

10 January 2025

## FY24 results: refocus post disposal

Benchmark Holdings reported FY24 revenue from continuing operations of £90.4m, -13%YoY (currency adjusted, CER, -6%YoY), and (adj.) EBITDA of £11.9m, -30%YoY (CER: -24%YoY reflecting the decline in revenue in the Health business (-57%YoY) and changes in Advanced Nutrition product mix. Net debt was reduced from £65.5m in FY23 to £49.0m due to the impact of the discontinued Genetics business removing debt related to the Saltern facility. The focus is now on the structure of operations post sale of the Genetics business area, streamlining the organisation and reducing costs.

### FY24 performance

On a continuing operations basis FY24 revenue was £90.4m (FY23: £104.0m) and (adj.) EBITDA, £11.9m (FY23: 17.0m), Genetics operations being classified as discontinued as a result of the disposal underway. The Advanced Nutrition business was impacted by the loss of a key customer in Venezuela due to government action, whilst lower demand for sea lice treatments resulted in a pause in sales of Ectosan<sup>®</sup>Vet and Clean Treat<sup>®</sup>, impacting the Health business. Operating costs were reduced by 19%YoY due to restructuring measures and lower remuneration expenses. **Advanced Nutrition** recorded revenue of £75.9m, -3%YoY (CER +5%YoY), and (adj.) EBITDA of £14.4m, -22%YoY (CER: -16%YoY). **Health** registered revenue of £14.5m, -43%YoY (CER, -41%YoY), and (adj.) EBITDA of £2.1m, -57%YoY (CER, -55%YoY).

### Sale of Genetics business area

Post period-end (25<sup>th</sup> November) the sale of the Genetics business area was announced for an enterprise value of £260m (see ED report 'Disposal of Genetics operation for £260m'). The business area recorded FY24 revenue of £57.4m, -13%YoY, and (adj.) EBITDA of £14.8m, +3%YoY. As confirmed in FY24 results, net proceeds will be used to repay debt, totalling £72.1m, and return capital to shareholders.

### Continuing operations outlook

Post-divestment, our revenue and (adj.) EBITDA outlook is determined principally by two factors: trends in the overall market for shrimp (demand and prices), and contribution from the Health business based on Salmosan<sup>®</sup>Vet revenue streams, in FY25 respectively £86.7m and £12.7m, and for FY26, £90.9m and £14.0m. **We reinstate our fair value at 43p/share**, to be reviewed on completion of the disposal process as details of the use of proceeds, structure of the balance sheet and proposals for further restructuring emerge. Our revised Fair Value, based on a 5-year DCF, is inclusive of a return of capital to shareholders which we estimate at £158m, to be paid in FY25 (£128m) and FY27 (£30m).

### Outlook to FY26

Yr to 30 Sep. (£m)	2023	2024	2025E	2026E
Revenue	104.0	90.4	86.7	90.9
EBITDA (adj)	17.0	11.9	12.9	15.5
Pre-Tax (rptd.)	(24.7)	(45.9)	(5.1)	10.2
EPS (adj, p)	(2.6)	(4.6)	26.1	1.1
Net debt/(cash)	65.5	49.0	(29.8)	(39.3)
P/E	N.M.	N.M.	1.1x	26.5x
EV/EBITDA	15.1x	21.5x	19.9x	16.5x
EV/Rev	2.5x	2.8x	3.0x	2.8x

Source: Company data, Equity Development estimates. Continuing operations. FY23 restated. \* includes contribution from discontinued operations.

### Company Data

EPIC	AIM: BMK
Price (last close)	28p
52 weeks Hi/Lo	48p/28p
Market cap	£207m
ED Fair Value	43p
Pro forma net debt	£49.0m

### Share Price, p



Source: ADVFN

### Description

Benchmark Holdings PLC develops products and biotechnology solutions for the aquaculture sector, to improve sustainability, animal quality and health and welfare, yields and profitability. The Group is focused on: Advanced Nutrition, specific to early stages of animal development; and Health for sea lice treatments.

The Group has operations in the UK, Norway, US, Chile, Colombia, Iceland, Belgium, Thailand, Vietnam and China.

### Next event

February 2025 - Q1 25

### Mike Jeremy (Analyst)

0207 065 2690  
[mike.jeremy@equitydevelopment.co.uk](mailto:mike.jeremy@equitydevelopment.co.uk)

### Hannah Crowe

0207 065 2692  
[hannah@equitydevelopment.co.uk](mailto:hannah@equitydevelopment.co.uk)

## Contents

FY24 results: refocus post disposal .....	1
FY24 performance highlights .....	3
Q4 performance summary .....	4
Outlook.....	5
Outlook.....	6
Advanced Nutrition business area .....	7
Health business area .....	10
FY24 cashflow – continued cash generation .....	11
Valuation considerations.....	12
Peer group analysis .....	13
Appendix I: Revenue by operation and market.....	14
Appendix II: Genetics business area .....	15
Financial summary .....	16

## FY24 performance highlights

The principal features of FY24 performance from continuing operations were:

- **Revenue** of £90.4m, -13%YoY (CER: -6%YoY).
- **Gross profitability**: -22%YoY, 48.6% margin (FY23:53.9% margin).
- **EBITDA** (adj.): £11.9m, -30%YoY (CER: -24%YoY), 13.2% margin (FY23: 16.3%).
- **R&D spend** (expensed and capitalised) was £5.9m (FY23: £6.8m), on an ongoing basis £2.6m (FY23: £3.0m).
- **Of exceptional items** totalling £7.4m (FY23: £7.8m) the Group recorded £5.7m in respect of costs associated with the strategic review (specific to Genetics, £4.5m), £1.8m associated with discontinued operations, and costs associated with changes to the provision of Ectosan<sup>®</sup>Vet and Clean Treat<sup>®</sup> services in the transition from owned vessels to leased and other routes.

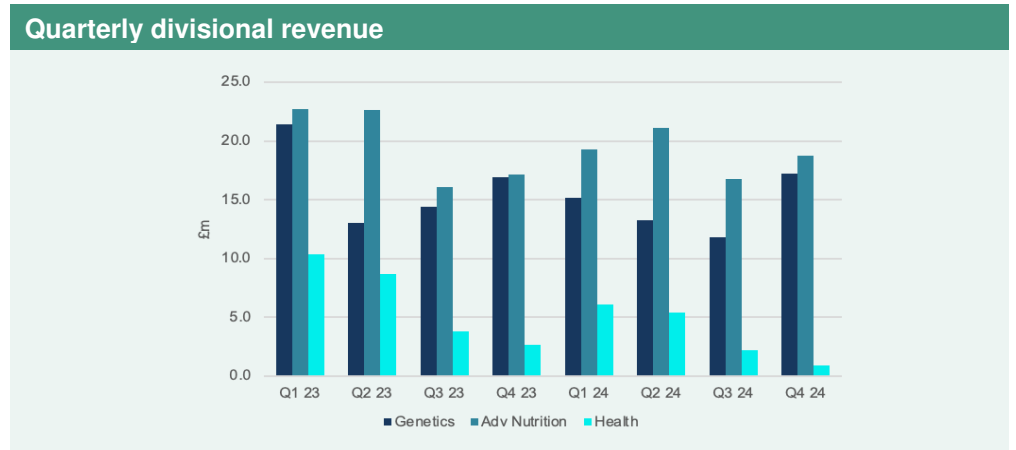
Below shows the impact of discontinued operations ('Disc') on FY24 results and restated FY23 earnings from continuing operations.

