

SalMar ASA

Full Rating Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N2

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RATING RATIONALE

Our 'BBB+' long-term issuer credit rating on Norway-based salmon farmer SalMar ASA reflects the company's strong profitability in relation to its peers. This is attributable to cost-efficient production, favourable farming locations, strong cash flow, and moderate financial leverage. In 2022, SalMar acquired Norwegian fish farmers NTS ASA and Norway Royal Salmon ASA (NRS), effectively cementing the company's position as the world's second-largest salmon farmer. Significant synergies have already been achieved and more are expected, leading to a likely improvement in the company's credit metrics.

The rating is currently constrained by the sector's historical earnings volatility due to unstable prices as a result of variable supply and the fact that salmon farmers are effectively price takers, particularly in recurring periods of oversupply. It is also constrained by environmental challenges and disease problems, which we take into account in our assessment of the operating environment. In addition, a proposed new "resource rent" tax on major fish farmers, which has still to be passed by parliament, points to significant political risk. Positively, we note that salmon is a healthy food product, with a lower environmental footprint than many other sources of protein.

STABLE OUTLOOK

The outlook is stable, reflecting our view that low supply growth will support global salmon prices over the next three years. We expect average prices of around NOK 90 per kg over this period, albeit with marked seasonality. In addition, we believe that SalMar will successfully integrate NTS into its operations and thereby create further synergies. Our forecasts reflect our estimates of the effect of the government's proposed resource rent tax. We generally believe that shareholders will bear the brunt of the impact as dividend payments could be reduced to mitigate the impact on cash flows. Moreover, the company could reconsider its long-term investment plans.

POTENTIAL POSITIVE RATING DRIVERS

- NCR-adjusted funds from operations/net debt above 60% for a protracted period.
- Lower cost levels achieved by sustainable improvements in biological performance.

POTENTIAL NEGATIVE RATING DRIVERS

- NCR-adjusted EBITDA/net interest below 10x for a protracted period.
- NCR-adjusted net debt/EBITDA above 2x for a protracted period.
- Increasing biological problems, such as disease and sea lice.

Figure 1. SalMar key credit metrics, 2019–2025e

NOKm	2019	2020	2021	2022*	2023e	2024e	2025e
Revenues	12,238	12,912	15,044	20,158	28,826	32,862	36,148
NCR-adjusted EBITDA	4,041	3,822	3,664	5,421	8,681	10,391	11,437
NCR-adjusted EBITDA margin (%)	33.0	29.6	24.4	26.9	30.1	31.6	31.6
NCR-adjusted FFO	3,293	3,134	2,776	4,131	5,383	6,419	7,025
NCR-adjusted net debt	3,532	5,826	6,143	7,596	15,602	16,002	16,567
Total assets	17,986	21,998	28,085	62,501	53,247	55,866	58,886
NCR-adjusted net debt/EBITDA (x)	0.9	1.5	1.7	1.4	1.8	1.5	1.4
NCR-adjusted EBITDA/net interest (x)	25.6	27.4	21.6	16.1	10.4	13.6	15.0
NCR-adjusted FFO/net debt (%)	93.2	53.8	45.2	54.4	34.5	40.1	42.4
NCR-adjusted FOCF/net debt (%)	53.7	-9.7	4.8	Neg.	8.3	14.2	13.4

Based on NCR estimates and company data. e=estimate. FFO=funds from operations. FOCF=free operating cash flow. All metrics adjusted in line with NCR methodology. *We adjust debt in 2022 to reflect the takeover of NTS and NRS, which took effect in November 2022. This gives more relevant credit metrics.

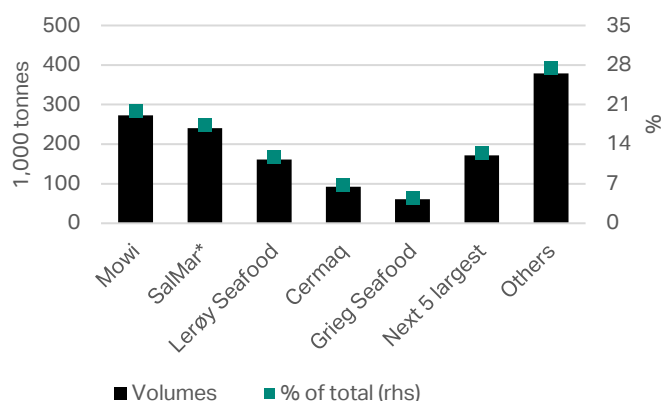
ISSUER PROFILE

SalMar is the world's second-largest Atlantic salmon farmer with operations in central and northern Norway. It also owns 51% of Iceland's largest salmon farmer, Icelandic Salmon AS, which is listed on the Oslo Stock Exchange's Euronext Growth market, and 50% of UK salmon farmer Scottish Sea Farms Ltd. through a joint venture (Norskott Havbruk AS) with Lerøy Seafood Group ASA. The company sends a significantly higher proportion of its harvested volumes than its peers for secondary processing before shipping to customers in Europe, Asia and North America, but also sells whole fresh fish and frozen fish. In 2022, SalMar acquired Norwegian salmon farmers NRS and NTS, effectively cementing its global position.

