

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. SalMar has had an active role in restructuring the Norwegian salmon industry, generating significant synergies and effectively cementing the company's position as the world's second-largest salmon farmer.

The rating is constrained by the seafood sector's historical earnings volatility, due to unstable prices resulting from variable supply. It is also constrained by environmental and disease-related challenges, with the industry particularly impacted by higher costs for sea lice treatment, which we expect will lead the sector to invest in new farming technology. These factors have also contributed to volatile EBITDA margins. In addition, the sector faces political risk due to its profitability and perceived environmental impact. This was exemplified by the Norwegian government's introduction of a 'resource rent' tax on aquaculture last year.

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 94 per kg over this period, assuming a stable EUR/NOK currency rate, albeit with marked seasonality. We believe that shareholders will bear the brunt of the impact of the resource rent tax on salmon farming in Norway, as we expect that the company will reduce dividend payments to offset the negative impact and/or reconsider its long-term investment plans.

POTENTIAL POSITIVE RATING DRIVERS

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

POTENTIAL NEGATIVE RATING DRIVERS

- Adjusted EBITDA/net interest below 10x for a protracted period.
- Adjusted FFO/debt below 40% for a protracted period.
- Increasing biological problems, such as disease and sea lice.

Figure 1. Key credit metrics, 2020–2026e

NOKm	2020	2021	2022	2023	2024e	2025e	2026e
Revenues	12,912	15,044	20,158	28,219	29,066	34,297	36,527
Adjusted EBITDA	3,822	3,664	5,421	8,729	10,193	12,028	12,810
Adjusted EBITDA margin (%)	29.6	24.4	26.9	30.9	35.1	35.1	35.1
Adjusted FFO	3,094	2,937	4,507	6,903	6,644	7,970	8,475
Adjusted net debt	5,826	6,742	8,432	16,073	16,671	15,404	13,674
Total assets	21,998	28,085	62,501	53,331	53,909	57,944	61,534
Adjusted net debt/EBITDA (x)	1.5	1.8	1.6	1.8	1.6	1.3	1.1
Adjusted EBITDA/net interest (x)	27.4	20.5	15.0	7.2	9.4	11.7	13.5
Adjusted FFO/net debt (%)	53.1	43.6	53.4	42.9	39.9	51.7	62.0
Adjusted FOCF/net debt (%)	-10.4	6.7	-8.7	27.3	25.8	31.3	40.2

Source: NCR estimates and company data. e—estimate. 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.

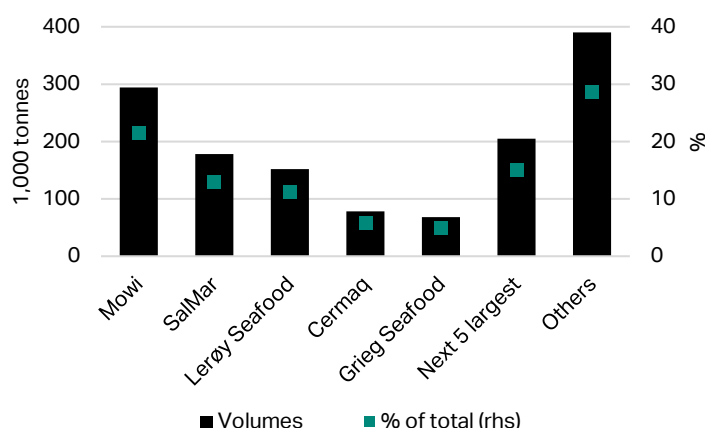
ISSUER PROFILE

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.