Results, restated for discontinued operations						
(£m)	FY23	Disc'	FY23c	FY24	Disc'	FY24c
<b>Revenue</b>	<b>169.7</b>	<b>65.8</b>	<b>104.0</b>	<b>147.7</b>	<b>57.4</b>	<b>90.4</b>
Gross	86.0	30.0	56.1	70.4	26.4	43.9
<i>Margin</i>	<i>50.7%</i>	<i>45.5%</i>	<i>53.9%</i>	<i>47.6%</i>	<i>46.1%</i>	<i>48.6%</i>
R&D	(6.1)	(3.8)	(2.4)	(5.7)	(3.3)	(2.4)
Admin	(45.6)	(8.9)	(36.8)	(37.3)	(7.7)	(29.6)
Equity inv.	(0.0)	(0.0)	0.0	1.3	1.3	0.0
Sum Op-ex	(51.8)	(12.7)	(39.1)	(41.8)	(9.7)	(32.0)
Exceptional	(7.8)	(3.9)	(3.9)	(7.4)	(1.8)	(5.6)
EBIT (rptd.)	(10.8)	6.7	(17.5)	(27.6)	7.9	(35.5)
<b>EBIT (adj.)</b>	<b>(3.0)</b>	<b>10.7</b>	<b>(13.6)</b>	<b>(20.2)</b>	<b>9.7</b>	<b>(29.9)</b>
<i>Margin</i>	<i>N.M.</i>	<i>16.2%</i>	<i>N.M.</i>	<i>N.M.</i>	<i>16.9%</i>	<i>N.M.</i>
Amortisation	(18.5)	(4.5)	(14.0)	(32.5)	(1.6)	(30.9)
Depreciation	(18.7)	(2.1)	(16.6)	(16.3)	(5.4)	(10.9)
EBITDA (rptd.)	26.4	13.3	13.1	21.2	14.9	6.3
<b>EBITDA (adj.)</b>	<b>34.2</b>	<b>17.3</b>	<b>17.0</b>	<b>28.6</b>	<b>16.7</b>	<b>11.9</b>
<i>Margin</i>	<i>20.2%</i>	<i>26.2%</i>	<i>16.3%</i>	<i>19.4%</i>	<i>29.1%</i>	<i>13.2%</i>
Finance net	(7.4)	(0.2)	(7.2)	(11.0)	(0.6)	(10.4)
PBT (rptd.)	(18.2)	6.5	(24.7)	(38.6)	7.3	(45.9)
<b>PBT (adj.)</b>	<b>(10.4)</b>	<b>10.4</b>	<b>(20.8)</b>	<b>(31.2)</b>	<b>9.1</b>	<b>(40.3)</b>
Tax	(3.4)	(4.6)	1.2	(0.5)	(2.1)	1.6
PAT/LAT (rptd.)	(21.6)	1.9	(23.5)	(39.1)	5.2	(44.3)
<b>PAT/LAT (adj.)</b>	<b>(13.7)</b>	<b>5.8</b>	<b>(19.6)</b>	<b>(31.7)</b>	<b>7.0</b>	<b>(38.7)</b>

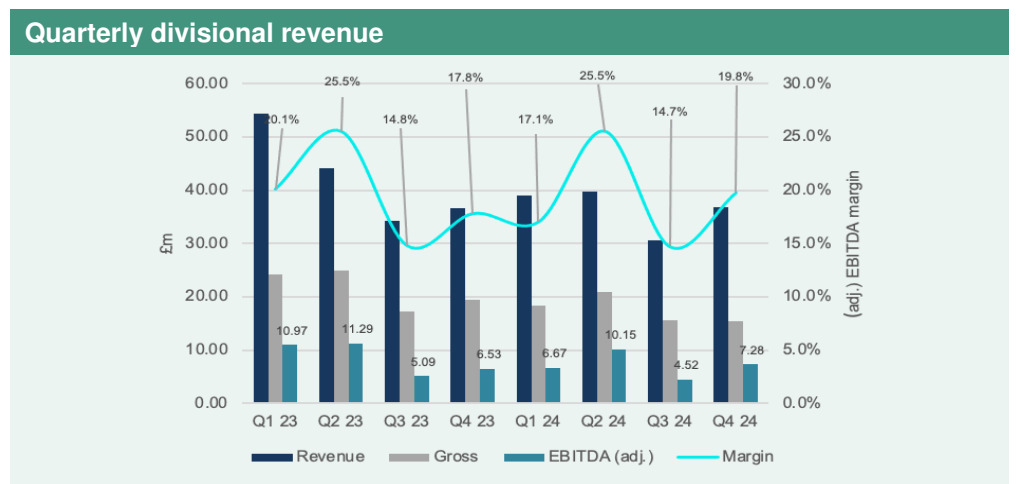
Source: Company data. Equity Development estimates.

## Q4 performance summary

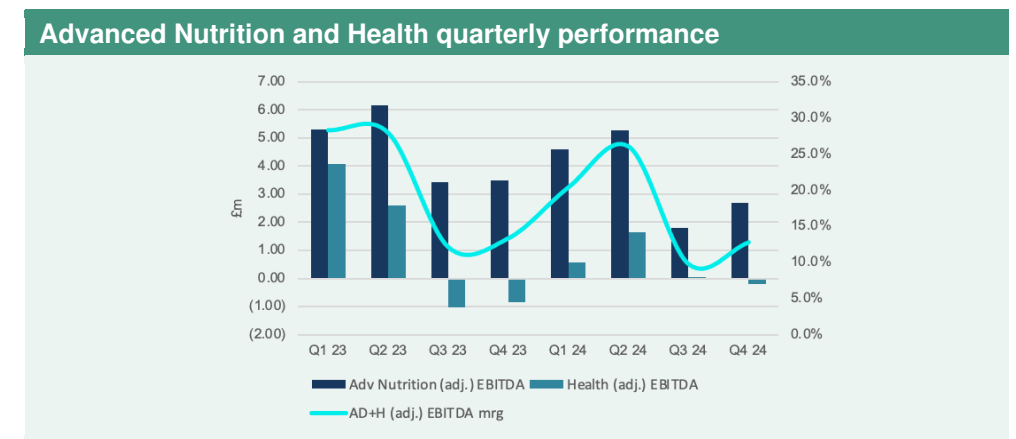
Below summarises quarterly earnings trends inclusive of the discontinued Genetics operations to Q4 24. In Q4 we note: in Genetics 12%YoY (adj.) EBITDA growth, a 23%YoY decline in Advanced Nutrition (adj.) EBITDA and in Health a £(0.2)m loss. Advanced Nutrition and Health, the ongoing businesses, recorded (adj.) EBITDA of £2.5m, -5%YoY.



Source: Company data. Equity Development estimates.



Source: Company data. Equity Development estimates.



Source: Company data. Equity Development estimates

## Outlook

Below summarises our revised outlook post divestment of the Genetics business (discontinued) based on continuing operations, with a profit on discontinued operations estimated at net £230.0m of which £200.0m is received in FY25.