As part of its efforts to pursue sustainable salmon farming growth, SalMar has a major interest in developing offshore fish farming. This is one of three new areas of activity designed to reduce the environmental impact of salmon farming on sensitive coastal waters and cut biological costs; the others are closed containment farming and land-based farming.

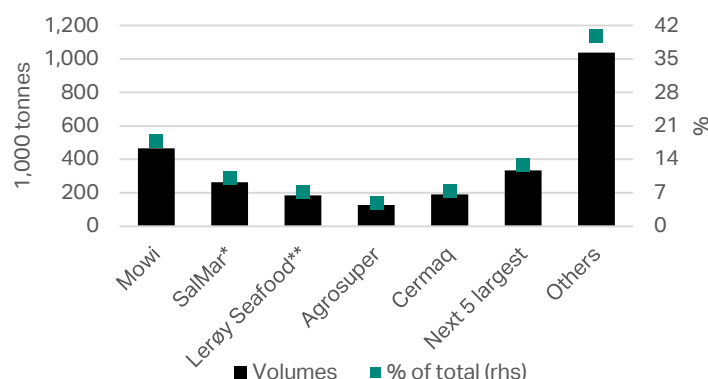
SalMar was founded in 1991 by former CEO and current chairman Gustav Witzøe, who owns a 41.3% stake through investment company Kverva Industrier AS (Kverva) (as of 31 Dec. 2022). The company is listed on the Oslo Stock Exchange and the remaining owners are financial investors.

Figure 2. Norway's largest salmon farmers, 2021



Source: Mowi (Salmon Farming Industry Handbook 2022). *Includes NTS and NRS.

Figure 3. Largest global salmon farmers, 2021



Source: Mowi (Salmon farming industry handbook 2022). *Includes NTS, NRS and 50% of Scottish Seafood. **Includes 50% of Scottish Seafood.

BUSINESS RISK ASSESSMENT

Business risk
assessment 'bbb'

SalMar produces and sells whole fresh and processed salmon, a market characterised by increasing demand and limited supply growth. Historically, this has led to volatile but generally strong margins in the sector. We believe it will be many years before new production methods alter the status quo. SalMar is an industry leader in terms of cost efficiency. We see long-term growth opportunities in offshore farming.

Price volatility driven by supply

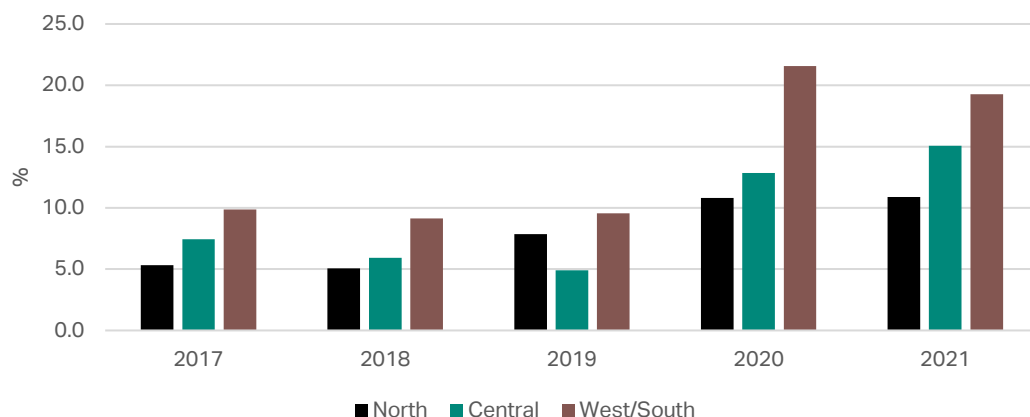
Operating environment
'bb'

Salmon prices are likely to remain strong through 2025, driven by low supply growth and increased demand. In our base-case scenario, salmon prices will average NOK 90 per kg between 2023 and 2025. In our view, salmon farmers are well positioned to pass any increase in production costs on to end-consumer. However, the proposed resource rent tax will, in our opinion, negatively impact the operating environment and salmon farmers' business models (see Relevant Research below).

