



AKER BIOMARINE

# Q4 PRESENTATION 16 FEBRUARY 2021

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# Fourth quarter 2020 highlights

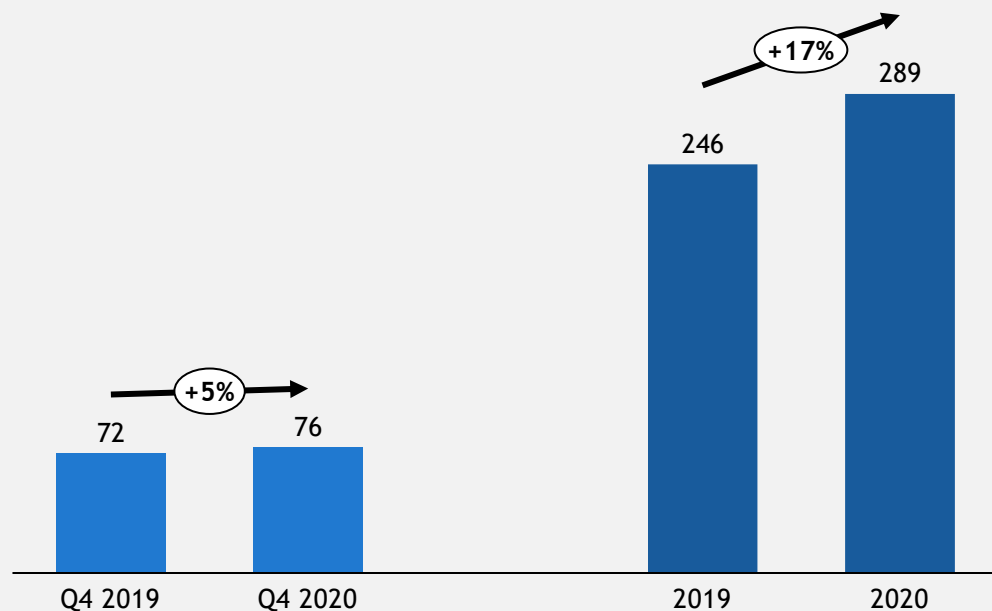
- Revenues of USD 75.5 million (USD 71.7 million in the corresponding period last year)
- Adjusted EBITDA of USD 21.1 million (USD 8.2 million), representing 28% (11%) Adjusted EBITDA margin
- Full year revenues of USD 288.6 million (USD 246.2 million), representing growth of 17% y/y
- Full year Adjusted EBITDA of USD 78.1 million (USD 53 million), representing a growth of 47% y/y
- Continued strong onshore production in the quarter delivering record low unit cost for the full year
- Harvesting in the quarter was lower than expected, but record harvesting in 2021
- Kori continued to grow customer base; new retailers include Sam's Club, Rite Aid and Walgreens
- Launch of Lysoвета; a transporter molecule for vital nutrients targeting the brain and eye segment
- Signed pharmaceutical deal with MD3, controlled by pharma entrepreneur Michael Davidson
- Launch of Aion, a new circularity solution company for plastics, incl support of Aker BioMarine's zero waste ambition



# Revenue and Adjusted EBITDA

## REVENUE DEVELOPMENT

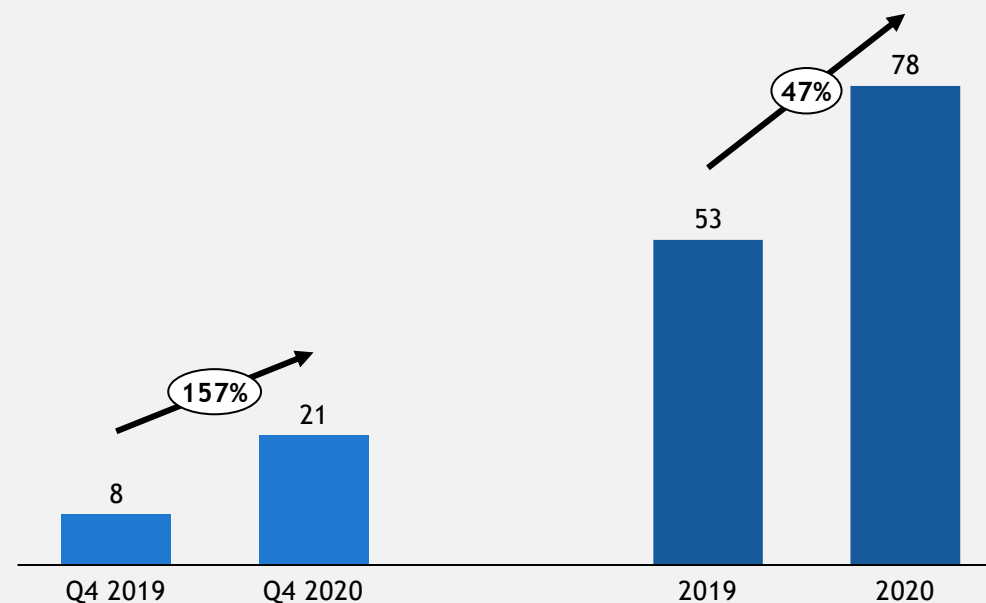
USDm



- Quarter on quarter growth of 5% driven by Ingredients (8.8% y/y), offset by Brands (-12% y/y)
- On a full year basis, total revenues grew 17%, driven by Ingredients up 11.8% y/y, and Brands 32.9% y/y

## ADJUSTED EBITDA DEVELOPMENT

USDm



- Adjusted EBITDA in the quarter mainly driven by increased revenues, improved Houston performance and various cost and optimization initiatives
- EBITDA growth higher than revenue growth due to realization of scale effects

1) The Executive Management Team (EMT) evaluates the performance based on Adjusted EBITDA. This metric is defined as operating profit before depreciation, amortization, write-downs and impairments, and special operating items. Special operating items include gains or losses on sale of assets, if material, restructuring expenses and other material transactions of either non-recurring nature or special in nature compared to ordinary operational income or expenses. [Please see page 29 for more details.](#)

# Ingredients segment



## Operations

- Early start of season with Antarctic Endurance and Antarctic Sea at fishing ground on Nov 21<sup>st</sup>, and 22<sup>nd</sup>, and Saga Sea on Dec 16<sup>th</sup>
- Low harvesting quarter with total production of 2,522 MT due to late arrival of krill in the area 48. However, all vessels are performing well technically and operationally
- Full year offshore production up 10% y/y
- Continued strong performance at Houston with full year production up 36% y/y
- Onshore unit cost significantly reduced, improving the margin for Superba krill oil



## Superba

- Superba sales dropped 14.8% y/y in the quarter, mainly as a result of record high South Korea sales in Q4 2019.
- South Korea sales is picking up, but still not back at earlier levels.
- Strong demand from US accounts drove Q4 sales up
- Positive development in new large potential markets, including China
- Ramping up marketing and krill oil awareness activity to drive future sales



## QRILL

- Qrill Aqua sales increased 39.6% y/y in the quarter driven by strong demand
- Qrill Pet and QHP reached sales growth of 28.2% and 30.6% y/y respectively
- Qrill Pet awarded “Most growing Brand Ingredient” at the China Pet Industry High-Quality Development Forum, and strengthened the US regulatory position through AAFCO listing (Association of American Feed Control Officials)
- Promising development in new large potential markets, including China and India