Outlook				
Year to 30 Sep. (£m)	FY23	FY24	FY25E	FY26E
Advanced Nutrition	78.5	75.9	79.7	83.7
Health	25.5	14.5	8.0	8.2
Inter segment	(0.3)	(0.1)	(1.0)	(1.1)
<b>Revenue</b>	<b>104.0</b>	<b>90.4</b>	<b>86.7</b>	<b>90.9</b>
<b>Gross</b>	<b>56.1</b>	<b>43.9</b>	<b>41.6</b>	<b>43.6</b>
<i>Margin</i>	<i>53.9%</i>	<i>48.6%</i>	<i>48.0%</i>	<i>48.0%</i>
COGS	(47.9)	(46.4)	(45.1)	(47.3)
R&D	(2.4)	(2.4)	(1.5)	(1.5)
Admin & Other	(36.8)	(29.6)	(27.2)	(26.6)
Sum operating costs	(39.1)	(32.0)	(28.7)	(28.1)
EBIT Reported	(17.5)	(35.5)	(4.1)	11.3
<b>EBIT Adjusted</b>	<b>(13.6)</b>	<b>(29.9)</b>	<b>(4.1)</b>	<b>11.3</b>
<i>Margin</i>	<i>N.M.</i>	<i>N.M.</i>	<i>N.M.</i>	<i>12.4%</i>
Amortisation	(14.0)	(30.9)	(16.0)	(3.2)
Depreciation	(16.6)	(10.9)	(1.0)	(1.1)
EBITDA Reported	13.1	6.3	12.9	15.5
<b>EBITDA Adjusted</b>	<b>17.0</b>	<b>11.9</b>	<b>12.9</b>	<b>15.5</b>
<i>Margin</i>	<i>16.3%</i>	<i>13.2%</i>	<i>14.9%</i>	<i>17.1%</i>
Financial income	0.0	0.0	5.0	5.3
Financial expense	(7.2)	(10.4)	(6.0)	(6.3)
<b>PBT Reported</b>	<b>(24.7)</b>	<b>(45.9)</b>	<b>(5.1)</b>	<b>10.2</b>
PBT Adjusted	(20.8)	(40.3)	(5.1)	10.2
Tax	1.2	1.6	0.0	(2.4)
Profit/Loss after tax rptd.	(23.5)	(44.3)	(5.1)	7.9
<b>Profit/Loss after tax adj.</b>	<b>(19.6)</b>	<b>(38.7)</b>	<b>(5.1)</b>	<b>7.9</b>
<b>Profit on discontinued operations</b>				
Net of tax		5.2	200.0	0.0

Source: Company data. Equity Development estimates.

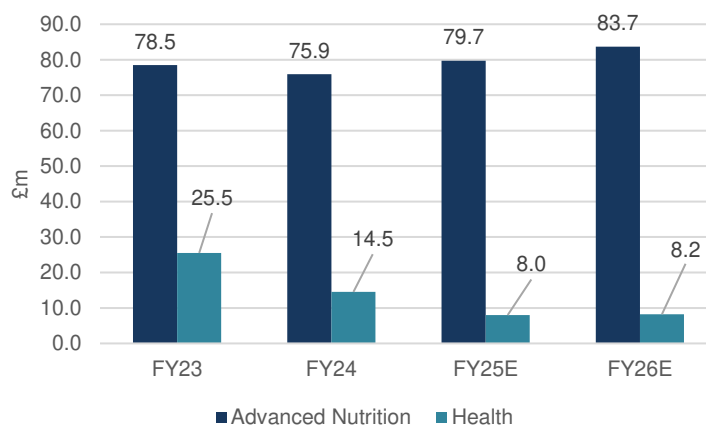
## Outlook

We estimate that completion of the sale of the Genetics business will result in:

- Net proceeds of £230.0m, with £200.0m received in cash upon completion in Q1 25, and an additional contingent consideration of £30.0m.
- Repayment of debt comprising the unsecured floating rate NOK 750m Green bond, outstanding £53.1m, and amounts so far drawn from the DNB Bank £27.5m RCF, totalling £72.1m.
- BMK has stated that funds will be returned to shareholders. We expect further details upon completion of the sale process.

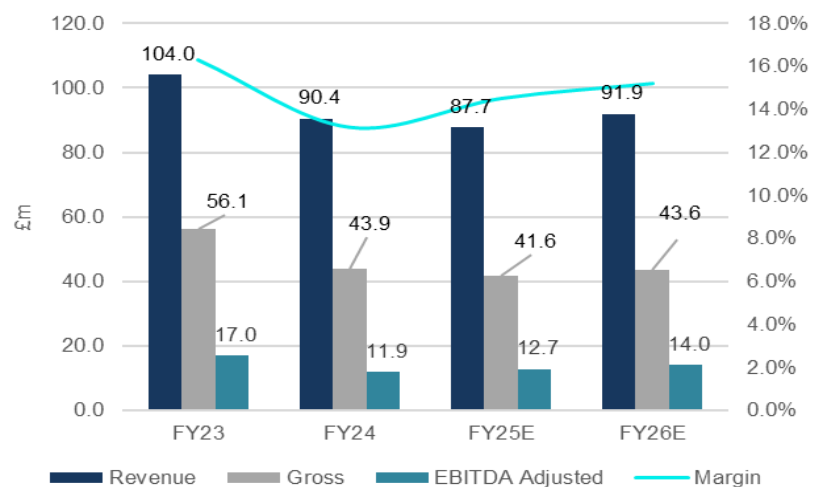
Below illustrates our outlook for the streamlined operations, Advanced Nutrition and Health, and the Group overall.

### Divisional revenue outlook post-divestment



Source: Company data. Equity Development estimates.

### Group earnings outlook post-divestment



Source: Company data. Equity Development estimates. Data excludes currency effects.

## Advanced Nutrition business area

### Worldwide presence and expansion into new markets

The backdrop to FY24 performance remained weak shrimp market demand. With an emphasis on maintaining a leading market position, a change in product mix resulting in lower average prices impacted on gross profitability resulting in a full year margin of 48.0% compared to c.56% a year earlier. Artemia revenue declined by 3%YoY on pricing despite 6%YoY volume growth, whilst demand for probiotics declined 17%YoY. By region, Europe (+3%) remained firm, the US and Asia Pacific experienced a slight downturn but demand from China was reported to have declined appreciably.

The Group also noted additional factors affecting performance in the business area:

- Disruption to freight in the Middle East resulting from conflict, resulting in re-routing of shipments via the Cape of Good Hope.
- Development of R&D capability in Singapore enabling transfer of expertise from Mediterranean operations to Asian markets, with several product launches expected in FY25.
- Establishment of a new subsidiary in India.

**Advanced Nutrition** recorded:

- Revenue of £75.9m, -3%YoY, CER-adjusted +5%YoY.
- Adjusted EBITDA £14.4m, -22%YoY (CER: -16%YoY), 18.9% margin (FY23: 23.4% margin).