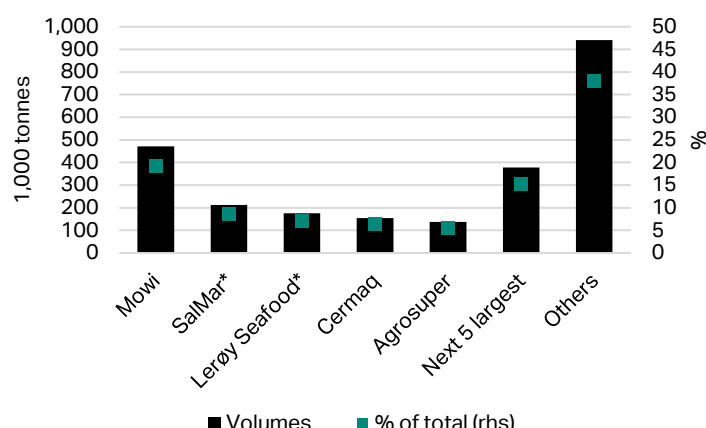
SalMar was founded in 1991 by former CEO and current chairman Gustav Witzøe, who remains the largest shareholder through investment company Kverva Industrier AS (Kverva). The company is listed on the Oslo Stock Exchange and the remaining owners are financial investors.

Figure 2. Norway's largest salmon farmers, 2022



Source: Mowi (Salmon farming industry handbook 2023).

Figure 3. Largest global salmon farmers, 2022



Source: Mowi (Salmon farming industry handbook 2023). *Includes 50% of Scottish Sea Farms

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.

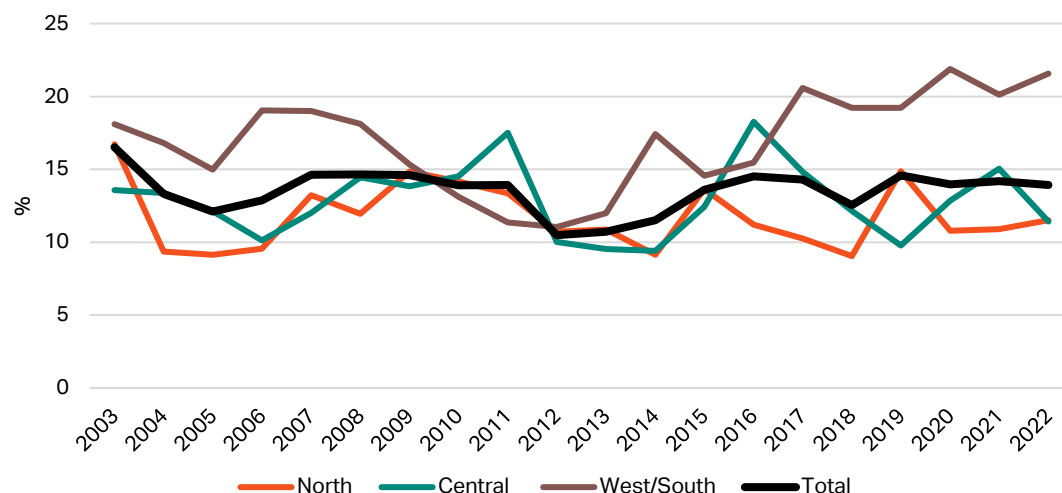
Price volatility driven by supply

Operating environment
'bb'

Salmon prices are likely to remain strong through 2026, driven by low supply growth and increased demand. In our base-case scenario, salmon prices will average NOK 94 per kg between 2024 and 2026. In our view, salmon farmers are well positioned to pass any increase in production costs on to end-consumers. However, the resource rent tax is, in our opinion, negatively impacting 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 has faced increased biological challenges in recent years, 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. In 2023, string jellyfish also caused problems, especially in northern Norway.

Figure 4. Salmon mortality by region in Norway, 2003-2022



Source: Directorate of Fisheries.