# Brands segment

## Lang



- Record sales year despite Q4 being lower than Q4 2019, mainly due large campaigns in Q4 2019
- Operational leverage and customer and product mix drove EBITDA growth 62% for the full year
- Despite a challenging Covid-19 environment, Lang managed to adapt its supply chain and distribution and received feedback from retailers on excellent performance level
- Top performing categories in the quarter were krill, fish oil, UCII joint health and organics

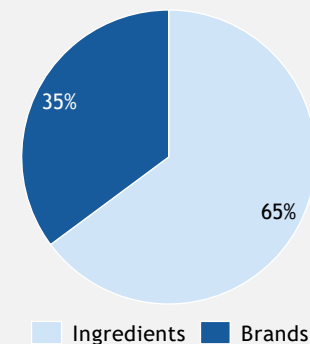
## Epion



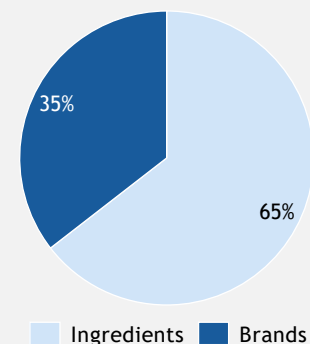
- Aker BioMarine's consumer brand, Kori, that was launched in US during the summer of 2020, continued to grow traction in the quarter
- New customers coming onboard included Sam's Club, Rite Aid, Swanson and Walgreens
- Positive feedback from existing retailers

## Sales development<sup>1</sup>

### Sales 2019



### Sales 2020

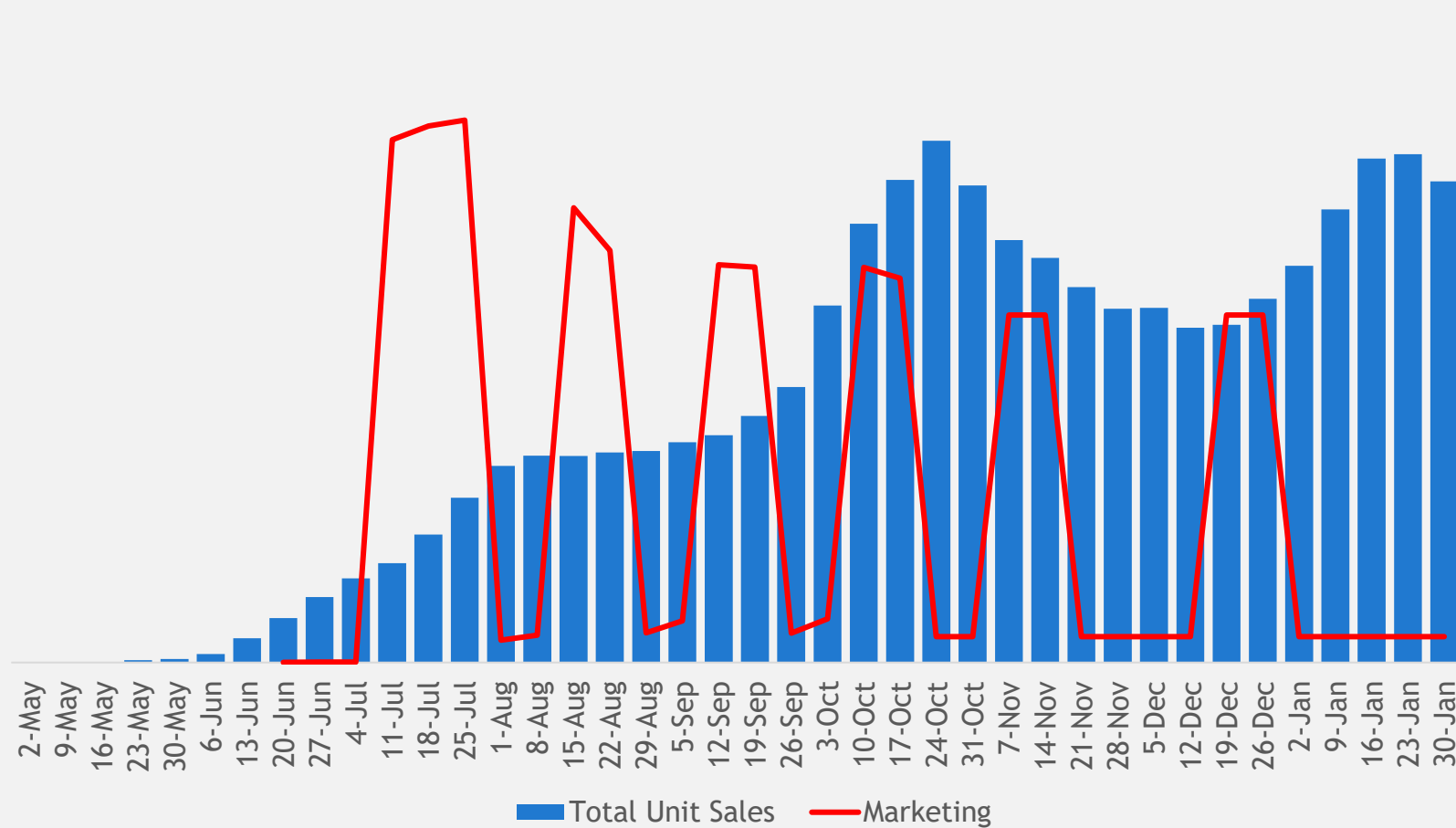


1) Excluding eliminations

The Brands segment is the human consumption distribution business which comprises of Lang and Epion. Lang acquires product derived from krill, fish and plants. Then package, labels and sells the product onwards to retailers in the US market. Epion is Aker BioMarine's FMCG brand company, and first product (Kori) is launched in the US in 2020

# Kori sales development since launch in May 2020

UNITS SOLD - ROLLING 4 WEEK FIGURES



## CURRENT RETAILERS



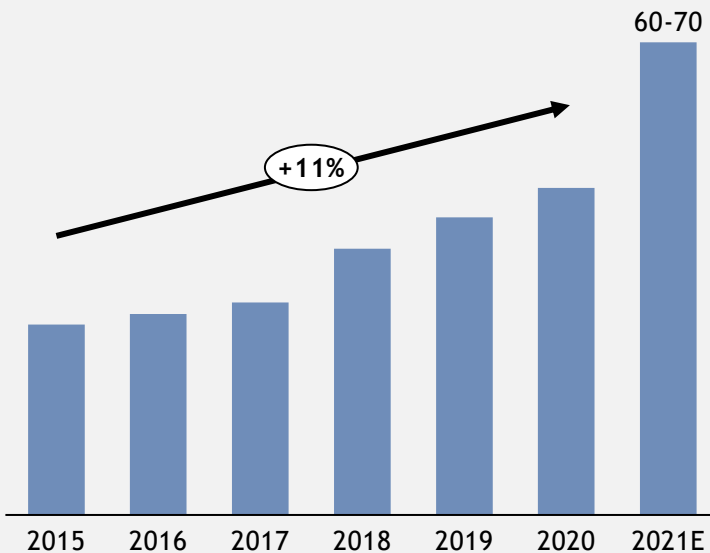
## NEW RETAILERS



# Offshore production development and impact on EBITDA

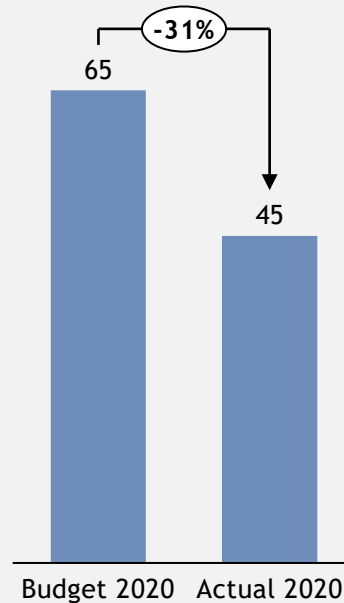
Historical predictable and growing offshore production...