SalMar's farming operations are mostly located along the coast of central and northern Norway, where the companies acquired in 2022 are also located. These areas have historically had fewer biological problems than most other salmon farming regions, which we see as positive. However, SalMar's farms in central Norway saw biological challenges in 2022, and we see the geographic concentration of the farming operations as a risk factor. We understand that recent increases in salmon mortality (see

Figure 4) have been mainly due to stress caused by lice treatment, an area where regulations have become stricter in recent years.

Figure 4. Salmon mortality by region in Norway, 2017-2021



Harvest guidance for 2023 sharply higher following acquisitions

SalMar is the second-largest Atlantic salmon farmer globally and in Norway. The company's harvested volumes in Norway totalled 177,500 tonnes in 2022 (11% of total domestic volumes). NRS and NTS were consolidated into Salmar's 2022 figures from November, resulting in strong volume growth in 2023 with combined guidance of 243,000 tonnes. Including an expected harvest of 16,000 tonnes in Iceland and 50% of Scottish Sea Farms' production (18,500 tonnes), the company expects to harvest 277,500 tonnes in 2023. This would represent about 11% of total expected annual harvesting by global Atlantic salmon farmers.

We believe that biomass restrictions imposed by licences and the large investments needed to scale up production act as major barriers to entry. We expect increased investment to satisfy environmental requirements and improve salmon welfare (in particular, the sea lice problem) to trigger further consolidation in the sector as farmers seek synergies to offset increasing costs.

Customer base diverse, economies of scale strong

SalMar is reliant on international salmon prices, particularly in Europe, its main market. The salmon market is relatively efficient in that volumes tend to move where price realisation is higher. Lower air freight capacity to and from Asia as a result of the Ukraine conflict has resulted in increased volumes to the European and North American markets. SalMar sells to retailers, processors and the hospitality market. We consider the company's customer and regional diversity as positive in terms of offsetting concentration risk.

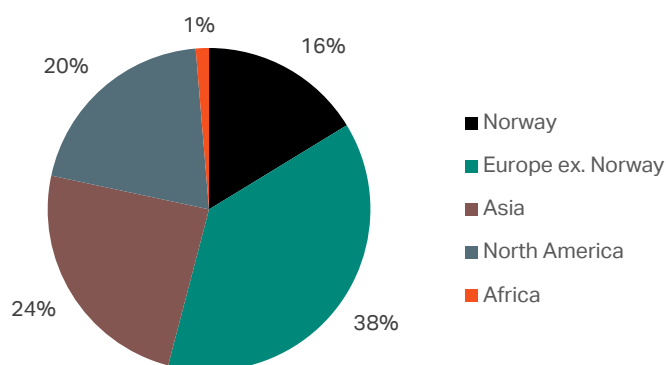
The acquisition of NTS and NRS has increased the diversity of the company's farming sites, with increased exposure to northern Norway. The acquisitions have also increased SalMar's scale, customer diversity, and exposure to the European market.

SalMar is fully integrated, and a significant proportion of its production is processed at a plant in central Norway (InnovaMar). In 2021, another plant (InnovaNor) became operational and production was successfully ramped up in 2022. The InnovaNor operation is a secondary processing plant, the largest in northern Norway. Secondary processing (filleting, portioning, slicing, marinating, and coating) adds little value to the bottom line due to the fragmented and competitive nature of the international processing industry but increases flexibility in production and offers some protection against low prices. It also reduces the company's environmental footprint by decreasing the volumes transported to end-customers by 30-40%.

Market position 'bbb'

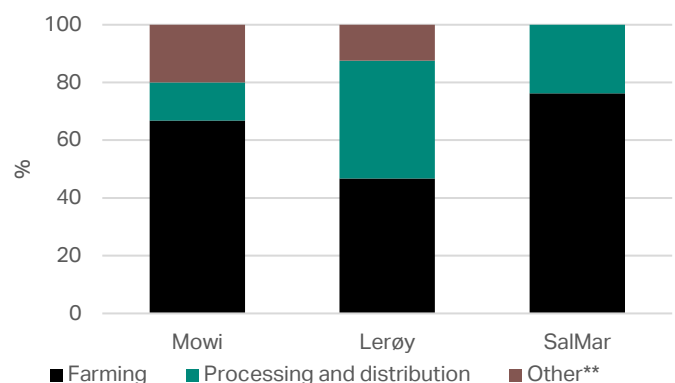
Size and diversification
'a-'

Figure 5. SalMar's revenues by geographic market, 2021



Source: company.