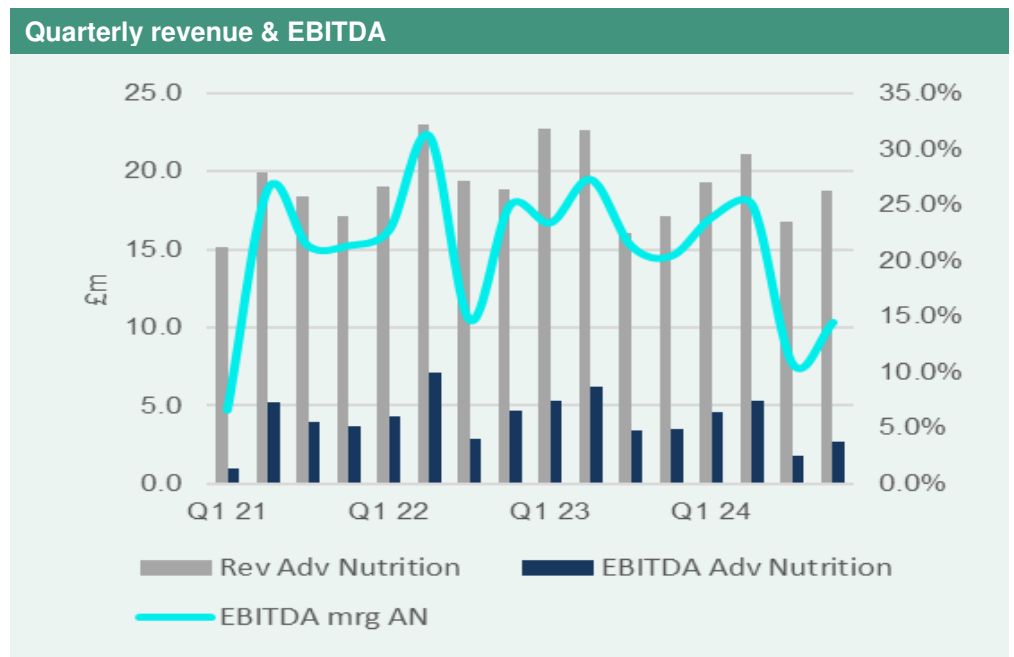
FY24 components of revenue and (adj.) EBITDA			
£m	Q4 23	Q4 24	YoY
Goods	17.091	18.716	10%
Services	0.000	0.000	
Inter-segment	0.020	0.004	
<b>Revenue</b>	<b>17.111</b>	<b>18.720</b>	<b>9%</b>
EBITDA (adj.)	3.483	2.702	-22%
<i>Mrg</i>	20.4%	14.4%	
£m	FY23	FY24	YoY
<b>Revenue</b>	<b>78.5</b>	<b>75.9</b>	<b>-3%</b>
Gross	43.8	36.4	-17%
R&D	(2.1)	(2.3)	11%
Op-ex	(23.4)	(20.0)	-14%
<b>EBITDA (adj)</b>	<b>18.4</b>	<b>14.4</b>	<b>-22%</b>
Gross margin	55.8%	48.0%	
R&D % of revenue	2.6%	3.0%	
Op-ex % of revenue	29.7%	26.4%	
EBITDA (adj.) margin	23.4%	18.9%	

Source: Company data, Equity Development estimates.

## Q4 performance

In Q4 the division recorded:

- Revenue of £18.7m, +9%YoY, CER- adjusted +17%YoY.
- Revenue from Artemia of £9.0m (Q4 23: £7.0m), from Diets £8.0m (Q4 23: £8.0m) and from Health (probiotic) products £1.7m (Q4 23: £2.1m).
- Adjusted EBITDA of £2.7m, -23%YoY, 19.8% margin (Q4 23: 17.8% margin), CER-adjusted -24%YoY.
- Gross profitability at a 42.1% margin compared to 46.9% a year earlier, reflecting price weakness.
- Operating costs were reduced by 34%YoY (£3.9m) due to cost control; no bonuses were paid.



Source: Company data. Equity Development estimates. Data excludes currency effects.

## Outlook

The outlook for global shrimp market demand and relevant production factors forms the backdrop to Benchmark's strategy and prospects for the Advanced Nutrition business segment. A 2022 Global Seafood Alliance survey<sup>1</sup> identified four major factors impacting shrimp production: feed cost, market prices, prevalence of disease and the quality of brood stock.

- **Feed.** An estimated 9.0m tons of feed is required to generate total shrimp production estimated at 5.5m tons; feed comprises 40% - 65% of input costs. Recent trends indicate rising costs across almost all categories of feed. For example, unavailability of 2023 Peruvian anchovy fishery raised the price of fish oil by 30%YoY to \$6,000/ton<sup>2</sup> whilst the price of vegetable protein such as soy and wheat meals increased through a combination of supply disruption from the war in Ukraine and periods of drought, exacerbated by the collapse of the Black Sea Grain Deal.

<sup>1</sup> <https://www.was.org/article/Shrimp-farming-advances-challenges-and-opportunities.aspx>

<sup>2</sup> <https://onlinelibrary.wiley.com/doi/10.1111/jwas.13027#jwas13027-bib-0003>

- Market Prices.** Oversupply of shrimp in 2023<sup>3</sup> resulted in price declines of up to 40%, a trend reversed in 2024 notably because of energy shortages in the major Ecuador market relating to the impact of drought affecting the 72% of total power derived from hydroelectricity. Ecuador supplies 36% of the EU market; other major producers include Argentina, Vietnam and Venezuela. As a result (Platts') Ecuador Shrimp Market price rose from US\$5,600/metric ton in October from US\$4,800 a month earlier.
- Disease vectors.** The intensity of farming, lack of biodiversity and lack of a developed immune system in shrimp has led to higher prevalence of disease incidence than amongst other varieties of farmed fish and crustacean, e.g. white spot syndrome virus (WSSV) or acute hepatopancreatic necrosis.
- Brood stock.** Selective breeding to develop Specific Pathogen Tolerant (SPT) strains has contributed to improved survival and shorter growth cycles, in turn reducing energy and feed requirements; up to 40% in culture time to reach 25g maturity (128-74 days)<sup>1</sup>. The risk is that hatcheries based on surviving specimens from infected production ponds would not succeed in passing on disease tolerance, however careful management by producers in Ecuador has yielded positive results.

It is important to note the impact of changes in weather patterns on key production regions, such as the El Niño Southern Oscillation (ENSO) affecting seasonal rainfall, or the overall impact of rising temperatures attributed to climate change impacting on water availability and security. The industry is exploring alternatives to augment fishmeal and fish oil feed sources, such as insect meal (fly larvae), unicellular proteins (yeast bacteria, fungi and algae) or vegetable extracts (peas and pulses), but these alternatives lack scale at present.

Below summarises our business area outlook to FY26.

We expect a gradual improvement in (adj.) EBITDA margins, trending towards a medium-term target of 25.0%.

Outlook							
Yr to Sep 30 (£m)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue	59.4	70.5	80.3	78.5	75.9	79.7	83.7
YoY		18.8%	13.8%	-2.2%	-3.3%	5.0%	5.0%
(adj.) EBITDA	6.3	13.8	19.0	18.4	14.4	15.9	18.4
Margin	10.6%	19.6%	23.7%	23.4%	18.9%	20.0%	22.0%

Source: Company data. Equity Development estimates. Data excludes currency effects.

<sup>3</sup> <https://www.spglobal.com/en/research-insights/market-insights/daily-update-october-25-2024>

## Health business area

### Revised business model

The Health business area derived £4.9m of revenue from Ectosan®Vet and Clean Treat® treatments for sea lice (FY23: £12.4m), and from Salmosan®Vet, £7.8m (FY23: £8.3m).

The strategic priority remains to migrate demand from Benchmark leased and controlled vessels onto customer-owned infrastructure in order to reduce or eliminate the cost of under-utilisation, especially outside of the sea lice season. Accordingly, the Group removed from service its two Clean Treat® platform supply vessels, paused treatments and placed Clean Treat® equipment in onshore storage. The transition also depends on the propensity of customers to develop (and ability to afford) their own wellboat capacity.

**Health** recorded:

- Revenue of £14.5m, -43%YoY, CER-adjusted -41%YoY.
- Adjusted EBITDA of £2.1m, -57%YoY (CER-adjusted, -55%YoY) (FY23: £4.8m), 14.1% margin.
- Gross profit declined from £12.3m in FY23 to £7.3m, operating costs were £5.1m (FY23: £7.3m), reduced as part of restructuring of operations and R&D £0.1m (FY23: £0.3m).

FY24 components of revenue and (adj.) EBITDA [Image Title]			
£m	FY23	FY24	YoY
Ectosan®Vet and Clean Treat®	12.4	4.9	
Vessels	4.8	1.8	
Salmosan®Vet	8.3	7.8	
<b>Revenue</b>	<b>25.5</b>	<b>14.5</b>	<b>-43%</b>
Gross	12.3	7.3	-41%
R&D	(0.3)	(0.1)	-64%
Op-ex	(7.3)	(5.1)	-30%
<b>EBITDA (adj)</b>	<b>4.8</b>	<b>2.1</b>	
Gross margin	48.4%	50.3%	
R&D % of revenue	1.1%	0.7%	
Op-ex % of revenue	28.6%	35.1%	
EBITDA (adj.) margin	18.7%	14.1%	

Source: Company data.