Offshore production, kMT



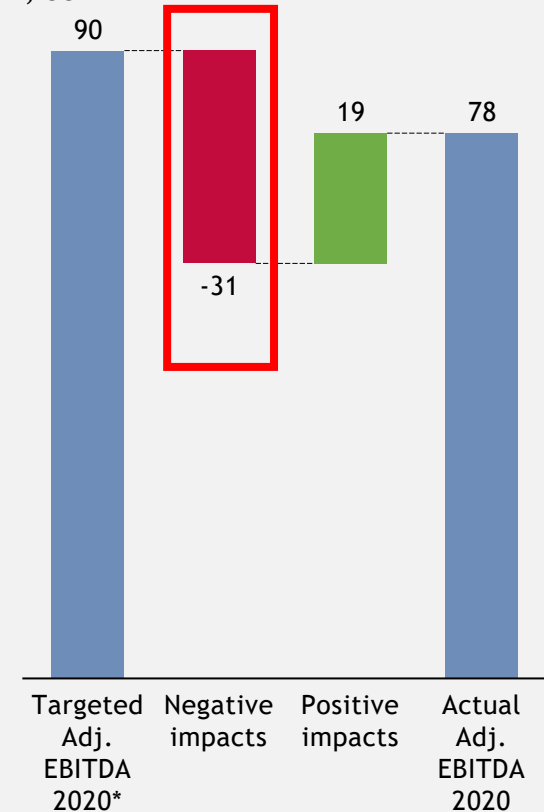
...with significant and unexpected shortfall in 2020...

Offshore production, kMT



...will have a significant positive impact on EBITDA when producing at expected levels

EBITDA, USDm

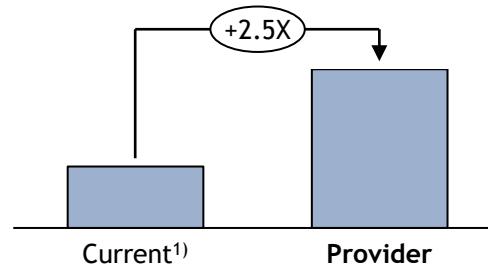


\*Note: Aker BioMarine guided the Adjusted EBITDA for the full year 2020 to be in the high end of the range USD80-90 million in the Q2'20 report

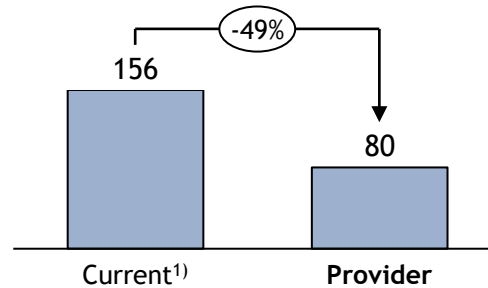
# Antarctic Provider and key operational benefits

- Delivered February 5<sup>th</sup>, expected to reach fishing grounds during March/April
- Offers several improvements and efficiency gains
  - ✓ Offloading capacity more than doubles
  - ✓ Fewer sailings between fishing ground and Montevideo
  - ✓ Faster cargo transshipment at sea, more fishing days
  - ✓ Reduced fuel consumption per unit krill meal produced
  - ✓ Annual operational cost reduction is estimated to be approx. USD 5.5 million
- Total capital expenditure amounted to USD 75 million, 80% financed commercial bank and an ECA tranche with GIEK and Export Credit Norway

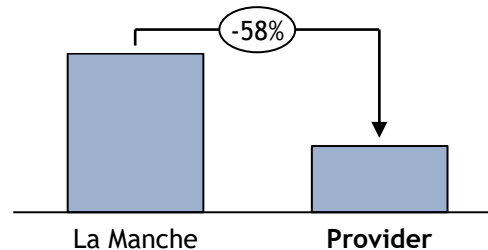
Offload capacity (MT/year)