Figure 6. Largest Norwegian salmon farmers' distribution of revenues*, 2022



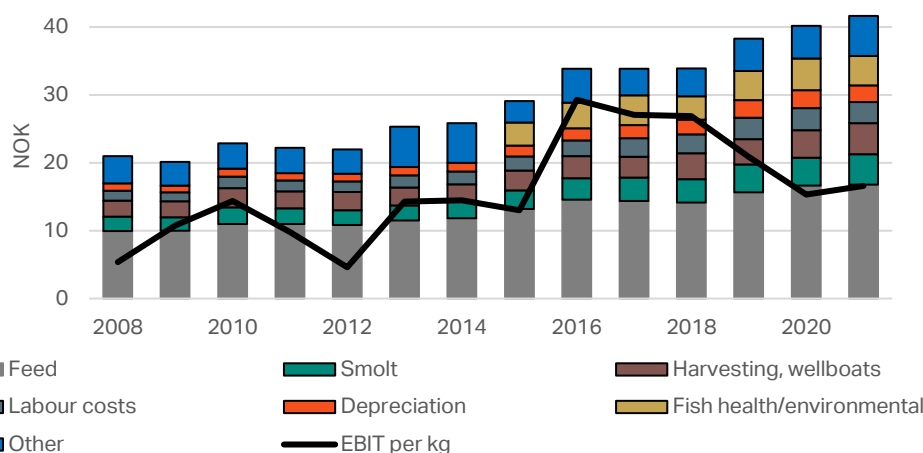
Based on company data. *Eliminations subtracted from processing and distribution revenues. **Other: Mowi: Feed, Lerøy: Wildcatch.

Leading cost efficiency drives high EBITDA margins

Operating efficiency 'a+'

SalMar's strong operational focus with high biological quality have enabled it to outperform its peers historically, including during the difficult market conditions of 2020 (see. The company has consistently reported strong EBITDA margins averaging 28% over the past 10 years. About 10% of SalMar's projected volumes for 2023 are covered by fixed-price contracts, including forward contracts traded through the Fish Pool futures exchange. This is lower than historical norms (25-30%), due to uncertainty caused by the proposed resource rent tax.

Figure 7. Norway salmon average operating costs and normalised EBIT per kg, 2008-2021



Source: Directorate of Fisheries.

Industry operating costs increased by an average of about 6.5% annually in the 2011-2021 period. Feed prices, representing close to 50% of costs, have increased significantly over the past two years mainly due to higher prices of vegetable-based ingredients (which account for about 70% of total feed). Accordingly, we believe that operating costs rose by 12% in 2022. However, we expect them to stabilise in the course of 2023. We also expect SalMar to be able to pass most increases in production costs on to end-customers due to strong demand and low supply growth.

The close operational overlap between SalMar, NRS and NTS increases the combined entity's footprint in regions with favourable biological conditions. SalMar has identified NOK 671m in annual cost savings, of which 48% has already been realised per Q4 reporting in February 2023. We see the swift realisation of synergies as evidence of SalMar's best-practice operations. We also see potential for further long-term synergies. In addition, the company see potential to increase harvesting to 280,000 tonnes from 2025 by utilising existing licences.

Figure 8. SalMar's revenues and NCR-adjusted margins, 2013–2022

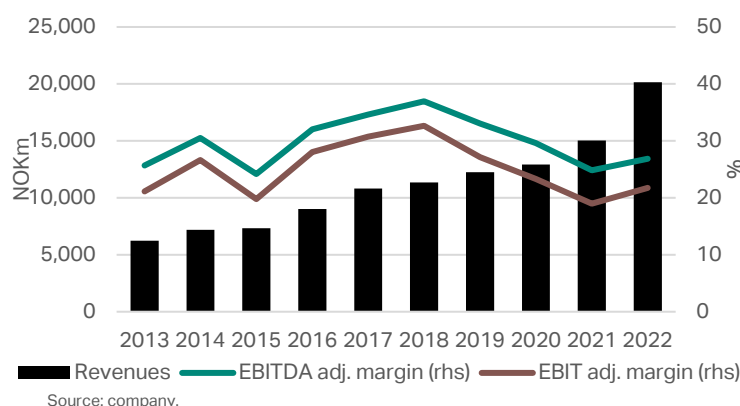
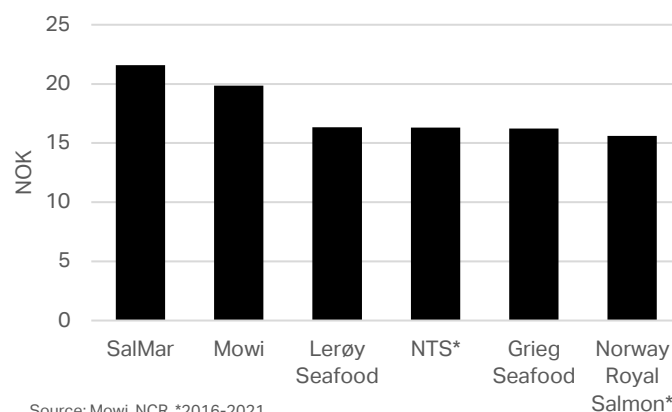


Figure 9. Norwegian salmon farmers' average EBIT/kg, 2016-2022



Besides volatile prices, the main risk facing salmon farmers is biological, primarily in the form of disease and sea lice. In Norway, disease outbreaks often lead to premature culling of salmon stocks, entailing lost revenues. Antibiotics are rarely used in Norwegian salmon farming due to extensive vaccination programs for treatable diseases. Historically, SalMar has had fewer biological issues than its peers due to its favourable farming locations and production focus. However, sea lice cost the company NOK 5-6 per kg of harvested salmon in central Norway and NOK 2-3 per kg in northern Norway, due to the expense of treatment, increased mortality, and slower fish growth.

