



ISSUER RATING
Long term

OUTLOOK
Stable

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Rating Action and Rationale

- EthiFinance Ratings affirms Mowi ASA's "BBB" rating, maintaining its Stable outlook.
- This rating is mainly supported by (i) a worldwide leading position in farmed salmon production; (ii) a vertical integration (feed production, breeding, processing and branding); and (iii) a solid Financial Risk Profile of BBB+, albeit it has weakened over the past year. Notably, the interest coverage ratio has indeed sharply declined (EBITDA/Interest from 27.6x in 2022 to 12.5x in 2023) mainly explained by the higher interest rates. This ratio is expected to remain rather stable going forward. The rest of Mowi's financial ratios have slightly deteriorated between 2022 and 2023 (additional costs, higher tax rate) and are expected to remain broadly unchanged over the forecast period (2024-2026). However, among these is worth noticing an excellent capitalisation ratio (Equity/TFD > 120% on average) that supports the rating. Another noticeable aspect is the positive ESG score of the company this year, which, according to our methodology, enhances the Financial Risk Profile by one notch and offsets the financial decline. Last year the company's ESG score was neutral. Overall, the financial ratios for 2024 are expected to remain at a similar level, thus we maintain our Stable outlook.
- The rating remains mainly constrained by (i) the limited diversification in terms of products (salmon); and (ii) the volatility of the spot salmon price (commoditized product) making the company sensitive to price fluctuation. In that regard, it is worth highlighting that to assess the company's financial profile, the high volatility table has been applied.
- The agribusiness industry has medium-to-high ESG risks under our methodology (sector heatmap score between 3.5 and 3.9). This results in a sector rating being downgraded one notch by industry-related ESG considerations. Regarding environmental factors, agribusiness has a high impact on resources as a major user of land and water but also on pollution with the contamination of soils and water basins through intensive use of fertilizers. The sector also has an impact on climate through the use of carbon-intensive processes, and it significantly impacts biodiversity. Moreover, consumers are highly concerned about issues linked to food safety and quality. The sector has a medium impact on communities as access to good food is an essential part of social stability and contributes to a population's health.
- The company's ESG score is positive (score between 1 and 2) mainly explained by additional disclosure. This results in a Financial Risk Profile upgraded by one notch.

Issuer Description

Headquartered in Norway, Mowi ASA is the world's largest producer of farmed salmon with 475,000 tonnes produced in 2023. The group has breeding farms in Norway, Scotland, Chile, Canada, Ireland, the Faroes and Iceland. Most of its production is sold in Europe. For 2023, revenues were €5.5bn with an EBITDA of €1.4bn (EBITDA margin of 25.7%). NFD/EBITDA stood at 1.6x at year-end. Listed on the Oslo Stock Exchange, total capitalization amounted to €9.5bn as of April 3rd 2024.

Main Financial Figures

Main financial figures. Millions of EUR						
	FY22	FY23	FY24E ⁽¹⁾	FY25E ⁽¹⁾	FY26E ⁽¹⁾	23vs22
Turnover	4,941	5,506	5,781	5,897	6,015	11.4%
EBITDA	1,451	1,415	1,445	1,474	1,504	-2.5%
EBITDA Margin	29.4%	25.7%	25.0%	25.0%	25.0%	-3.7pp
EBIT	995	953	957	978	999	-4.1%
EBIT Margin	20.1%	17.3%	16.6%	16.6%	16.6%	-2.8pp
EBT	1,001	899	833	862	892	-10.1%
Total Assets	7,531	8,239	8,792	8,864	8,943	9.4%
Equity	3,687	3,755	3,976	4,212	4,457	1.8%
Total Financial Debt	2,400	2,567	2,392	2,217	2,042	6.9%
Net Financial Debt	2,222	2,264	2,159	1,869	1,572	1.9%
Equity/TFD	153.6%	146.3%	166.2%	190.0%	218.3%	-7.3pp
NFD/EBITDA	1.5x	1.6x	1.5x	1.3x	1.0x	0.1x
Funds From Operations	1,146	1,081	930	954	978	-5.7%
FFO/NFD	51.6%	47.7%	43.1%	51.0%	62.2%	-3.9pp
EBITDA/Interest	27.6x	12.5x	11.7x	12.8x	14.1x	-15.1x

⁽¹⁾ Estimates prepared by EthiFinance Ratings

Credit Rating

Credit Rating	
Business Risk Profile	BBB-
<i>Industry risk assessment</i>	<i>BBB-</i>
<i>Industry's ESG</i>	<i>Negative</i>
<i>Competitive Positioning</i>	<i>BB+</i>
<i>Governance</i>	<i>BBB-</i>
Financial Risk Profile	BBB+
<i>Cash flow and leverage</i>	<i>BBB-</i>
<i>Solvency</i>	<i>A-</i>
<i>Company's ESG</i>	<i>Positive</i>
Anchor Rating	BBB
<i>Modifiers</i>	<i>No</i>
Rating	BBB

Rating Sensitivity

Factors that may (individually or collectively) impact the rating:

- **Long-term rating positive factors (↑)**

Additional diversification of products; EBITDA/Interest>25x; NFD/EBITDA<1x.

- **Long-term rating negative factors (↓)**

Depending on the outcome of the Statement of Objections released on January 25th 2024 by the European Commission, important fines or restrictive business measures which could impact the activity or financial risk profile of Mowi; EBITDA/Interest<7x; NFD/EBITDA>2x; FFO/NFD<40%; Equity/TFD<120%.

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
 - Corporate Rating Methodology - Long Term : https://files.qivalio.net/documents/methodologies/CRA_190_V3_Corporate%20Methodology_2023-10-06.pdf
- The rating scale used in this report is available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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