Offload operational cost (USD/MT) <sup>2)</sup>



MT fuel per MT krill meal produced

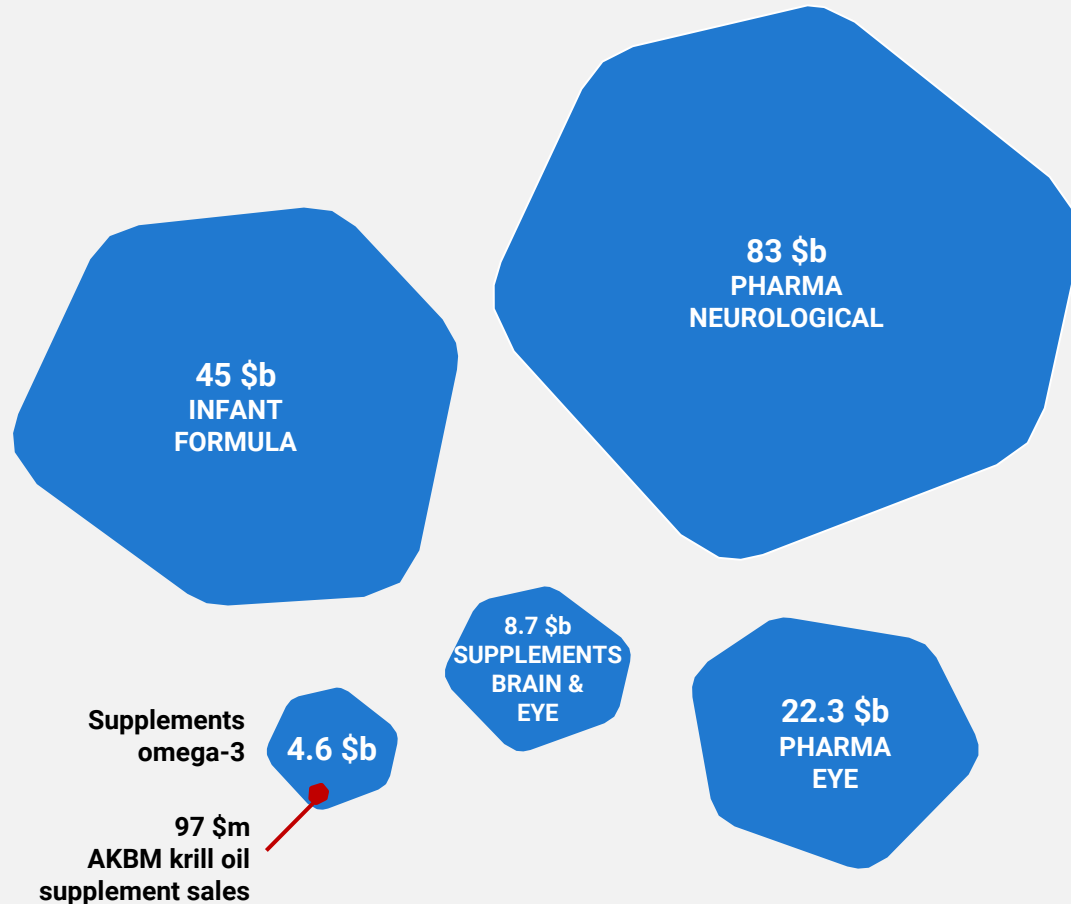


1) La Mance and Trinitas  
2) Excluding interest cost

# Lysoveta - a new business segment with broad application potential

## TAPPING INTO LARGE GLOBAL MARKETS WITH STRONG UNDERLYING DRIVERS

Global markets by segments



## SIGNED AGREEMENTS WITH TWO UNIVERSITIES & PHARMA DEAL

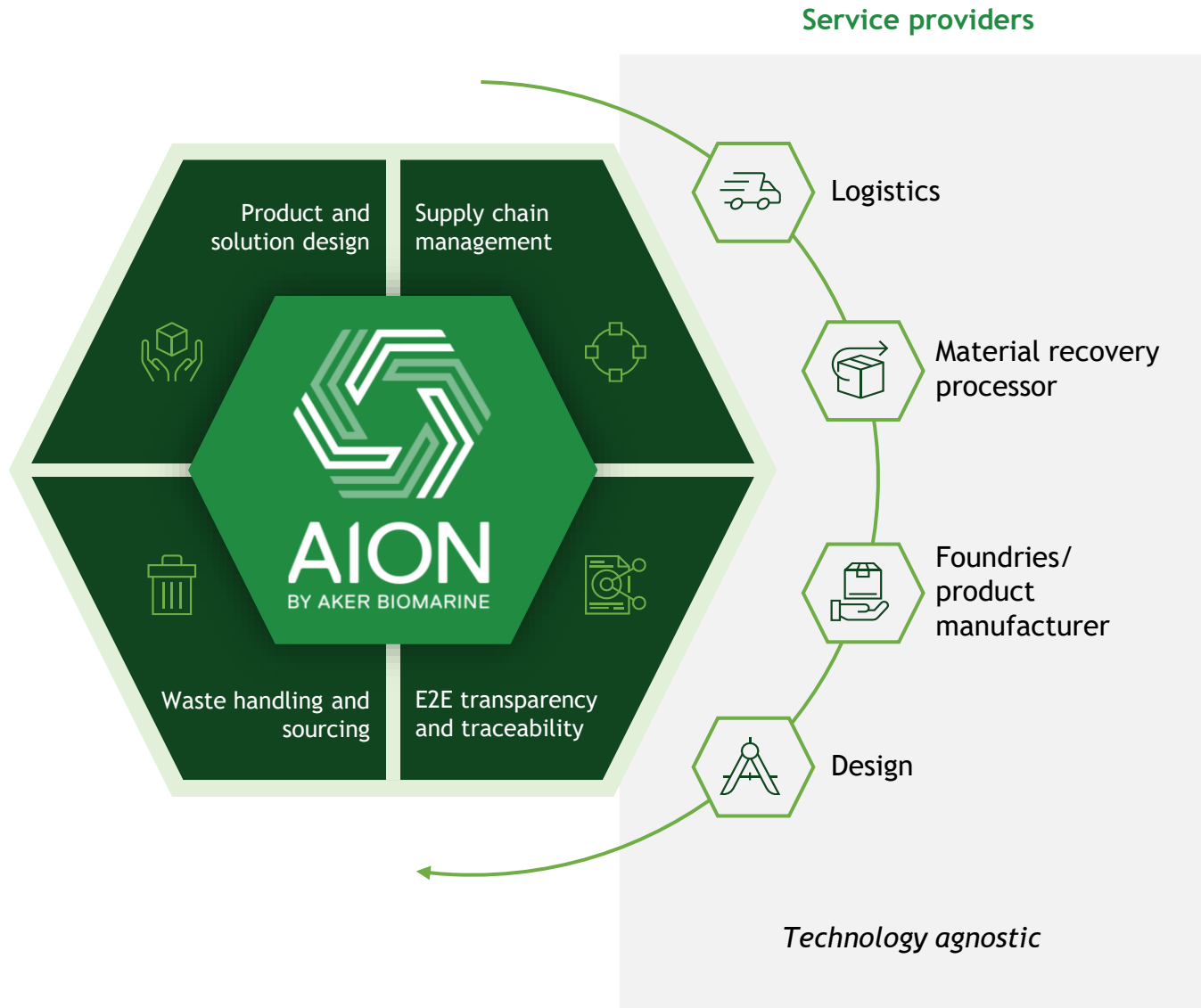
### First pharma partnership signed

- Develop pharma therapies for brain & eye health
- Aker BioMarine 50% of shares in MD3 pre money
- Aker BioMarine will grant exclusive licence, and supply LPC product
- Aker BioMarine will receive milestone payments and double-digit royalties
- MD3 to raise approx. USD 37 million to fund initial clinical program

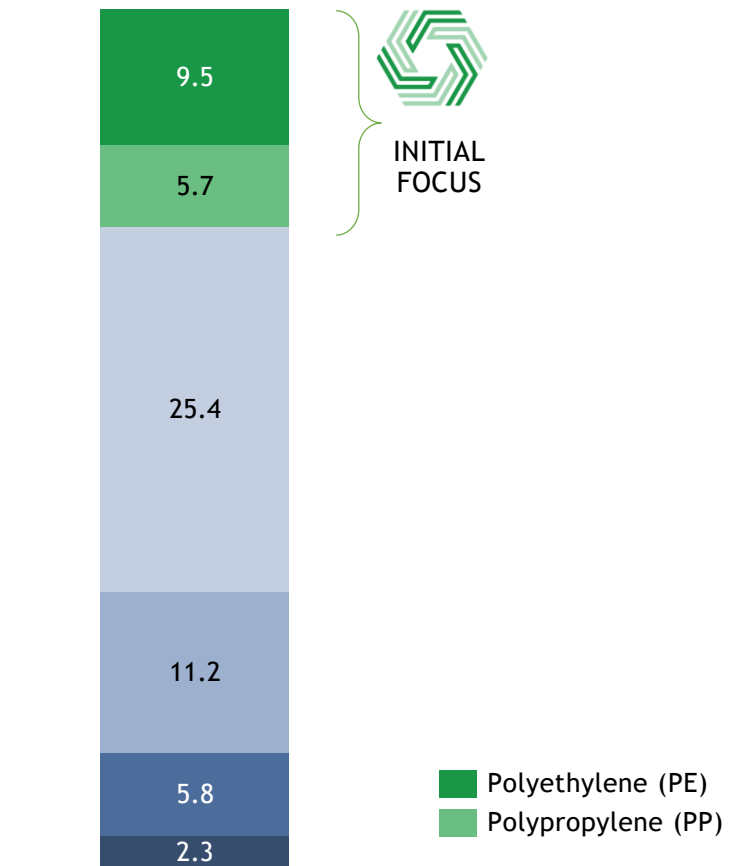
### Two first research & IP partnership signed



# AION - a circularity solution provider for plastic waste, to be spun out in 21/22



**Market size,**  
*USD billion in 2020*



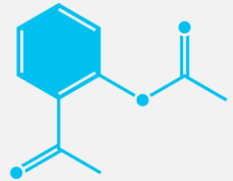
# INVI - addressing the large and growing protein market

## A UNIQUE PROTEIN INGREDIENT...



### EXCEPTIONAL PROTEIN QUALITY

- › Hydrolyzed into small peptides
- › Highly digestible
- › Ideal amino acid profile