Second largest farmer of Atlantic salmon

Market position 'bbb'

SalMar is the second-largest Atlantic salmon farmer globally and in Norway. The company's harvested volumes in Norway totalled 234,000 tonnes in 2023 (17% of total domestic volumes). SalMar expects to harvest 277,500 tonnes in 2024, including an expected harvest of 7,000 tonnes from SalMar Aker Ocean, 15,000 tonnes in Iceland, and 50% of Scottish Sea Farms' production (18,500 tonnes). Biological challenges related to string jellyfish led to forced harvesting in northern Norway in 2023 and a 20,000-tonne reduction in volume guidance for 2024. SalMar's projected 2024 volumes represent about 10% of total expected annual harvesting by global Atlantic salmon farmers. We expect strong volume growth in 2025 due to stronger volumes in northern Norway and better utilisation of licences and growth offshore, and believe that the proportion of global harvesting is likely to increase on the basis of the company's target of 362,000 tonnes annually by 2028.

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

Size and diversification
'a-'

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 sent 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.

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%.

Figure 5. SalMar's revenues by geographic market, 2022

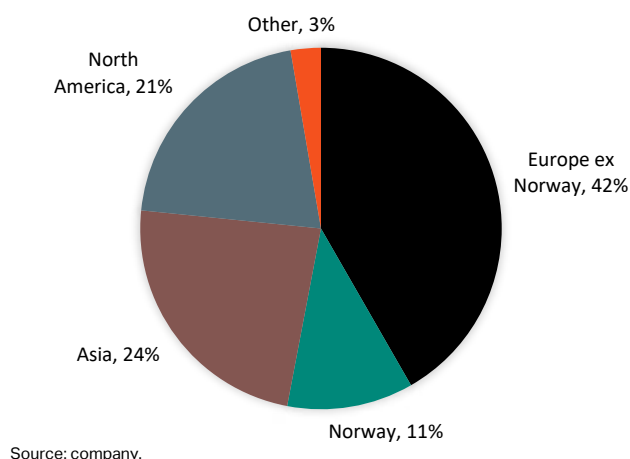
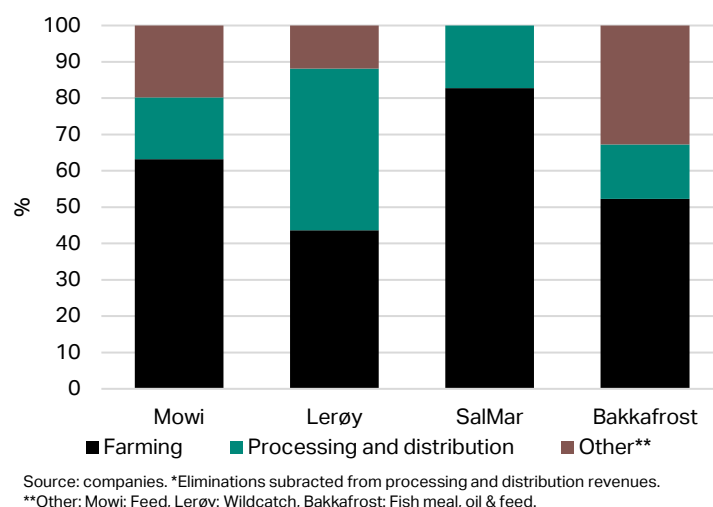