FINANCIAL RISK ASSESSMENT

Financial risk
assessment 'bbb+'

Our financial risk assessment reflects SalMar's strong cash flows and interest coverage, and moderate leverage. However, we believe that the takeovers of NTS and NRS indicates an acquisitive strategy and a greater risk appetite than warranted by the company's current credit metrics.

Ratio analysis 'a-'

Strong salmon market and sale of non-core businesses keep credit metrics in check

SalMar's financial gearing remains moderate after the recent acquisitions. In our view, the company is likely to maintain these strong metrics due to its strong profitability and the expected sale of aquaculture service company Frøy AS and other non-core businesses. However, because the proposed resource rent tax will be based on EBITDA levels, we attribute more weight to credit metrics based on FFO, which will be negatively affected by the increased tax level.

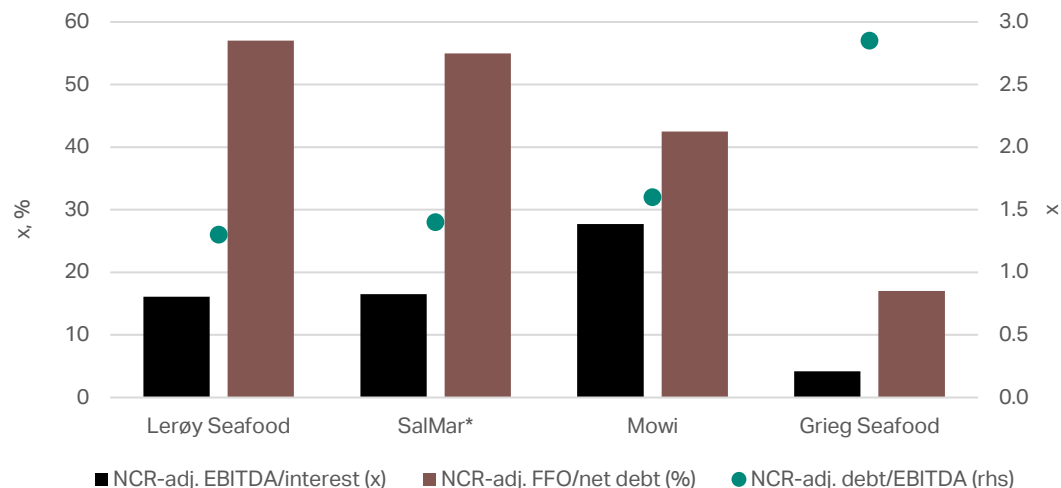
In our base-case forecast of SalMar's future performance we assume:

- revenue growth of 43% in 2023, 5% in 2024, and 3% in 2025;
- EBITDA margins of 30.1% in 2023, 31.6% in 2024, and 31.6% in 2025;
- capital spending of about NOK 3bn annually through 2025;
- sale of assets of NOK 5.5bn in 2024; and
- dividend payments of NOK 2.4bn–2.9bn annually.

On the basis of these assumptions, we estimate the following credit metrics for 2023-2025:

- NCR-adjusted net debt/EBITDA of 1.4–1.8x;
- NCR-adjusted EBITDA/net interest of 10–15x; and
- NCR-adjusted FFO/net debt of 35–42%.

Figure 10. SalMar peer group adjusted credit metrics, 2022



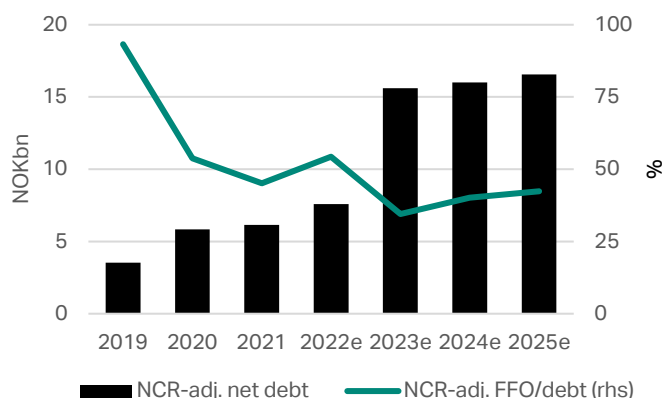
Based on company data. *We adjust debt in 2022 to reflect the takeover of NTS and NRS, which took effect in November 2022. This gives more relevant credit metrics.