### OFFERS NUTRITIONAL VALUE BEYOND PROTEIN

- › Rich in minerals such as magnesium and calcium
- › Supports structure/function claims on muscle function



### EASY TO USE IN FINAL APPLICATIONS

- › Highly soluble
- › Rapid mixability
- › Clear in solution

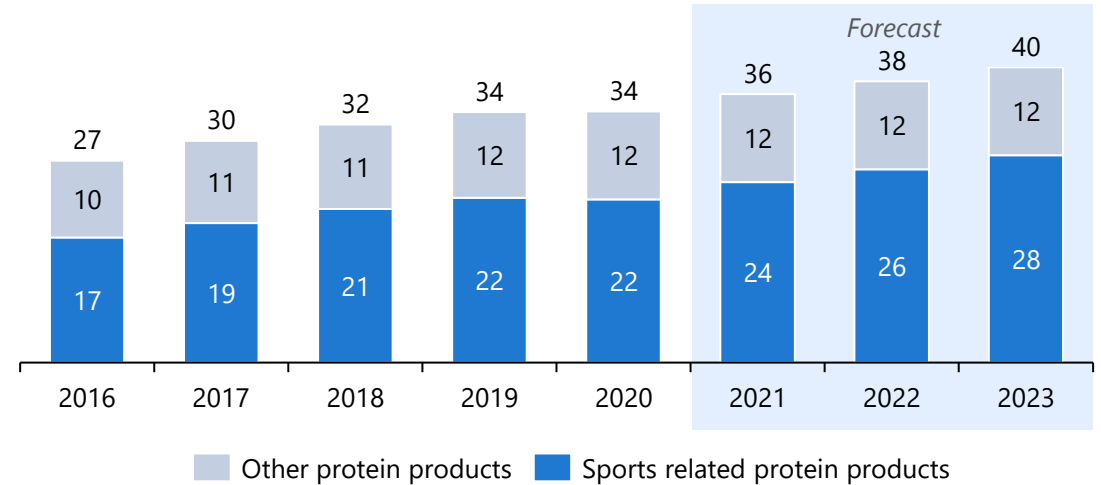


### SUSTAINABLE PROTEIN WITH CLEAN LABELS

- › Low carbon footprint
- › Non-GMO
- › Free from dairy & soy
- › Supports fat-free claims

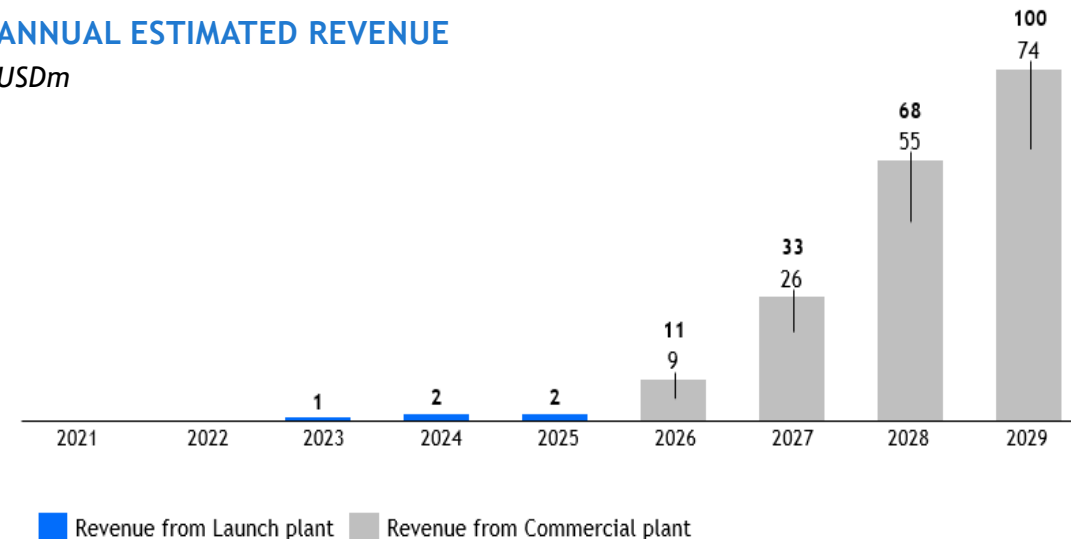
## ...FOR THE GLOBAL PROTEIN MARKET

Global retail protein market growth (all figures in \$bn, Euromonitor)