### Outlook

Our outlook at this stage excludes contribution from Ectosan®Vet and Clean Treat®, and includes costs estimated for the ongoing restructuring of operations. Post-FY 25 we expect that efficiencies in the restructured business model will positively impact margins.

Outlook							
Yr to Sep 30 (£m)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue	10.8	7.8	20.1	25.5	14.5	8.0	8.2
YoY		27.5%	157%	26.7%	-43.1%	-45%	3.0%
EBITDA (adj.)	(12.9)	(2.7)	0.1	4.8	2.1	1.0	1.2
Margin	N.M.	N.M.	0.5%	18.7%	14.1%	12.0%	15.0%

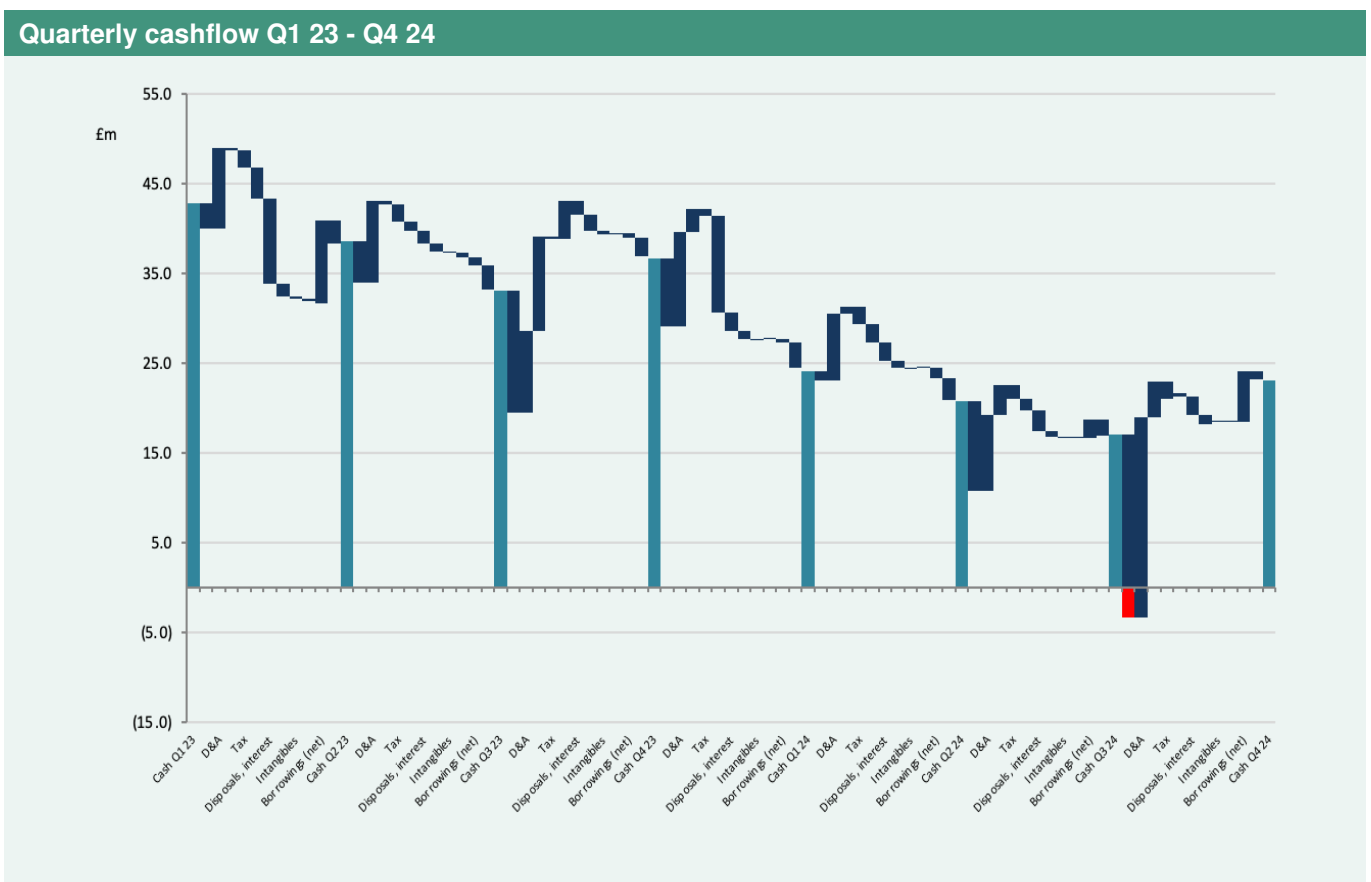
Source: Company data. Equity Development estimates. Data excludes currency effects.

## FY24 cashflow – continued cash generation

The Group continued to generate significant cash from operations (£22.6m) but this was offset by working capital consuming £13.8m and £11.0m, principally in interest (£9.1m) and lease payments (£8.1m) for the year.

- Cash generated from operations was reduced from £29.6m in FY23 to £22.6m.
- Investment in working capital of £13.8m contrasted with an outflow of £1.1m in FY23, resulting from investments in Advanced Nutrition (£6.4m) and Health (£2.2m), with Genetics at £4.8m.
- Inventory closed at £23.7m (FY23: 25.4m).
- Capital spending was reduced from £5.9m to £3.5m.

As the chart below quarterly performance has seen a progressive reduction in the closing cash balance from £42.8m in Q1 23 to, at Q4 24, £23.1m.



Source: Company data, Equity Development estimates.

We note that the divestiture of the Genetics business area results in the write down of product rights with a FY25 net book value of £12.59m relating to the acquisition of NVE in 2015. Consequently, FY25 amortisation is estimated at a total of £16.0m, thereafter c.£3.0m annually.

## Valuation considerations

### DCF valuation

Our DCF-based valuation indicates a Fair Value of 43p/share. The principal inputs in our 5-year DCF are:

- WACC: 6.1%.
- Beta: 0.8 (source: FT.com).
- Terminal multiple applied to discounted cashflow: 8.0x.

### 5-year DCF valuation

Year to 30 Sep (£m)	FY25E	FY26E	FY27E	FY28E	FY29E
Revenue	86.7	90.9	95.3	99.9	104.7
OCF	15.8	18.9	17.5	18.5	20.5
Cash tax	(4.0)	0.0	(2.4)	(2.8)	(3.2)
Disposal	200.0	0.0	30.0	0.0	0.0
Capex, inv.	(1.0)	(1.1)	(31.1)	(1.2)	(1.2)
FCF	210.8	17.9	44.1	14.6	16.0
DCF	144.7	15.9	36.9	11.5	11.9
Cash	29.8	39.4	44.9	50.5	57.2
EV/EBITDA	28.3x	23.5x	20.7x	18.3x	16.6x
EBITDA	12.9	15.5	17.7	20.0	22.0
EBITDA margin	14.9%	17.1%	18.5%	20.0%	21.0%
Mkt EV/EBITDA	21.0x	17.4x			
WACC	6.1%				
Terminal multiple	8.0x				
Terminal value	95.0				
PV of DCF	220.8				
Net debt / (cash)	49.0				
EV (£m)	364.9				
PV of equity	315.9				
<b>Price per share (p)</b>	<b>42.7</b>				

Source: Company data, Equity Development estimates.

Valuation includes an assumed return of capital to shareholders in 2025 of £128.0m and in FY27 of £30.0m.

