iceland Seafood Barraclough in one

2020

1935



The Herring Board
Founded in 1935 for the export of salted herring from Iceland

1999



Armengol
Spanish company purchased in 1999

2004



SÍF Plc founds Iceland Seafood International
in order to take over all export and sales of marine products

2010



IS Barraclough
Acquired in 2010 and marks the beginning of value added operations in the UK

2016



First North listing
Iceland Seafood listed on the First North Iceland market

2018



Solo Seafood
Purchased in 2018, creating a strong integrated company in the Southern European market

2020



Elba Seafood
Purchased in 2020, Elba is a great addition to well positioned S-European operation

Global value added
Seafood producer
and sales and
marketing company


+448.2m
€ Annual revenues


11.3m
Normalised PBT 2019,
up from €10.8 proforma in 2018


38.3%
Equity ratio 38.3% up from 30.6%
at year end 2018


12
Businesses in 8 countries


3000+
Customers across 45 countries

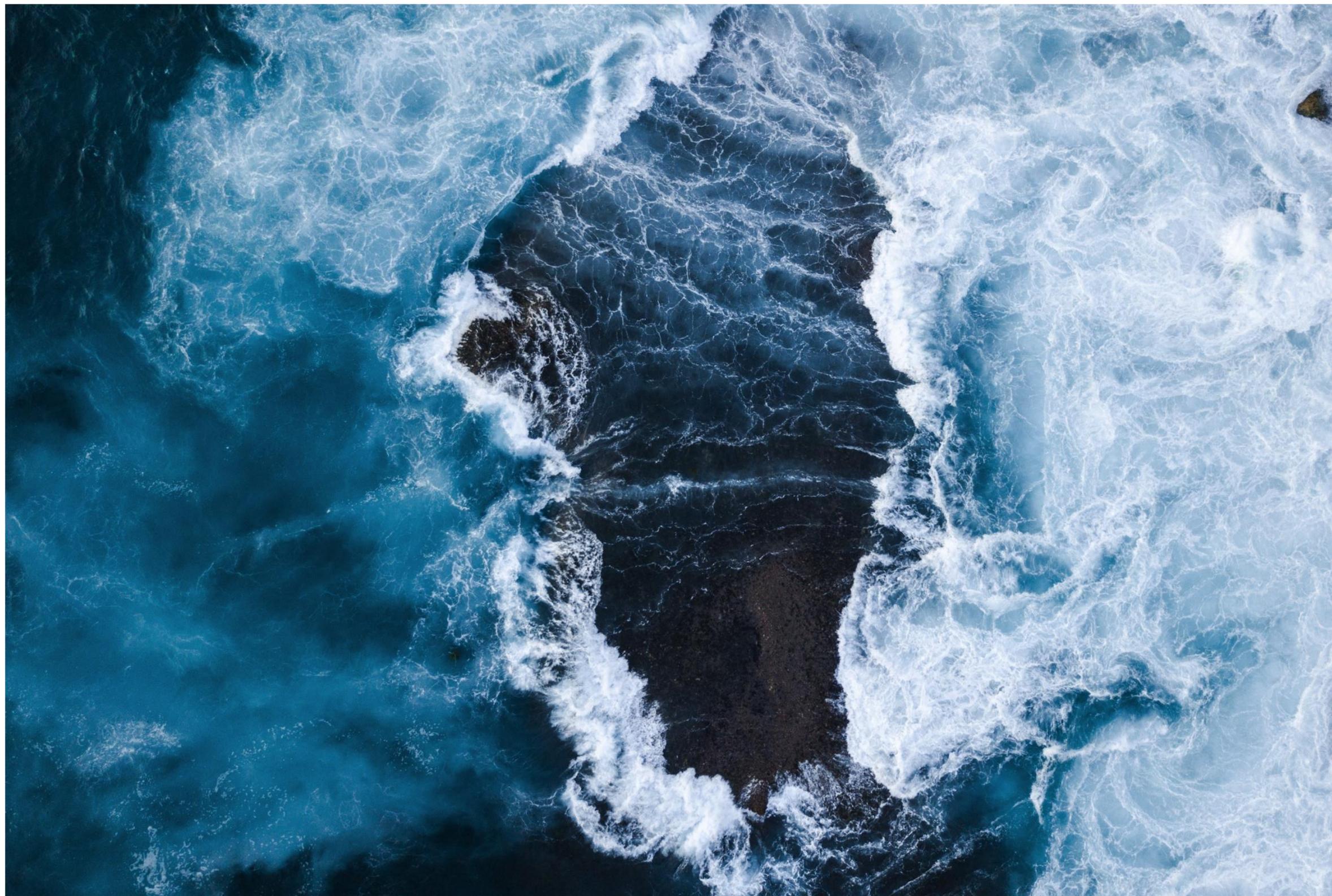

1.1m
Meals sold every day


7
value added factories


660
employees


100.000
metric tons of products sold

Group Financials 2019



Good performance with normalized PBT up 5% yoy

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| € m's | 2019 | 2018 | 2018P |
|--------------------------|-------|-------|-------|
| Sales | 448.2 | 346.0 | 431.3 |
| Net margin | 41.1 | 29.0 | 41.0 |
| Normalised EBITDA | 17.4 | 10.5 | 15.5 |
| Normalised PBT* | 11.3 | 7.2 | 10.8 |
| Net Profit | 6.1 | 4.7 | 7.5 |

*Normalised PBT represents Profit before tax before allowing for significant items and discontinued operations.

**2018 Proforma numbers based on 12mth operation of the acquired subsidiaries and include finance cost in HO related to the acquisitions.

Sales growth of €16.9m (4%) from 2018 proforma

- Significant sales growth from S&D division
- Strong sales in S-Europe, especially of light salted products.
- Slight 2% sales growth in Q4 compared to last year, driven by good sales at end of the year

Normalised PBT up 5% from 2018 Proforma

- Strong sales and profit growth in S&D division a key driver
- Reduction in Group overhead costs