Figure 6. Large European salmon farmers, breakdown of revenues*, 2023



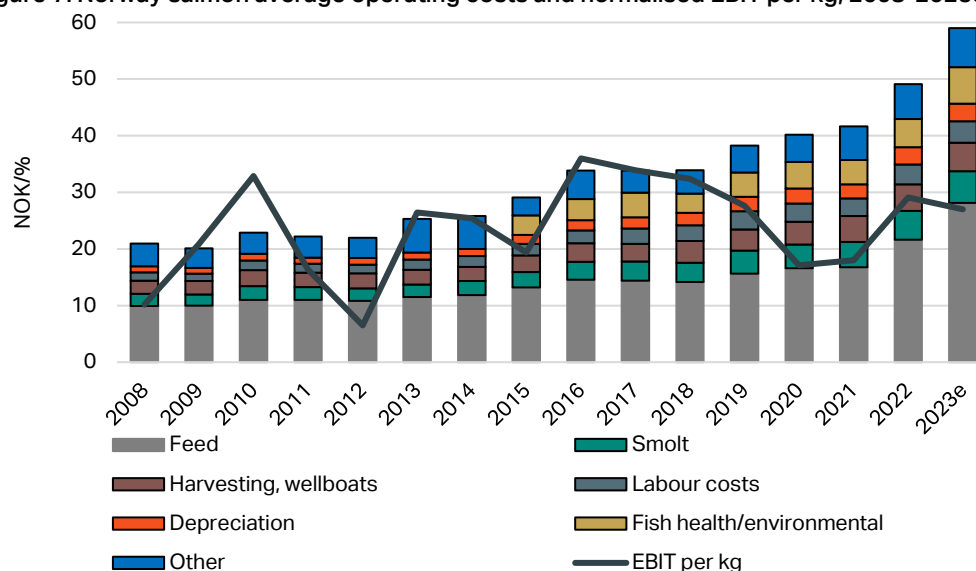
Leading cost efficiency drives high EBITDA margins

Operating efficiency 'a+'

SalMar's strong operational focus and high biological quality have enabled it to outperform its peers historically. The company has consistently reported strong EBITDA margins, averaging 30% over the past 10 years. About 25% of SalMar's projected volumes for 2024 are covered by fixed-price contracts, which is a higher share than in 2023 (10%), but close to historical norms (25-30%). We believe that contract prices for 2024 are closer to NOK 100 than our NOK 94 spot price estimate.

SalMar has identified NOK 844m in annual cost savings from the takeovers of NRS and NTS, of which 97% had been achieved by end-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 could increase harvesting using licences from the acquired companies.

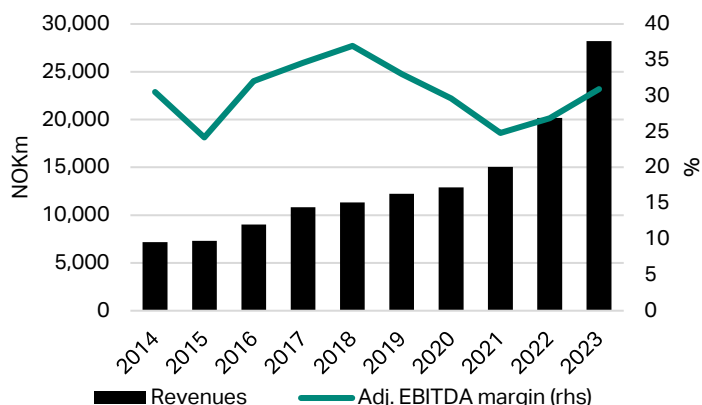
Figure 7. Norway salmon average operating costs and normalised EBIT per kg, 2008-2023e



Industry operating costs per kg of harvested salmon increased by an average of about 8% annually over the decade ended 2022. Feed prices have increased significantly over the past three years, mainly due to higher prices for vegetable-based ingredients (70% of raw material input) since the outbreak of the war in Ukraine. For Norwegian salmon farmers in particular, the weakening of the currency against the US dollar and the euro has led to higher feed costs, but has also boosted revenues. We believe that operating costs increased by about NOK 10 per kg of salmon (about 20%) in 2023 due to higher raw material and biological costs. Salmon farmers indicate, however, that feed costs appear to

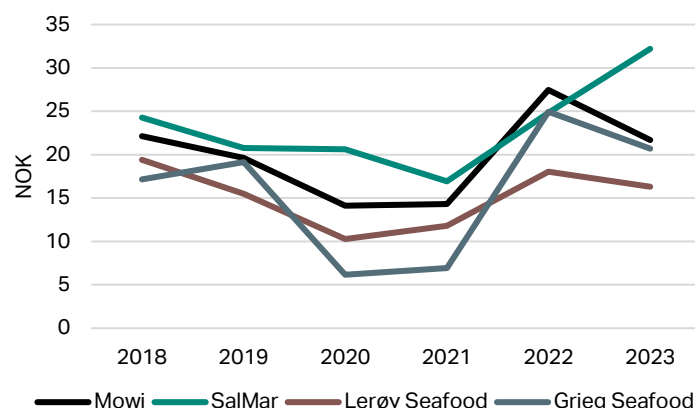
have peaked in 2023. We also expect SalMar to be able to pass most increases in production costs on to end-customers due to strong demand and low supply growth.