## Peer group analysis

Benchmark commenced trading on the Euronext Oslo Growth market of the Oslo Stock Exchange on 15 December 2022. Below we show comparative valuation metrics for eight constituent companies of the Oslo Børs Seafood Index (<https://live.euronext.com/en/product/indices>) involved in salmon and fish farming, and aquaculture. Overall, these metrics indicate a peer group:

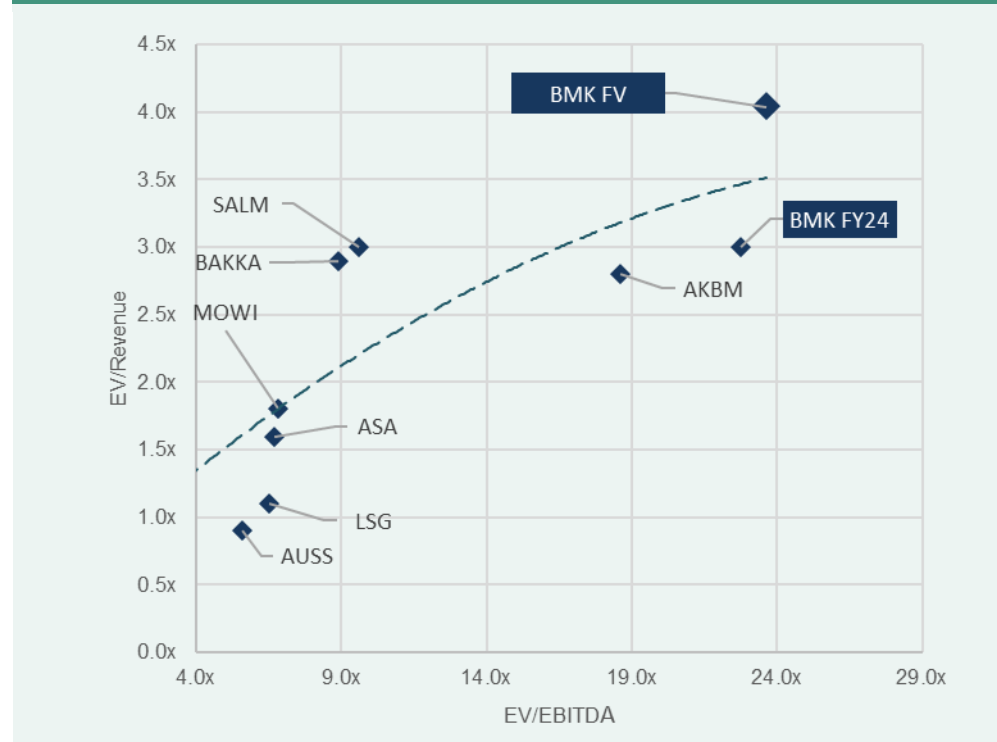
- Market cap-weighted average EV/EBITDA of 7.9x.
- Market cap-weighted average EV/Revenue of 2.1x.
- Market cap-weighted average PE of 16.0x.

### Comparative valuation metrics

Ticker	Name	Price (lcu)	Mkt cap (£m)	EV/Rev	EV/EBITDA	PE
AKBM	Aker BioMarine AS	52.3	404	2.8x	18.6x	174.8x
ASA	Atlantic Sapphire ASA	0.1	46	0.9x	0.0x	0.0x
AUSS	Austevoll Seafood ASA	79.2	1,407	0.9x	5.6x	8.6x
BAKKA	P/F Bakkafrøst	511.8	2,671	2.9x	8.9x	15.5x
GSF	Grieg Seafood ASA	50.0	494	1.6x	6.7x	15.1x
LSG	Leroy Seafood Group ASA	39.6	2,076	1.1x	6.5x	10.8x
MOWI	Mowi ASA	158.4	7,211	1.8x	6.8x	11.1x
SALM	SalMar ASA	439.8	5,103	3.0x	9.6x	15.1x
BMK	Benchmark Holdings plc	31.0	237	1.9x	9.9x	N.M.

Source: Company data, Equity Development estimates, Koyfin.

### Comparative valuation metrics, +1 yr EV/EBITDA, EV/Revenue



Source: Company data, Equity Development estimates, Koyfin.

## Appendix I: Revenue by operation and market

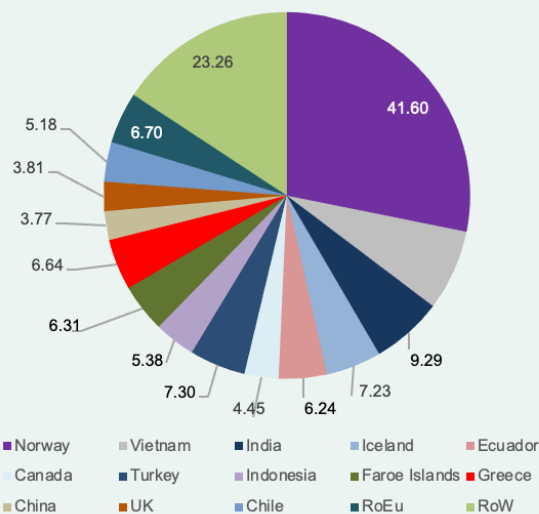
Below shows the distribution of FY24 revenue by geography on an ongoing basis, with the impact of the discontinued Genetics business.

### Revenue by segment and market, FY24

£m	Genetics	AN	Health	Corp	Inter	Total	Disct'd	Ongoing
Norway	31.803	1.058	8.742			41.603	31.803	9.800
Vietnam	0.014	10.536				10.550	0.014	10.536
India	0.005	9.286				9.291	0.005	9.286
Iceland	7.118		0.113			7.231	7.118	0.113
Ecuador	0.040	6.203				6.243	0.040	6.203
Canada	1.553	0.069	2.828			4.450	1.553	2.897
Turkey	0.107	7.197				7.304	0.107	7.197
Indonesia	0.391	4.993				5.384	0.391	4.993
Faroe Islands	5.282		1.027			6.309	5.282	1.027
Greece		6.642				6.642	0.000	6.642
China	0.610	3.156				3.766	0.610	3.156
UK	3.436	0.059	0.316			3.811	3.436	0.375
Chile	3.678		1.499			5.177	3.678	1.499
RoEu	1.595	5.108				6.703	1.595	5.108
RoW	1.729	21.533				23.262	1.729	21.533
Inter-segment sales	0.024	0.078		4.040	(4.142)			
<b>Sum</b>	<b>57.385</b>	<b>75.918</b>	<b>14.525</b>	<b>4.040</b>	<b>(4.142)</b>	<b>147.726</b>	<b>57.361</b>	<b>90.365</b>

Source: Company data. Corporate: internal revenue. Inter: deduction to match internal cross sales. Disct'd: discontinued operations (Genetics business).

### Revenue by market, FY24 (£m)



Source: Company data.

## Appendix II: Genetics business area

### Review of FY24 performance

The Genetics business area was divested for an estimated 17.9x EV/EBITDA which compares to the market weighted average of a group of BMK peers of 7.9x (see p.13) but is close to that of Aker BioMmarine A.S. at 18.6x (mkt. cap. £404m) a specialist in the development of products based on krill omega-3.

For the year, the **Genetics** business recorded:

- Revenue of £57.4m, -13%YoY, CER-adjusted -8%YoY.
- Revenue from salmon eggs of £38.5m, 67% of division total, with volume of 340m eggs following a strong FY23 (FY23: 359m) with 75% from direct sales (286m; FY23: 335m)
- Adjusted EBITDA £14.8, +3%YoY, CER-adjusted +9%YoY, 25.8% margin (FY23: 21.9%).
- Adjusted EBITDA net of fair value movement in biological assets £15.1m (FY23: £14.5m).