Figure 11. NCR's adjustments to SalMar credit metrics, 2019–2025e

NOKm	2019	2020	2021	2022	2023e	2024e	2025e
EBITDA	3,786	3,820	3,662	5,134	8,545	10,351	11,387
Litigation costs				164			
Transaction and restructuring costs				120	103		
Dividends from joint ventures and associates	255	2	2	3	33	40	50
NCR-adj. EBITDA	4,041	3,822	3,664	5,421	8,681	10,391	11,437
Net interest	-158	-140	-169	-336	-834	-765	-765
NCR-adj. net interest	-158	-140	-169	-336	-834	-765	-765
NCR-adj. EBITDA	4,041	3,822	3,664	5,421	8,681	10,391	11,437
NCR-adj. net interest	-158	-140	-169	-336	-834	-765	-765
Current taxes	-590	-548	-719	-954	-2,463	-3,207	-3,647
NCR-adj. FFO	3,293	3,134	2,776	4,131	5,383	6,419	7,025
Changes in working capital	-50	55	-259	-806	-1,094	-643	-1,302
Capital expenditures in tangible assets	-1,347	-3,755	-2,224	-4,436	-3,000	-3,500	-3,500
NCR-adj. FOCF	1,896	-566	293	-1,111	1,289	2,276	2,223
Cash and cash equivalents	231	223	902	2,713	1,545	1,145	580
Restricted cash, SalMar Aker Ocean AS			-600	-430	-430	-430	-430
NCR-adj. cash and equivalents	231	223	302	2,283	1,115	715	150
Gross debt	3,133	5,116	5,478	21,792	15,292	15,292	15,292
Long-term leasing liabilities	489	769	751	1,152	1,152	1,152	1,152
Short-term leasing liabilities	141	165	216	273	273	273	273
Debt adjustment*				-13,338	0	0	0
NCR-adj. total debt	3,763	6,050	6,445	9,879	16,717	16,717	16,717
NCR-adj. cash and equivalents	-231	-223	-302	-2,283	-1,115	-715	-150
NCR-adj. net debt	3,532	5,826	6,143	7,596	15,602	16,002	16,567

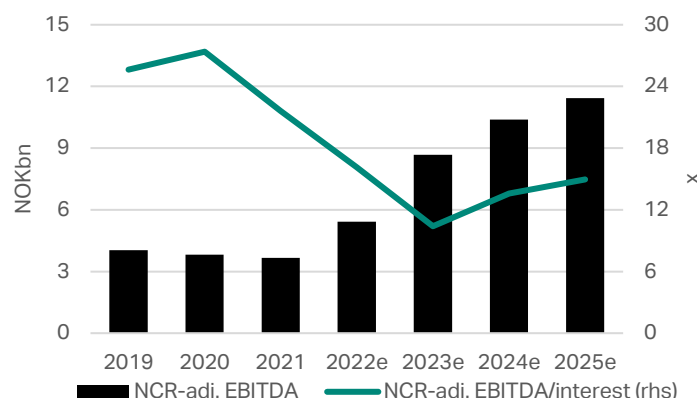
Based on NCR estimates and company data. e–estimate. *We adjust debt in 2022 to the average of Q322 and Q422) to reflect the takeover of NTS and NRS, which took effect in November 2022. This gives more relevant credit metrics.

Figure 12. SalMar NCR-adj. net debt and FFO/net debt, 2019–2025e



Based on company data. e–estimate. All metrics adjusted in line with NCR methodology.

Figure 13. SalMar NCR-adj. EBITDA and EBITDA/net interest, 2019–2025e



Based on company data. e–estimate. All metrics adjusted in line with NCR methodology.

Growth strategy and high dividend payouts weigh on risk appetite assessment

Risk appetite 'bbb'

SalMar's investment plans have been negatively impacted by the government's resource rent tax proposal. Investments in offshore farming, which are currently not affected by the proposal, could also suffer if the scope of the proposed tax is expanded as such expenditures would no longer be tax deductible. From a credit perspective we take a negative view of SalMar's shareholder remuneration as the company has paid 86% of its earnings in dividends over the past five years and has said that it intends to pay 72% of its 2022 earnings despite elevated gearing following the acquisitions in 2022.

SalMar has ample covenant headroom and is in compliance with its internal target range of net debt/EBITDA of 1.0-2.5x. The most important financial covenants governing SalMar's long-term financing are a solvency requirement, which stipulates an equity ratio in excess of 30% (39% at end-2022), and a profitability requirement, which stipulates that the interest coverage ratio (EBITDA/net finance charges) should not fall below 4.0x.