Figure 8. Revenues and adj. EBITDA margin, 2014–2023



Source: company.

Figure 9. Norwegian salmon farmers' EBIT/kg, 2018-2023



Source: Mowi, NCR.

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.

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 the company's acquisitive strategy reflects a greater risk appetite than warranted by its current credit metrics, even though financial gearing remains moderate after the recent acquisitions.

Ratio analysis 'a-'

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

In our view, SalMar is likely to maintain robust credit metrics due to its strong profitability and cash flows. Because the resource rent tax is based on EBITDA levels, we attribute significant weight to FFO-based credit metrics.

SalMar uses supply-chain financing to extend trade payable terms beyond those customary in the industry. We treat the proportion of trade payables above 60 days as debt and adjust interest expenses accordingly. Moreover, we have adjusted for one-offs and dividends from associated companies and joint ventures.

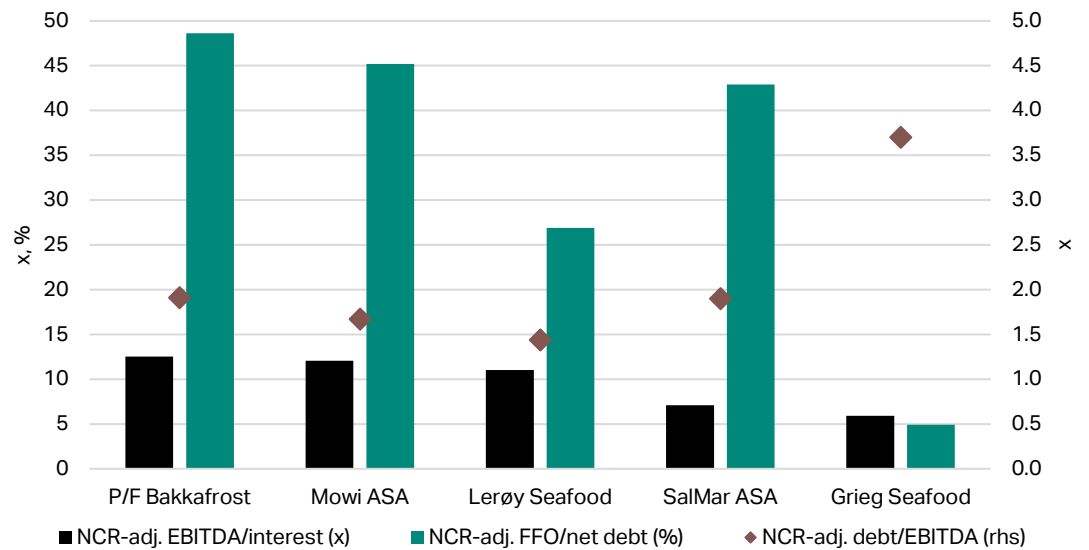
In our base-case forecast of SalMar's future performance we assume:

- revenue growth of 3% in 2024, 18% in 2025, and 6.5% in 2026;
- EBITDA margins of 35% through 2026;
- capital spending of about NOK 2bn annually through 2026; and
- dividend payments of NOK 4.6bn in 2024, NOK 3.1bn in 2025 and NOK 3.4bn in 2026.

On the basis of these assumptions, we estimate the following credit metrics for 2024-2026:

- Adjusted net debt/EBITDA of 1.1–1.6x;
- Adjusted EBITDA/net interest of 9–13x; and
- Adjusted FFO/net debt of 40–62%.