The Group noted: a strong contribution from the salmon genetics operation in Chile, doubled to £3.6m with an (adj.) EBITDA contribution of £1.0m; reorganisation of shrimp genetics operations allied with commercial opportunities vis Advanced Nutrition and a reduction in (adj.) EBITDA losses from £(3.6m) to £(1.8)m.

Q4 and FY24 components of revenue and (adj.) EBITDA			
£m	Q4 23	Q4 24	YoY
Goods	13.523	16.311	21%
Services	0.900	0.889	-1%
Inter-segment	0.003	0.012	
<b>Revenue</b>	<b>14.426</b>	<b>17.212</b>	<b>19%</b>
EBITDA (adj.)	5.070	5.701	12%
<i>Mrg</i>	35.1%	33.1%	-6%
£m	FY23	FY24	YoY
Salmon eggs (m)	359.0	340.0	-5%
Salmon eggs	45.6	38.5	-16%
Harvested fish	11.1	11.1	
Other	7.4	5.6	
Services	1.2	1.7	42%
IP	0.5	0.5	
<b>Revenue</b>	<b>65.8</b>	<b>57.4</b>	<b>-13%</b>
Gross	29.9	25.0	
R&D	(3.8)	(3.3)	-13%
Other op-ex	(11.7)	(9.6)	-18%
Equity in earnings	0.0	0.0	
<b>EBITDA (adj)</b>	<b>14.5</b>	<b>14.8</b>	<b>2%</b>
Gross margin	45.5%	43.6%	
R&D % of revenue	5.7%	5.7%	
Op-ex % of revenue	17.8%	16.7%	
EBITDA (adj.) margin	22.0%	25.8%	

Source: Company data, Equity Development estimate.

## Financial summary

### P&L, continuing operations

£m	FY22	FY23	FY24	FY25E	FY26E
<i>Continuing operations:</i>					
Advanced Nutrition	80.3	78.5	75.9	79.7	83.7
Health	20.1	25.5	14.5	8.0	8.2
Inter segment	(0.7)	(0.3)	(0.1)	(1.0)	(1.1)
<b>Revenue</b>	<b>157.7</b>	<b>104.0</b>	<b>90.4</b>	<b>86.7</b>	<b>90.9</b>
<b>Gross</b>	<b>83.9</b>	<b>56.1</b>	<b>43.9</b>	<b>41.6</b>	<b>43.6</b>
<i>Margin</i>	<i>53.2%</i>	<i>53.9%</i>	<i>48.6%</i>	<i>48.0%</i>	<i>48.0%</i>
COGS	(73.8)	(47.9)	(46.4)	(45.1)	(47.3)
R&D	(6.6)	(2.4)	(2.4)	(1.5)	(1.5)
Admin & Other	(44.1)	(36.8)	(29.6)	(27.2)	(26.6)
Equity inv.	(0.6)	0.0	0.0	0.0	0.0
Sum operating costs	(51.3)	(39.1)	(32.0)	(28.7)	(28.1)
One-off item	0.0	(3.9)	(5.6)	0.0	0.0
EBIT Reported	(6.2)	(17.5)	(35.5)	(4.1)	11.3
<b>EBIT Adjusted</b>	<b>10.7</b>	<b>(13.6)</b>	<b>(29.9)</b>	<b>(4.1)</b>	<b>11.3</b>
<i>Margin</i>	<i>6.8%</i>	<i>N.M.</i>	<i>N.M.</i>	<i>N.M.</i>	<i>12.4%</i>
Amortisation	(19.2)	(14.0)	(30.9)	(16.0)	(3.2)
Depreciation	(19.7)	(16.6)	(10.9)	(1.0)	(1.1)
EBITDA Reported	32.6	13.1	6.3	12.9	15.5
<b>EBITDA Adjusted</b>	<b>32.6</b>	<b>17.0</b>	<b>11.9</b>	<b>12.9</b>	<b>15.5</b>
<i>Margin</i>	<i>20.7%</i>	<i>16.3%</i>	<i>13.2%</i>	<i>14.9%</i>	<i>17.1%</i>
Financial income	4.7	0.0	0.0	5.0	5.3
Financial expense	(19.9)	(7.2)	(10.4)	(6.0)	(6.3)
PBT Reported	(21.4)	(24.7)	(45.9)	(5.1)	10.2
<b>PBT Adjusted</b>	<b>(4.4)</b>	<b>(20.8)</b>	<b>(40.3)</b>	<b>(5.1)</b>	<b>10.2</b>
Tax	(7.3)	1.2	1.6	0.0	(2.4)
Profit/Loss after tax rptd.	(28.7)	(23.5)	(44.3)	(5.1)	7.9
<b>Profit/Loss after tax adj.</b>	<b>(11.7)</b>	<b>(19.6)</b>	<b>(38.7)</b>	<b>(5.1)</b>	<b>7.9</b>
Discontinued operations	(1.8)	1.9	5.2	200.0	0.0
<b>Net rptd</b>	<b>(30.5)</b>	<b>(21.6)</b>	<b>(39.1)</b>	<b>194.9</b>	<b>7.9</b>
<b>Net adj</b>	<b>(13.5)</b>	<b>(17.7)</b>	<b>(33.5)</b>	<b>194.9</b>	<b>7.9</b>
<b>Non-controlling interest</b>	<b>1.6</b>	<b>1.6</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Net rptd</b>	<b>(32.1)</b>	<b>(23.1)</b>	<b>(39.5)</b>	<b>194.9</b>	<b>7.9</b>
Basic wtd. Av. shares (m)	698.2	731.9	739.6	731.9	731.9
Diluted wtd. av. shares (m)	704.5	740.9	753.2	745.6	745.6
EPS rptd basic (p)	(4.60)	(3.16)	(5.34)	26.63	1.08
<b>EPS adj basic (p)</b>	<b>(2.16)</b>	<b>(2.63)</b>	<b>(4.58)</b>	<b>26.63</b>	<b>1.08</b>

Source: Company data, Equity Development estimates. FY23 restated.