- Depreciation of leased assets (IFRS 16) €0.8m in 2019, within EBITDA 2018
- Key projects in Value added divisions started to pay off in the 2H of the year.

Net Profit of €6.1m impacted by one off costs:

| One off costs | €'m |
|---|------------|
| Changes in key management of the Group and in Spain | 1.0 |
| Restructuring cost of merger in Spain | 1.9 |
| Cost of Nasdaq main market listing | 0.4 |
| Cost related to restructuring in UK and in Iceland | 0.3 |
| Total | 3.6 |



Increase in total equity of €21m resulting in equity ratio of 38%

| € m's | 31.12.2019 | 31.12.2018 | Variance |
|-----------------------------|--------------|--------------|-------------|
| Fixed assets | 17.6 | 14.4 | 3.2 |
| Leased assets | 2.7 | - | 2.7 |
| Intangible assets | 44.7 | 44.7 | - |
| Deferred tax/other | 3.1 | 2.7 | 0.4 |
| Non Current Assets | 68.1 | 61.8 | 6.3 |
| Inventory | 65.1 | 62.1 | 3.0 |
| Trade and other receivables | 62.3 | 62.4 | (0.2) |
| Other assets | 4.4 | 3.5 | 0.9 |
| Bank deposits and cash | 9.6 | 4.0 | 5.6 |
| Current Assets | 141.4 | 132.0 | 9.4 |
| Total Assets | 209.5 | 193.8 | 15.7 |

Increase in assets during the year driven by, investments in fixed assets, adaption of IFRS 16 on leased assets and stronger cash position in Spain

Net debt of €65.5m at year end, €13m lower than year beginning, mainly explained by equity increase in October

| € m's | 31.12.2019 | 31.12.2018 | Variance |
|-------------------------------------|--------------|--------------|--------------|
| Total Equity | 80.2 | 59.3 | 20.9 |
| Thereof minority interest | 3.8 | 2.9 | 0.9 |
| Long term borrowings | 8.0 | 6.7 | 1.4 |
| Lease liabilities | 2.1 | - | 2.1 |
| Obligations/Deferred tax | 2.1 | 1.7 | 0.4 |
| Non Current Liabilities | 12.2 | 8.3 | 3.9 |
| Short term borrowings | 67.2 | 75.8 | (8.6) |
| Trade and other payables | 42.2 | 44.9 | (2.7) |
| Other current liabilities | 7.7 | 5.4 | 2.2 |
| Current liabilities | 117.1 | 126.1 | (9.0) |
| Total Equity and Liabilities | 209.5 | 193.8 | 15.7 |

Equity ratio of 38% at end of the period. Net debt to EBITDA (normalized) 3.8x

S-Europe division fully funded with Spanish banks at year end, around 50% of Group funding. Total Group funding headroom of €29.1m at year end