Figure 10. Peer group adjusted credit metrics, 2023



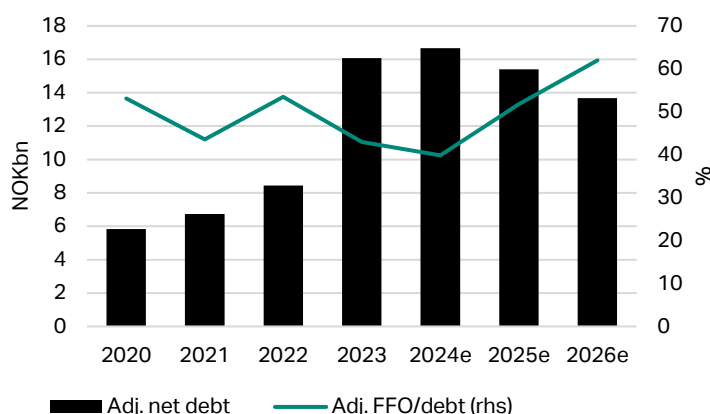
Based on company data. FFO=funds from operations.

Figure 11. NCR's adjustments to credit metrics, 2020–2026e

NOKm	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA	3,820	3,662	5,134	8,608	10,173	12,004	12,784
Litigation costs			164				
Transaction and restructuring costs			120	103			
Dividends from joint ventures and associates	2	2	3	18	20	24	26
Adjusted EBITDA	3,822	3,664	5,421	8,729	10,193	12,028	12,810
Net interest	-140	-169	-336	-1,172	-1,033	-963	-894
Calculated interest on supply chain finance		-9	-26	-46	-57	-61	-58
Adjusted net interest	-140	-178	-362	-1,218	-1,089	-1,024	-952
Adjusted EBITDA	3,822	3,664	5,421	8,729	10,193	12,028	12,810
Tax paid	-589	-549	-552	-608	-2,459	-3,034	-3,383
Adjusted FFO	3,094	2,937	4,507	6,903	6,644	7,970	8,475
Changes in working capital	55	-259	-806	-170	-446	-1,147	-878
Capital expenditures in tangible assets	-3,755	-2,224	-4,436	-2,348	-1,900	-2,000	-2,100
Adjusted FOCF	-566	451	-1,137	451	4,108	4,630	5,409
Cash and cash equivalents	223	902	2,713	785	217	1,669	3,479
Restricted cash, SalMar Aker Ocean AS		-600	-430	-120	-120	-120	-120
Adjusted cash and equivalents	223	302	2,283	665	97	1,549	3,359
Gross debt	5,116	5,478	21,792	13,892	13,892	13,892	13,892
Long-term leasing liabilities	769	751	1,152	1,502	1,502	1,502	1,502
Short-term leasing liabilities	165	216	273	344	344	344	344
Debt adjustment*			-13,338				
Supply chain finance (50%)		598	836	1,000	1,030	1,215	1,294
Adjusted total debt	6,050	7,043	10,715	16,738	16,768	16,953	17,032
Adjusted cash and equivalents	-223	-302	-2,283	-665	-97	-1,549	-3,359
Adjusted net debt	5,826	6,742	8,432	16,073	16,671	15,404	13,674

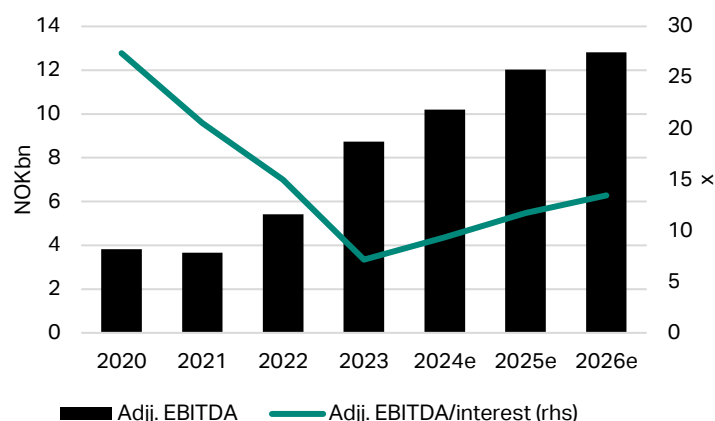
Based on NCR estimates and company data. e=estimate. *We adjust debt in 2022 to the average of Q3 2022 and Q4 2022) to reflect the takeover of NTS and NRS, which took effect in November 2022. This gives more relevant credit metrics.