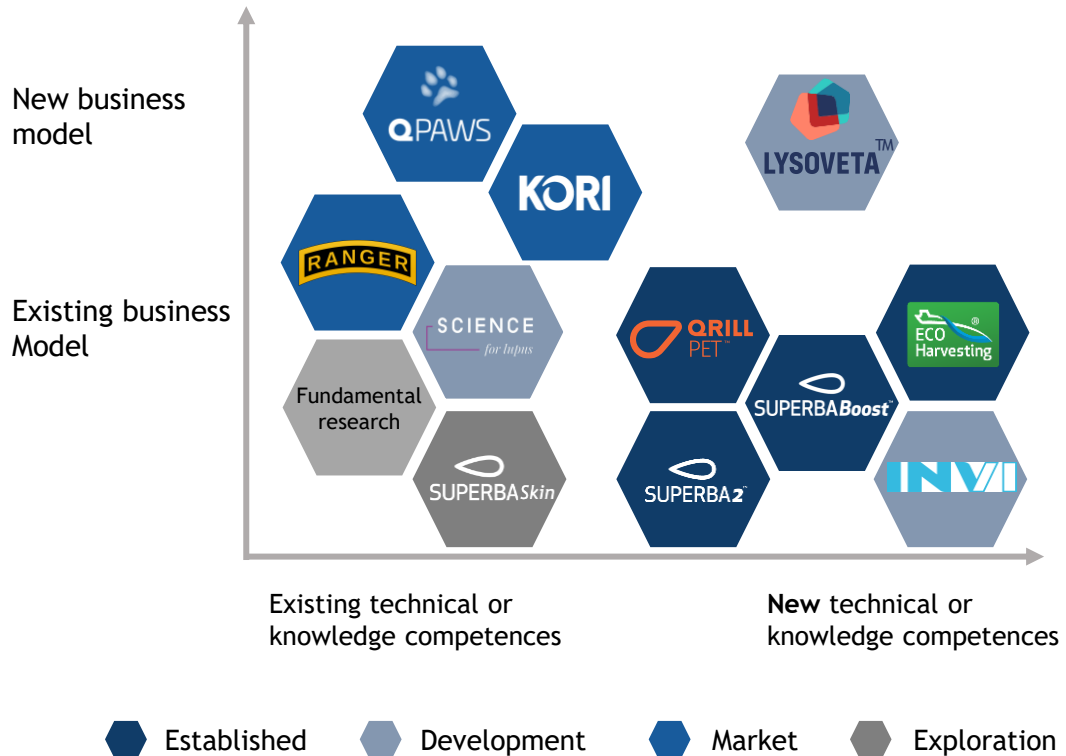
## ANNUAL ESTIMATED REVENUE

USDm

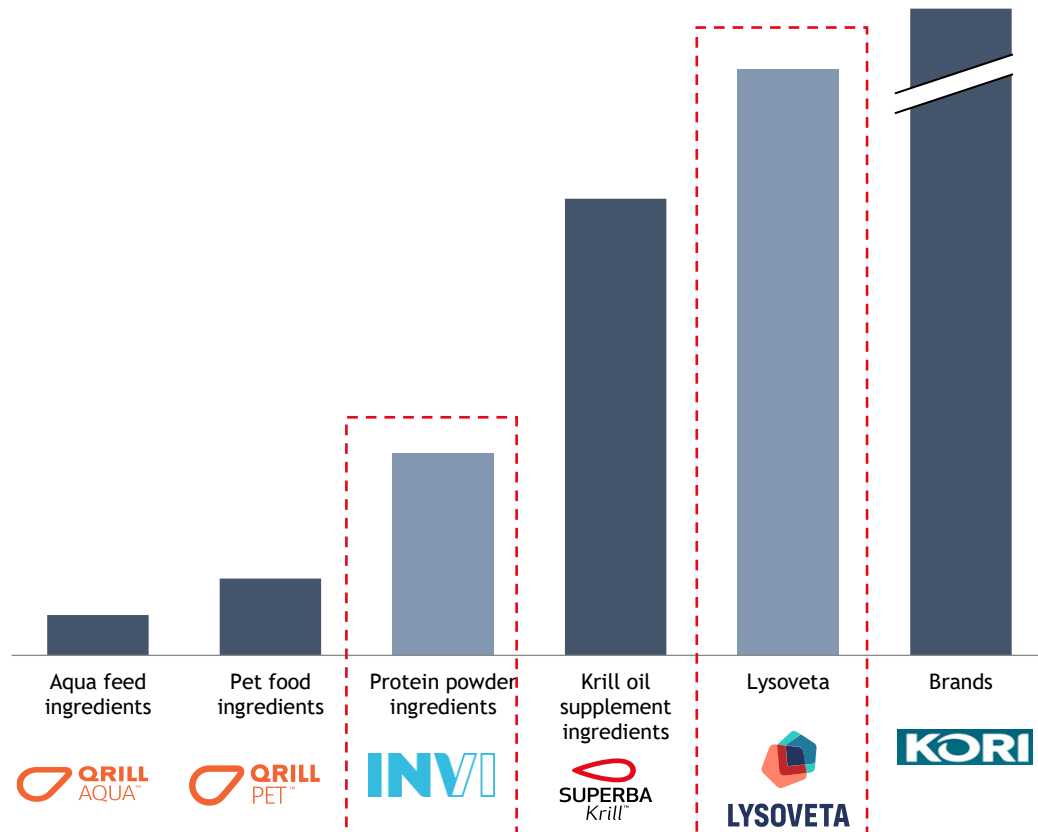


# New product launches with corresponding margin potential

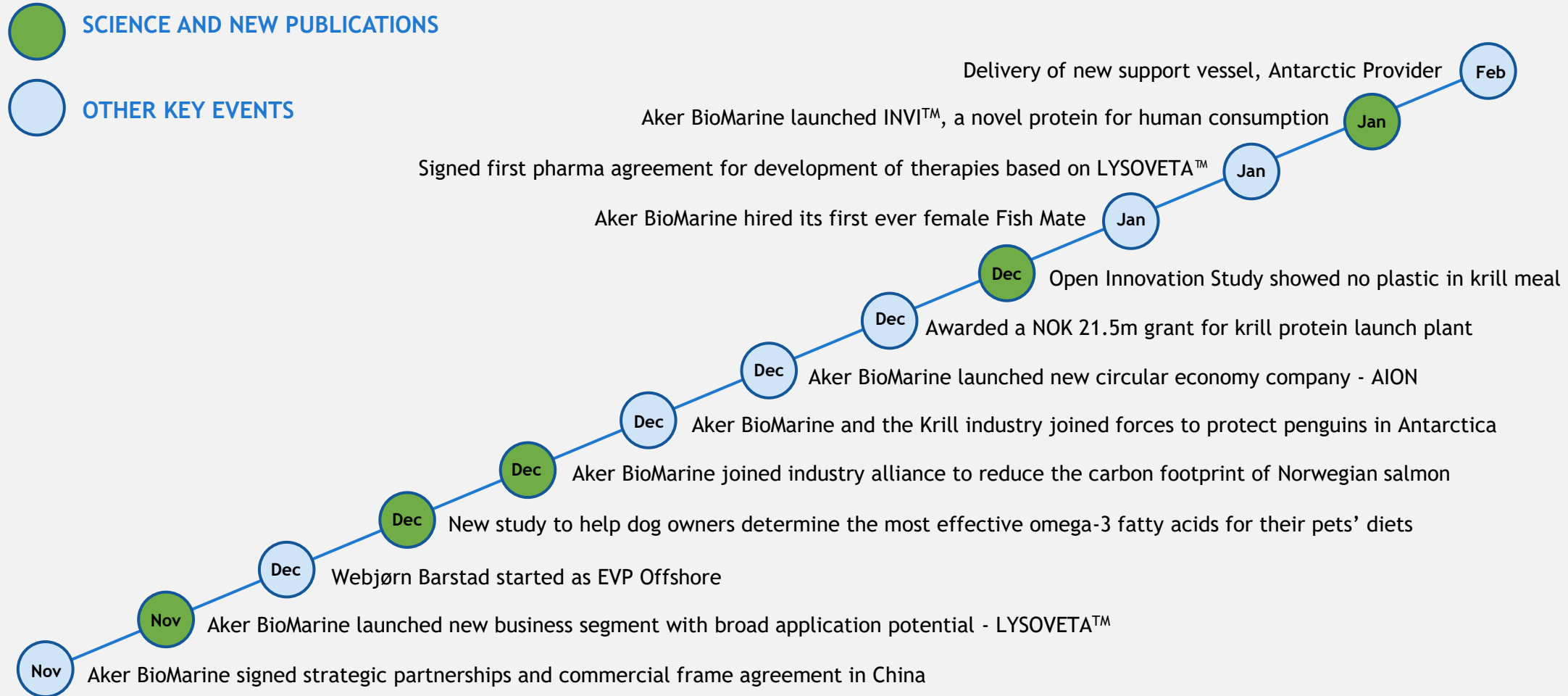
## Wide ranging innovation competencies...