Significant investments in value added activities

| | 2019 | 2018 | Variance |
|--|-------|-------|----------|
| Working capital generated from operations | 13.2 | 8.8 | 4.4 |
| Cash generated from operations before interest and taxes | 8.8 | 7.9 | 0.9 |
| Net cash generated from operating activities | 4.0 | 4.1 | (0.1) |
| Net cash used in investing activities | (7.8) | (9.9) | (2.1) |
| Net cash generated from financing activities | 10.1 | 7.7 | 2.4 |
| Net increase in cash and cash equivalents | 6.3 | 1.8 | 4.5 |
| Effects of exchange rate fluctuations on cash held | (0.7) | (0.1) | (0.6) |
| Cash and cash equivalents at year-end | 9.6 | 4.0 | 5.6 |

Working capital generated from operation €4.4m higher than 2018.

Cash generated from operating activities in line with prior year, with increased inventories and receivables due to higher activity

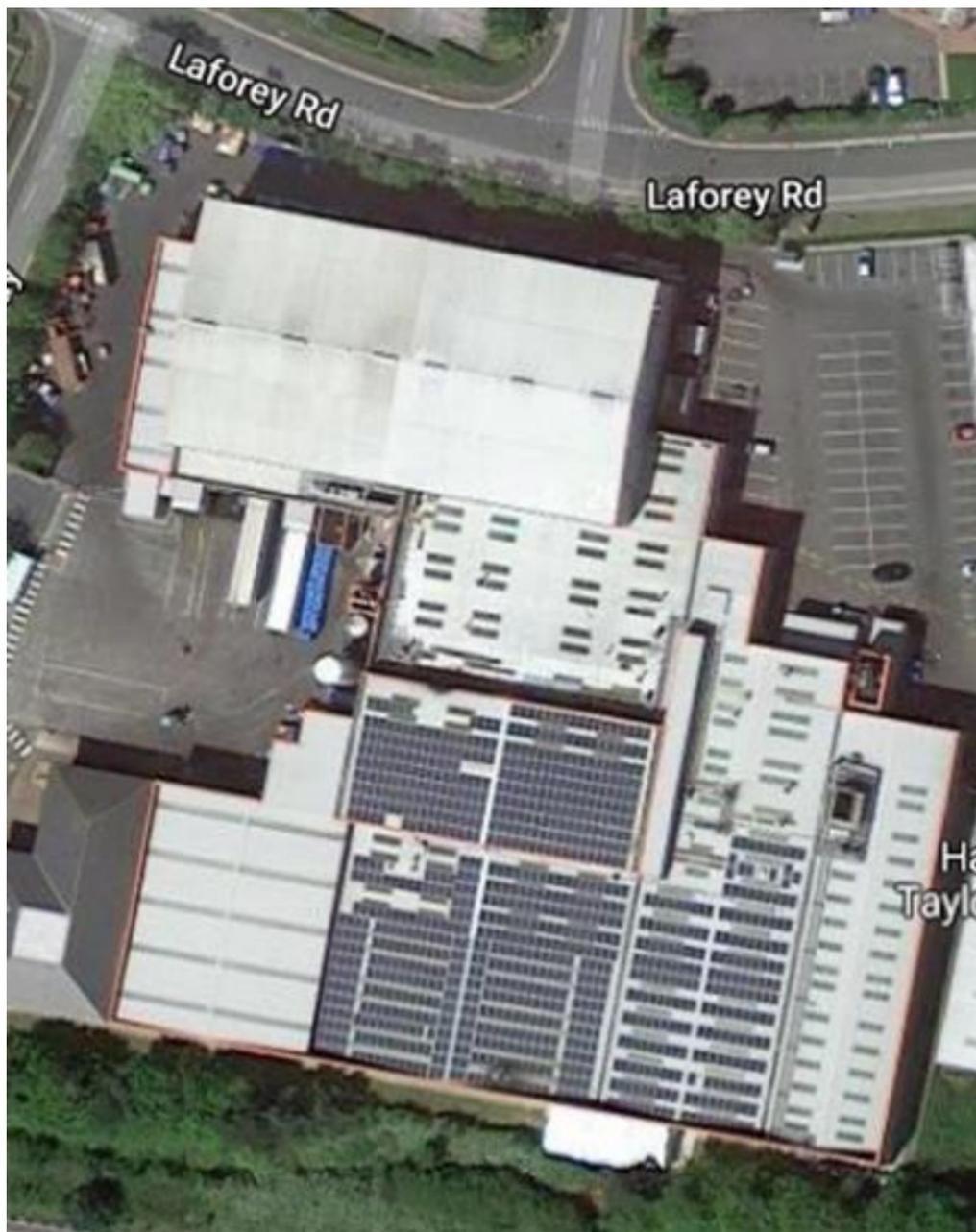
Majority of cash used in investing activities is related to investment projects in Ireland, Argentina, Spain and UK