In addition to the acquisitions of NTS and NRS in 2022, we also see Scottish Sea Farms' purchase of Grieg Shetland (completed in the fourth quarter of 2021), as part of SalMar's intention to participate in the consolidation of the sector and increase volumes through acquisitions. These transactions are indicative of SalMar's growth strategy, but we expect the company to remain compliant with its current financial policy targets over the longer term.

Most of SalMar's operating revenues are denominated in foreign currencies, the largest being the US dollar and the euro. The company hedges currency exposure in its sales contracts, but not expected sales. Feed costs are mostly incurred in US dollars and euro, and are not hedged, while Icelandic Salmon AS's functional currency is the euro. We do not see currency risk as a significant factor in the short term.

In 2019, the European Commission launched an inquiry into SalMar and a number of other Norwegian aquaculture companies over alleged price fixing. So far, no court proceedings have been initiated. A similar investigation was initiated by US antitrust regulators, but this was dropped in January 2023.

ADJUSTMENT FACTORS

Adjustment factors
neutral

Adjustment factors are assessed as neutral and have no effect on the rating.

Liquidity

Liquidity adequate

We assess SalMar's liquidity position as adequate with surplus liquidity sources amounting to NOK 7.1bn. The company has good standing with its banks, significant unutilised credit facilities, and good access to the capital markets. We have also included undrawn credit facilities available to subsidiaries.

We estimate the following primary funding sources for the 12 months ending 31 Dec. 2023, totalling NOK 11.9bn:

- NOK 3.9bn in FFO, equalling 75% of estimated NCR-adjusted FFO over the period;
- NOK 5.9bn in available unutilised credit facilities as of 31 Dec. 2022; and
- NOK 2.1bn in cash and equivalents as of 31 Dec. 2022 (adjusted by NOK 0.6bn, which is dedicated to Salmon Aker Ocean AS).

We estimate the following uses of funds for the 12 months ending 31 Dec. 2023, totalling NOK 4.8bn:

- NOK 2.1bn in committed capital spending;
- NOK 0.3bn in amortisation of secured debt and repayment of leasing instalments; and
- NOK 2.4bn in dividend payments.

Environmental, social and governance factors

ESG factors adequate

SalMar's environmental, social and governance (ESG) efforts are supportive of the company's competitive position. The company recognises the industry's effect on the environment and understands the importance of fish welfare. To this end it has sought to reduce sea lice and disease and improve the handling of fish. It also recognises its responsibility to Norwegian coastal communities. In 2021, SalMar issued a NOK 3.5bn green bond and secured a new NOK 4bn sustainability-linked revolving credit facility to finance further sustainable growth.

Figure 14. SalMar ESG considerations

Issue	Risks	Mitigating efforts	Results/targets
Sea lice	Loss of revenue through early harvesting or mortality. Increased costs due to treatment. Reduced revenue potential due to lower volume growth.	Separation, fallowing and use of cleaner fish to reduce sea lice. Mechanical delousing to reduce stress on fish.	In 2022, the company's reported sea lice count in its Norwegian operations was 3.3% above the legal requirement, up from 2.2% a year earlier.
Disease	Loss of revenue due to mortality. Increased costs of treatment. Could affect consumer perception of salmon as a healthy protein source.	Vaccination. Aim to use zero antibiotics, but emphasis on fish welfare in line with relevant legislation.	No use of antibiotics in 2022.
Escapes	Loss of revenues and increased costs. Escapes impact the local environment and negatively affect wild salmon. They are thoroughly monitored by non-governmental organisations.	Continuous work on quality of pens. Close cooperation with local fishermen to catch escaped fish.	Two incidents in which 11 fish escaped in Norway in 2022. None in Iceland.
CO ₂ emissions	Any increase in related regulation and taxation could reduce operating efficiency and access to funding.	Increased use of renewable energy through greater use of power from shore and electrical and hybrid transportation.	Targets reducing scope 1, 2, and 3 emissions by 42% from 2020 to 2030. So, far emissions have been reduced by 22%.
Fish feed ingredients	Use of both plant-based ingredients and marine products could attract regulatory scrutiny and negatively affect consumer perceptions.	Use of suppliers with sustainability certifications. Use of ingredients that are not genetically modified or sourced from areas threatened by deforestation. Avoidance of ingredients based on marine products from non-regulated fisheries. Cooperation with suppliers on new, more sustainable ingredients.	Fish forage dependency for both fish oil and fish meal in 2022 was well within levels approved by the ASC. Some 94% of marine ingredients in both fish meal and fish oil and 100% of soy ingredients were certified. Continuous work to increase certification, keeping levels of fish oil and fish meal use low.