Figure 12. Adjusted net debt and FFO/net debt, 2020–2026e



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

Figure 13. Adjusted EBITDA and EBITDA/net interest, 2020–2026e



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'

The resource rent tax has negatively impacted SalMar's investment plans, including plans to invest in offshore farming, which is currently not subject to the tax, because of the possibility that the tax could be extended to such operations if they become profitable. From a credit perspective we take a negative view of SalMar's shareholder remuneration as the company has paid 81% of its earnings in dividends over the past four years. We understand, though, that the company's focus is on cash flow. We expect the dividend payout ratio to decline if investment levels start to pick up.

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 the company's long-term financing are a solvency requirement, which stipulates an equity ratio in excess of 30% (43% at end-2023), and a profitability requirement, which stipulates that the interest coverage ratio (EBITDA/net finance charges) should not fall below 3.0x.

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 the company's growth strategy, but we expect it 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.

The European Commission has accused SalMar and five other Norwegian salmon farmers of exchanging sensitive information to reduce market uncertainty about spot sales. The companies deny any wrongdoing. An investigation is ongoing, and we expect no conclusion before 2025. An appeal could take a further five years. A penalty of up to 10% of revenues is possible, but is likely to be significantly lower on the basis of comparable cases. We have not factored any negative outcome into our financial analysis due to the uncertainty and long time-frame, and believe that the risk is sufficiently accounted for in our assessment of risk appetite. 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 long-term issuer rating.

Liquidity

Liquidity adequate

Our 12-month liquidity analysis is based on a stressed scenario in which the company cannot access the capital markets or extend bank loans, and therefore has to rely on internal or committed external funding sources to cover its liquidity needs. We typically expect a company with an investment grade rating ('BBB-' or above) to cover its liquidity needs, with limited need for external funding over the coming 12 months.

We assess SalMar's liquidity position as adequate. The company's cash position and unutilised credit facilities outweigh its committed financial obligations by 2.4x over the next 12 months.

We estimate the following primary funding sources for the 12 months ending 31 Dec. 2024, totalling NOK 15.5bn:

- NOK 5.0bn in FFO, equalling 75% of estimated adjusted FFO over the period;
- NOK 9.8bn in available unutilised credit facilities as of 31 Dec. 2023; and
- NOK 0.7bn in cash and equivalents as of 31 Dec. 2023 (adjusted by NOK 0.1bn, which is dedicated to Salmon Aker Ocean AS).

We estimate the following uses of funds for the 12 months ending 31 Dec. 2024, totalling NOK 6.4bn:

- NOK 1.5bn in committed capital spending;
- NOK 0.3bn in amortisation of secured debt and repayment of leasing instalments; and
- NOK 4.6bn 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. In 2023, SalMar entered into a new senior unsecured credit facility agreement, totalling NOK 16 billion, with the intention of making it sustainability linked.

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.

Figure 14. 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 2023, the company's reported sea lice count in its Norwegian operations was 0.9% above the legal requirement, down from 3.3% 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 last three years.
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.	Continual work on quality of pens. Close cooperation with local fishermen to catch escaped fish.	Three incidents in which 168 fish escaped in Norway in 2023.
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 transport.	Targets reducing scope 1, 2, and 3 emissions by 42% from 2020 to 2030. So far emissions have been reduced by 35% (17% in 2023).
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 2023 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.