## ...targeting significant margin uplift potential



# Aker BioMarine events during the quarter and YTD



# FINANCE

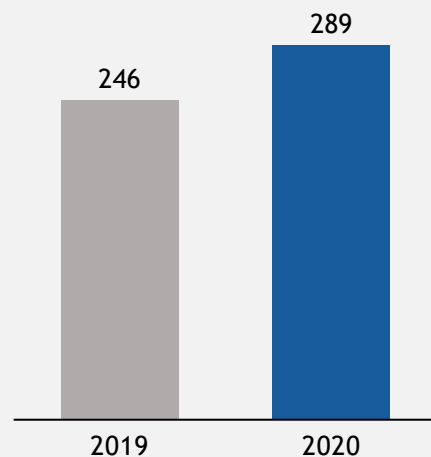


# Financial development in 2020 versus 2019

## REVENUE

USDm

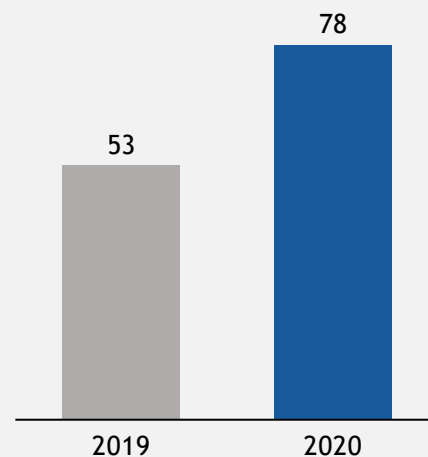
+17%



## ADJUSTED EBITDA

USDm

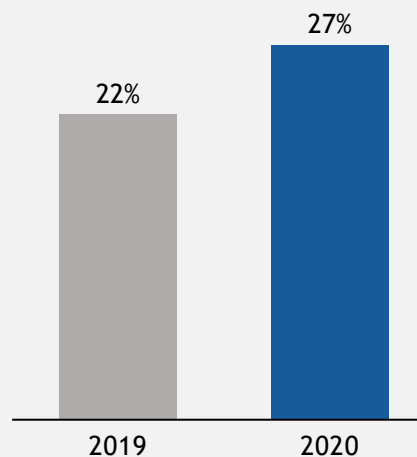
+47%



## ADJUSTED EBITDA MARGIN

%

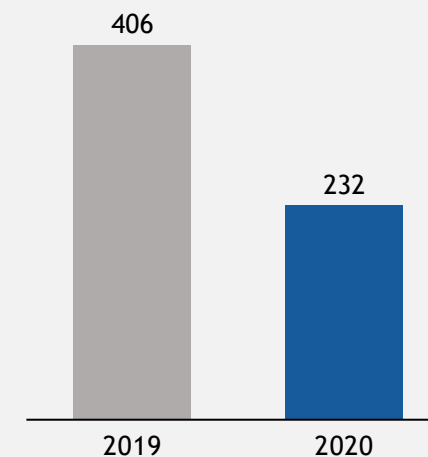
27%



## NET INTEREST-BEARING DEBT

USDm

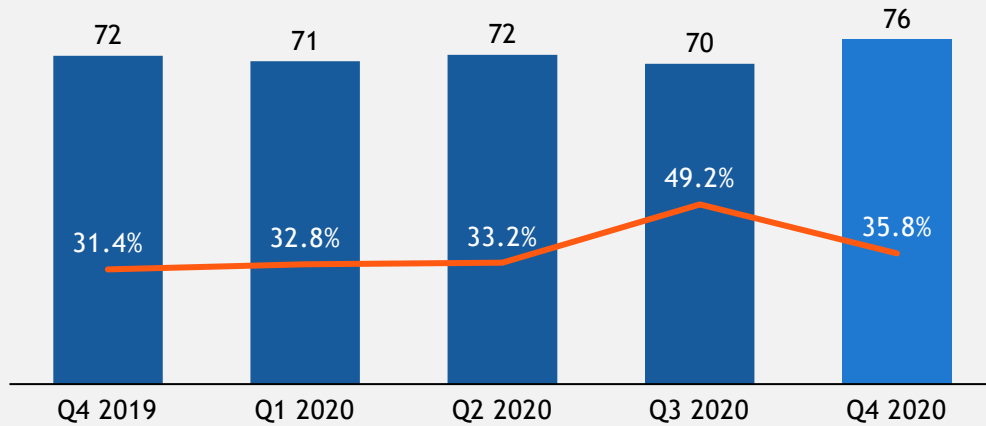
-41%



# Quarterly development of key financials over the last year

## REVENUE AND GROSS MARGIN DEVELOPMENT

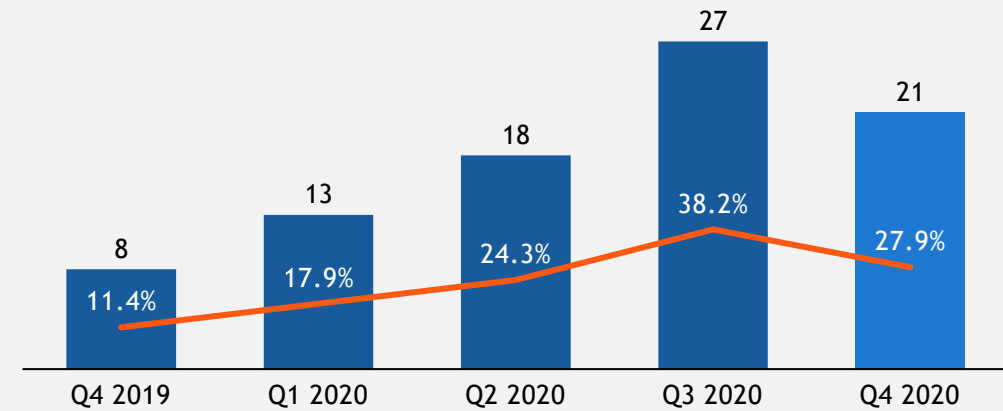
USDm



- Revenue growth of 5% y/y in the quarter was driven by higher Ingredients (9%), offset by Brands (-12%)
- Gross margin decline in Q4 2020 y/y due to
  - Lower gross margin on Ingredients on back of lower Superba sales with high margin and higher Qrill sales with lower margins
  - Higher gross margin in Brands segment due to pallets promotions last year (with lower margins) and sale of Kori krill oil
- Seasonality with lower gross margin typically in Q4 and Q1 due to offshore production profile

## ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN DEVELOPMENT

USDm

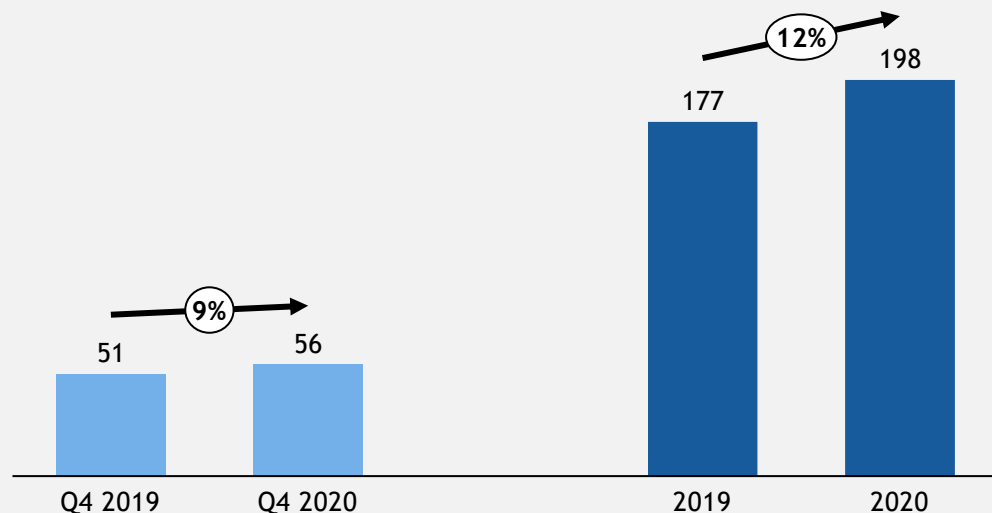


- Adjusted EBITDA in the quarter increased by 1.5x compared to Q4 2019, driven by:
  - Reduced SG&A in Ingredients segment, stable operating expenses in Brands segment
  - Production optimization in Houston leading to improved margins
  - High product impairment in Q4-19