Source: company data, Mowi Salmon Farming Industry Handbook 2022. ASC–Aquaculture Stewardship Council. See [ESG factors in corporate ratings](#).

Fish farming is not yet incorporated into the EU Taxonomy, which we expect to increase transparency into sustainable investments. However, its environmental footprint is significantly smaller than that of beef, at 5.1 kg carbon equivalent per kilo of edible product compared with 39 kg.

OWNERSHIP ANALYSIS

Ownership neutral

We view SalMar's ownership structure as supportive of the company's low-risk strategy and solid financial position. Kverva, currently the largest shareholder, is a family office controlled by SalMar founder Gustav Witzøe. Typically, we do not regard companies owned by private individuals as parts of a group structure.

Upon completion of the NTS acquisition, Kverva's ownership stake in SalMar fell from 50.9% to 41.3%. However, Mr Witzøe has taken on the position of board chairman. We expect no changes in strategic direction or financial risk profile as a result of the loss of majority control but understand Kverva will remain responsible for strategic decisions.

Figure 15. SalMar ownership structure, 15 Mar. 2023

Owner	Share of votes and capital
Kverva Industrier AS	41.3%
NTS ASA	9.4%
Folketrygdfondet	3.2%
State Street Bank and Trust Co.*	1.7%
Nils Williksen AS	1.2%
Caceis Bank	1.2%
Haspro AS	1.0%
JPMorgan Chase Bank, N.A., London Branch	1.0%
Terboli Invest AS	1.0%
State Street Bank and Trust Co.*	0.9%
Top 10 owners	61.9%
Other	38.1%

Source: company. *Separate nominee accounts.

ISSUE RATINGS

SalMar is financed primarily by secured bank debt (84% of gross debt). For this reason, we rate the company's long-term senior unsecured obligations one notch below the issuer rating.

METHODOLOGIES USED

- (i) [Corporate Rating Methodology](#), 18 Feb. 2022.
- (ii) [Rating Principles](#), 24 May 2022.
- (iii) [Group and Government Support Rating Methodology](#), 18 Feb. 2022.

RELEVANT RESEARCH

- (i) [Norway salmon farms face sharp tax hike](#), 29 Mar. 2023.
- (ii) [Salmon prices likely to remain strong due to low supply growth](#), 3 Mar. 2023.
- (iii) [Low supply growth and strong demand drive salmon prices](#), 15 Jun. 2021.

Figure 16. SalMar key financial data, 2019–2022

NOKm	2019	2020	2021	2022
INCOME STATEMENT				
Total revenue	12,238	12,912	15,044	20,158
Gross profit	6,468	7,042	7,716	10,559
EBITDA	3,786	3,820	3,662	5,134
EBIT	3,035	2,797	3,451	4,738
Net financial items	124	-225	-64	-176
Pre-tax profit	3,158	2,572	3,387	4,562
Net profit	2,544	2,008	2,501	3,608
BALANCE SHEET				
Property, plant and equipment	4,370	5,554	7,133	11,131
Intangible assets and goodwill	4,742	6,826	8,530	18,291
Total non-current assets	1,857	2,104	1,889	1,788
Cash and cash equivalents	231	223	902	2,713
Total current assets	7,490	7,918	10,244	28,946
Total assets	17,986	21,998	28,085	62,501
Total equity	9,740	10,987	15,483	24,155
Long-term interest-bearing loans	2,752	3,678	4,907	18,350
Total non-current liabilities	489	769	751	1,152
Total current liabilities	3,248	4,736	4,686	16,898
Total equity and liabilities	17,986	21,998	28,085	62,501
CASH FLOW STATEMENT				
Pre-tax profit	3,158	2,572	3,387	4,562
Operating cash flow	3,030	3,179	2,908	4,223
Cash flow from investment activities	-1,317	-3,747	-2,827	-2,637
Cash flow from financing activities	-1,720	554	602	168
Cash and cash equivalents at beginning of year	240	231	223	902
Cash flow for year	-9	-8	678	1,761
Cash and cash equivalents at end of year	231	223	902	2,663

Figure 17. SalMar rating scorecard

Subfactors	Impact	Score
Operating environment	20.0%	bb
Market position	10.0%	bbb
Size and diversification	10.0%	a-
Operating efficiency	10.0%	a+
Business risk assessment	50.0%	bbb
Ratio analysis		a-
Risk appetite		bbb
Financial risk assessment	50.0%	bbb+
Indicative credit assessment		bbb+
Liquidity		Adequate
ESG		Adequate
Peer calibration		Neutral
Stand-alone credit assessment		bbb+
Support analysis		Neutral
Issuer rating		BBB+
Outlook		Stable
Short-term rating		N2

Figure 18. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB

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