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

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 to 41.3% from 50.9%, but has since increased to 45.4%. 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. Ownership structure, 11 Apr. 2024

Owner	Share of votes and capital
Kverva Industrier AS	45.4%
Folketrygdfondet	5.3%
State Street Bank and Trust Co.	1.6%
Terboli Invest AS	1.1%
JPMorgan Chase Bank, N.A., London Branch	1.0%
Other	45.7%
Total	100%

Source: company.

ISSUE RATINGS

SalMar is primarily financed by unsecured bank debt. We typically rate unsecured debt instruments in line with the issuer rating if gross secured debt to EBITDA is below 2.0x. Accordingly, we rate the company's long-term senior unsecured obligations 'BBB+', at the same level as the issuer rating, reflecting the flat debtor hierarchy.

SHORT-TERM RATING

SalMar's ratio of committed funding sources to uses is 2.4x according to our liquidity analysis. When this ratio is above 2.0x, we typically assign the higher of two possible short-term ratings, in this case 'N2', to reflect the company's liquidity profile relative to the 'BBB+' long-term issuer rating.

METHODOLOGIES USED

- (i) [Corporate Rating Methodology](#), 8 May 2023.
- (ii) [Rating Principles](#), 14 Feb. 2024.
- (iii) [Group and Government Support Rating Methodology](#), 14 Feb. 2024.

RELEVANT RESEARCH

- (i) [Norwegian farmed salmon prices likely to remain strong](#) 8 Mar. 2024.
- (ii) [Norway salmon farms face sharp tax hike](#), 29 Mar. 2023.

Figure 16. Key financial data, 2020–2023

NOKm	2020	2021	2022	2023
INCOME STATEMENT				
Total revenue	12,912	15,044	20,158	28,219
Cost of goods sold	-5,871	-7,328	-9,599	-12,880
Sales, general & admin. Expenses	-3,222	-4,054	-5,425	-6,731
EBITDA	3,820	3,662	5,134	8,608
Depreciation and amortisation	-781	-803	-1,038	-1,452
Other non-financial items	-242	592	642	1,353
Net financial items	-225	-64	-176	-1,229
Pre-tax profit	2,572	3,387	4,562	7,280
Total taxes	-563	-719	-954	-4,534
Net profit	2,008	2,668	3,608	2,746
BALANCE SHEET				
Property, plant and equipment	5,554	7,133	11,131	12,371
Intangible assets and goodwill	6,826	8,530	18,291	18,685
Interest in associates and joint ventures	753	1,174	2,372	2,327
Other non-current assets	947	1,003	1,760	2,150
Non-current assets	14,080	17,841	33,555	35,533
Cash and cash equivalents	223	902	2,713	785
Other current assets	7,695	9,343	26,233	17,013
Total current assets	7,918	10,244	28,946	17,798
Total assets	21,998	28,085	62,501	53,331
Total equity	10,987	15,483	24,155	23,079
Long-term borrowings	3,678	4,907	18,350	12,211
Other long-term liabilities	2,597	3,009	3,098	8,248
Non-current liabilities	6,275	7,916	21,448	20,459
Short-term borrowings	1,438	571	3,442	1,681
Other short-term liabilities	3,298	4,115	13,456	8,112
Current liabilities	4,736	4,686	16,898	9,793
Total equity and liabilities	21,998	28,085	62,501	53,331
CASH FLOW STATEMENT				
Pre-tax profit	2,572	3,387	4,562	7,280
Adjustment for items not in cash flow	553	-220	467	1,866
Changes in working capital	55	-259	-806	-170
Operating cash flow	3,179	2,908	4,223	8,976
Cash flow from investment activities	-3,747	-2,827	-2,631	1,773
Cash flow from financing activities	554	602	168	-12,969
Cash and cash equivalents at start of year	231	223	946	3,012
Cash flow for year	-8	678	1,767	-2,227
Cash and cash equivalents at end of year	223	902	2,713	785

Source: company.

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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