<b>Cashflow</b>					
<b>£m</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
<b>Net reported</b>	<b>(30.5)</b>	<b>(21.6)</b>	<b>(39.1)</b>	<b>194.9</b>	<b>7.9</b>
PPE depreciation	8.6	8.5	9.3	0.5	0.6
RoU depreciation	11.3	10.3	7.0	0.5	0.5
Amortisation	19.2	18.5	32.5	16.0	3.2
Disposals net	(0.0)	3.7	(0.4)	0.0	0.0
Finance (net)	18.1	7.7	10.9	1.0	1.1
Forex, other	(4.9)	(1.8)	(0.2)	(200.0)	0.0
Share-based payments	1.2	1.0	2.1	0.0	0.0
Tax	7.3	3.4	0.5	0.0	2.4
<b>Operating Cash Flow</b>	<b>30.3</b>	<b>29.6</b>	<b>22.6</b>	<b>12.9</b>	<b>15.5</b>
<b>Working capital</b>					
(Increase)/Decrease inventories	(5.4)	2.9	0.1	9.4	(0.7)
(Increase)/Decrease in receivables	(8.5)	(6.6)	(1.1)	2.2	3.0
Increase/(Decrease) in payables	6.9	3.9	(10.0)	(8.7)	1.0
Increase/(Decrease) in bio assets	(6.1)	(1.7)	(0.7)	0.0	0.0
Provisions	1.1	0.4	(2.0)	0.0	0.0
<b>Change, working capital</b>	<b>(12.0)</b>	<b>(1.0)</b>	<b>(13.8)</b>	<b>2.9</b>	<b>3.4</b>
Cash generated by operations	18.3	28.6	8.8	15.8	18.9
Tax (paid)/received	(7.4)	(8.6)	(6.8)	(4.0)	0.0
<b>Net cash from operations</b>	<b>10.8</b>	<b>20.0</b>	<b>2.0</b>	<b>11.8</b>	<b>18.9</b>
Investing activities	0.0	0.0	0.0	0.0	0.0
Disposals, invests	1.4	0.9	0.6	200.0	0.0
PPE	(10.8)	(6.0)	(3.5)	(1.0)	(1.1)
Intangibles	(1.9)	(0.8)	0.0	0.0	0.0
Interest / Other	0.1	0.6	0.0	0.0	0.0
Net cash used in investing	(11.2)	(5.3)	(2.8)	199.0	(1.1)
<b>Net OpFCF</b>	<b>(0.4)</b>	<b>14.7</b>	<b>(0.8)</b>	<b>210.8</b>	<b>17.9</b>
<b>Financing activities</b>					
Share issue (net)	20.2	10.9	0.1	0.0	0.0
Borrowings (net)	(6.9)	3.4	6.2	(72.0)	0.0
Interest paid	(9.6)	(9.1)	(9.1)	(2.0)	(6.3)
Lease payments	(10.5)	(9.4)	(8.1)	(2.0)	(2.0)
Other	0.0	(8.0)	0.0	(128.0)	0.0
Net cash from financing	(6.9)	(12.3)	(11.0)	(204.0)	(8.3)
<b>Net increase in cash / equivalents</b>	<b>(7.3)</b>	<b>2.4</b>	<b>(11.8)</b>	<b>6.8</b>	<b>9.6</b>
Cash start	39.5	36.4	36.5	23.1	29.8
Forex	4.3	(2.3)	(1.6)	0.0	0.0
<b>Cash end</b>	<b>36.4</b>	<b>36.5</b>	<b>23.1</b>	<b>29.8</b>	<b>39.4</b>

Source: Company data, Equity Development estimates.

### Balance sheet

£m	FY22	FY23	FY24	FY25E	FY26E
<b>Fixed Assets</b>					
Intangible assets	245.3	206.1	115.5	99.5	96.3
PPE net	81.9	73.4	10.1	10.1	10.1
RoUse assets	27.0	19.8	4.1	4.1	4.1
Equity investees	3.1	3.6	2.3	2.3	2.3
Other invests	0.0	0.0	0.0	0.0	0.0
Bio/agri assets	20.9	18.4	0.0	0.0	0.0
<b>Sum Fixed Assets</b>	<b>378.2</b>	<b>321.3</b>	<b>132.0</b>	<b>116.0</b>	<b>112.8</b>
<b>Current Assets</b>					
Inventories	29.8	25.3	23.7	14.3	14.9
Trade receivables	56.4	59.8	42.5	40.4	37.4
Bio/agri assets	25.8	28.4	0.3	0.0	0.0
Cash, Equivalents	36.4	36.5	23.1	29.8	39.4
<b>Sum Current Assets</b>	<b>148.4</b>	<b>150.0</b>	<b>252.9</b>	<b>84.5</b>	<b>91.7</b>
<b>Total Assets</b>	<b>526.6</b>	<b>471.3</b>	<b>384.9</b>	<b>200.5</b>	<b>204.5</b>
<b>Current Liabilities</b>					
Trade payables	(44.3)	(47.3)	(30.1)	(21.4)	(22.4)
Loans	(17.1)	(20.0)	(69.2)	2.8	2.8
Tax	(10.2)	(6.4)	0.0	0.0	0.0
Provisions, liabilities (sale)	(1.6)	(1.3)	(46.9)	0.0	0.0
<b>Sum Current Liabilities</b>	<b>(73.3)</b>	<b>(75.1)</b>	<b>(146.3)</b>	<b>(18.6)</b>	<b>(19.6)</b>
<b>Total Assets less Current Liabilities</b>	<b>453.3</b>	<b>396.2</b>	<b>238.6</b>	<b>181.9</b>	<b>184.8</b>
<b>Long-term Liabilities</b>					
Borrowings	(93.0)	(82.0)	(2.8)	(2.8)	(2.8)
Other	(9.0)	(7.5)	(1.6)	0.0	0.0
Tax	(28.0)	(24.1)	(9.9)	0.0	0.0
Sum Long-term liabilities	(130.0)	(113.6)	(14.4)	(2.8)	(2.8)
<b>Total liabilities</b>	<b>(203.3)</b>	<b>(188.7)</b>	<b>(160.6)</b>	<b>(21.5)</b>	<b>(22.5)</b>
<b>Net Assets</b>	<b>323.3</b>	<b>282.6</b>	<b>224.3</b>	<b>179.0</b>	<b>182.0</b>
<b>Capital &amp; Reserves</b>					
Share Capital	0.7	0.7	0.7	0.7	0.7
Additional paid-in capital	420.8	37.4	37.5	(202.6)	(207.5)
Capital Reserve	0.0	0.0	0.0	0.0	0.0
Retained earnings	(185.1)	183.5	146.1	341.0	348.9
Hedging reserve	(0.7)	(0.2)	(1.0)	(1.0)	(1.0)
Forex reserve	77.7	54.9	35.0	35.0	35.0
Non-controlling interest	9.9	6.2	6.0	6.0	6.0
<b>Equity</b>	<b>323.3</b>	<b>282.6</b>	<b>224.3</b>	<b>179.0</b>	<b>182.0</b>
Net debt / (cash), incl. leases	47.4	45.6	45.4	(26.2)	(35.7)
Net debt IFRS 16	73.7	65.5	49.0	(29.8)	(39.3)

Source: Company data, Equity Development estimates.

## Contacts

### Andy Edmond

Direct: 020 7065 2691

Tel: 020 7065 2690

[andy@equitydevelopment.co.uk](mailto:andy@equitydevelopment.co.uk)

### Hannah Crowe

Direct: 0207 065 2692

Tel: 0207 065 2690

[hannah@equitydevelopment.co.uk](mailto:hannah@equitydevelopment.co.uk)

**Equity Development Limited is regulated by the Financial Conduct Authority**

## Disclaimer

Equity Development Limited ('ED') is retained to act as financial adviser for its corporate clients, some or all of whom may now or in the future have an interest in the contents of this document. ED produces and distributes research for these corporate clients to persons who are not clients of ED. In the preparation of this report ED has taken professional efforts to ensure that the facts stated herein are clear, fair and not misleading, but makes no guarantee as to the accuracy or completeness of the information or opinions contained herein.

Any reader of this research should not act or rely on this document or any of its contents. This report is being provided by ED to provide background information about the subject of the research to relevant persons, as defined by the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005. This document does not constitute, nor form part of, and should not be construed as, any offer for sale or purchase of (or solicitation of, or invitation to make any offer to buy or sell) any Securities (which may rise and fall in value). Nor shall it, or any part of it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Research produced and distributed by ED on its client companies is normally commissioned and paid for by those companies themselves ('issuer financed research') and as such is not deemed to be independent as defined by the FCA but is 'objective' in that the authors are stating their own opinions. This document is prepared for clients under UK law. In the UK, companies quoted on AIM are subject to lighter due diligence than shares quoted on the main market and are therefore more likely to carry a higher degree of risk than main market companies.

ED may in the future provide, or may have in the past provided, investment banking services to the subject of this report. ED, its directors or persons connected may at some time in the future have, or have had in the past, a material investment in the Company. ED, its affiliates, officers, directors and employees, will not be liable for any loss or damage arising from any use of this document to the maximum extent that the law permits.

More information is available on our website [www.equitydevelopment.co.uk](http://www.equitydevelopment.co.uk)

Contact: [info@equitydevelopment.co.uk](mailto:info@equitydevelopment.co.uk) | 020 7065 2690