Cash generated from financing activities of €10.1m, mainly related to local funding in Spain

2020 – Key projects and Outlook



Investment in new production and coldstore facility for merged UK operation



IS Barraclough and Havelok to be merged under the name of Iceland Seafood UK

- Havelok and IS Barraclough will be merged during this year, under one leadership team on a single site
- Business will be led by our two existing UK MD's, Peter Hawkins will head up the overall operation and Danny Burton will be the head of operation.
- In order to be the sole shareholder of the merged entity, a 33% minority share in Havelok was acquired
- Will create a significant player in the market, with stronger buying, production and marketing power. Considerable synergies to be created e.g. in overhead, production, sourcing and coldstore.

Investment in new production and coldstore facility of 10.000m²

- A 10.000m² facility in Grimsby acquired in beginning of March, including three processing areas and coldstore capacity of 2.000MT,
- Total investment of £5.0-6.0m including refurbishment and machinery to fully utilize its potential
- Product range will reflect current offerings but on a larger scale,
- Production to start in the new premises in Q4 2020, with all production in a single location in Q1 2021.
- In addition to synergies associated with the merger there will be a room for significant growth. Good discussion being had with key retail customers.

Significant steps taken to strengthen the position of the operation in S-Europe



Merger project in Spain on track

- Legal merger took place on January 1st 2020
- All production of light salted cod has been moved to a single location in Barcelona from February 2020
- Operation of Ecomsa has been restructured with a focus on local distribution in Andalucia.
- Gradual synergy effects coming forward in line with our previously announced synergy plans.

Acquisition of Elba will further strengthen our well positioned operation in S-Europe

- Joint management team with IS Iberica, the former CEO and CFO resigned prior to the acquisition
- Actions taken to leverage marketing, distribution and production capabilities in the market.
- Iceland Seafood's sourcing network will strengthen with GPG Seafood and Icemar joining the Group.

Considerable increase in the production of Achnar

- Investment in increased capacity finalized early December 2019
- Production in the first two months 1.060MT, which is 70% up on prior year
- JV project on squid also going better than last year, with total catch up 35% on prior year. Squid prices are staying strong.
- Second phase of the investment being finalized in Q2, with an 800 MT coldstore up and running from that time. Will improve flexibility in sales and reduce storage costs.

Negative short term impact of COVID-19 but mid-long term impact uncertain

The outbreak of COVID-19 and actions taken to control the outbreak will have negative impact on sales and profitability in the coming weeks and months

- Majority of sales in S-Europe are to the HORECA sector. Around 1/3 of sales in UK are to the Foodservice sector,
- Retail sales have been strong in the recent weeks and are expected to continue to be so. This will help mitigating the impact of lower sales into HORECA and Foodservice,
- Seafood prices are coming down, focus on managing inventory levels at this stage,
- The uncertainty is significant at this stage. For the Group short term impact will be negative but difficult to predict mid and long term impact,
- Iceland Seafood monitors the situation closely and will communicate further on the matter when outlook becomes clearer.

Iceland Seafood's financial strength and solid operation enables the company to manage the situation effectively

- Balance sheet at end of 2019 showing an equity of €80.2m and equity ratio of 38.3%,
- Strong funding headroom and good cooperation with both Spanish and Icelandic banks,
- Likely that payment delays from customers will increase in the coming weeks, although c.a. 85% of receivables are credit insured,
- Key fishing season in both Iceland and Norway, buying stock in both UK and Spanish businesses of products that will not be available later in the year,
- Managing cash a priority for the coming weeks and months.



Forward Looking Statements

Disclaimer

This presentation is furnished and intended for European market participants and should be viewed in that manner.

Any potential forward looking statements contained in this presentation are reflective of managements current views on future events and performance, whilst the views are based on positions that management believes are reasonable there is no assurances that these events and views will be achieved. Forward looking views naturally involve uncertainties and risk and consequently actual results may differ to the statements or views expressed.



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**We are
Iceland
Seafood**