# Ingredients segment performance

## REVENUE DEVELOPMENT

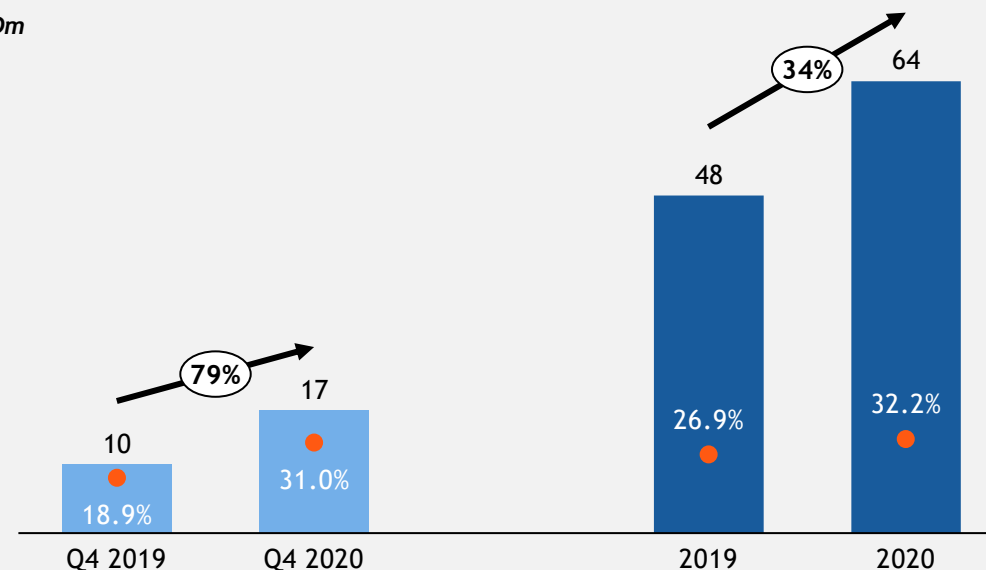
USDm



- Strong Qrill Aqua revenue growth, volumes significantly up in Q4-20 compared to Q4-19
- Superba sales lower in Q4-20 compared to Q4-19 due strong Q4-19 sales prior to regulatory changes in South Korea
- Qrill Pet, QHP and Asta show continued positive development in Q4-20 and 2020

## ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN DEVELOPMENT

USDm

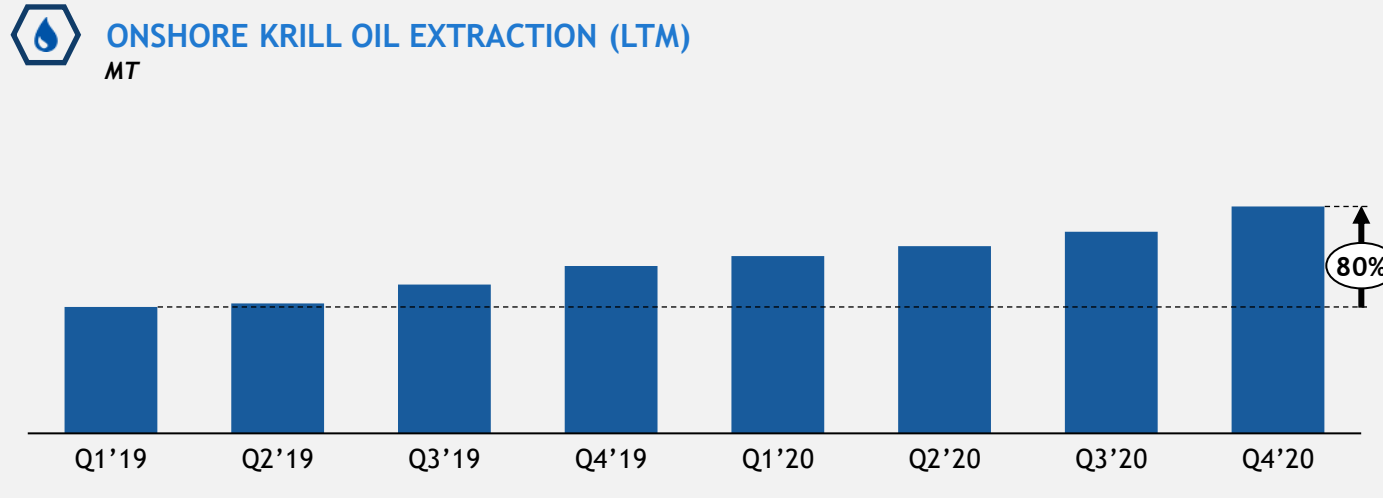


Improvements in Adjusted EBITDA driven by lower SG&A cost and onshore production optimization:

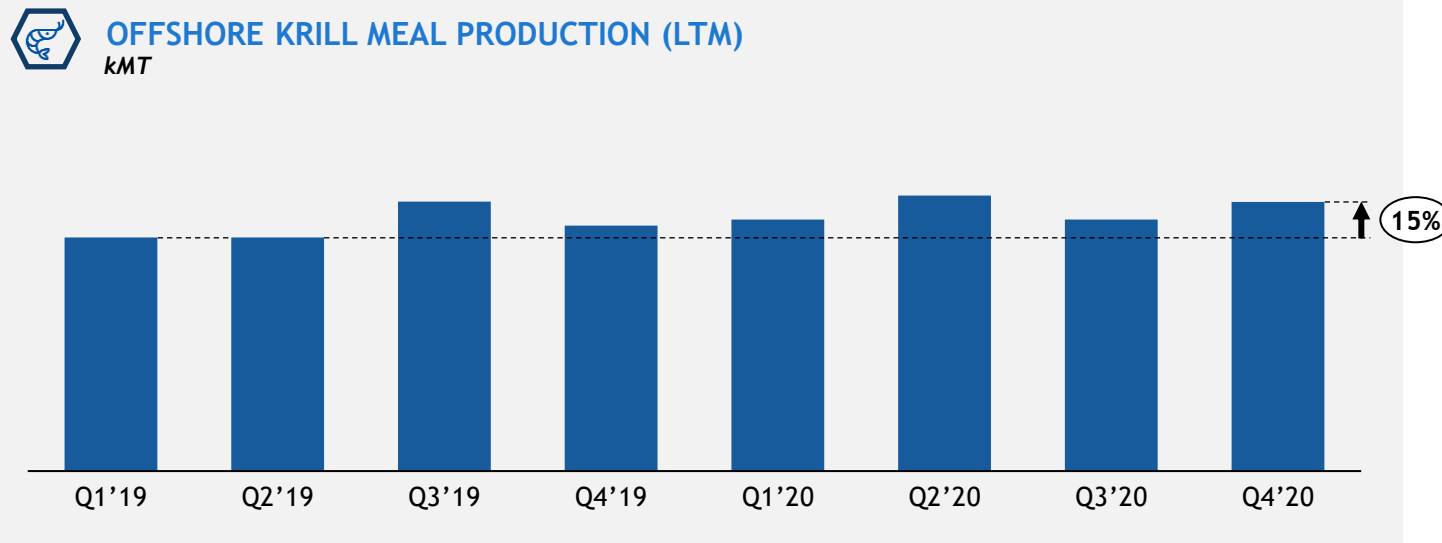
- Successful cost and efficiency initiatives implemented in 2020
- Several projects transitioned into development phase, such as INVI and Lysoveta
- Production optimization in Houston driving up gross margin for krill oil
- Improved margins from Superba sales offset by lower margins from Qrill Aqua sales

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# Production volumes on a rolling twelve-month basis



- Houston is producing close to existing maximum capacity
- Target to increase capacity to about 2,000 MT by end of 2022 by:
  - Reducing bottle necks
  - Process improvements
  - New technologies
  - Use of big data / AI
- 3<sup>rd</sup> party production capacity not included

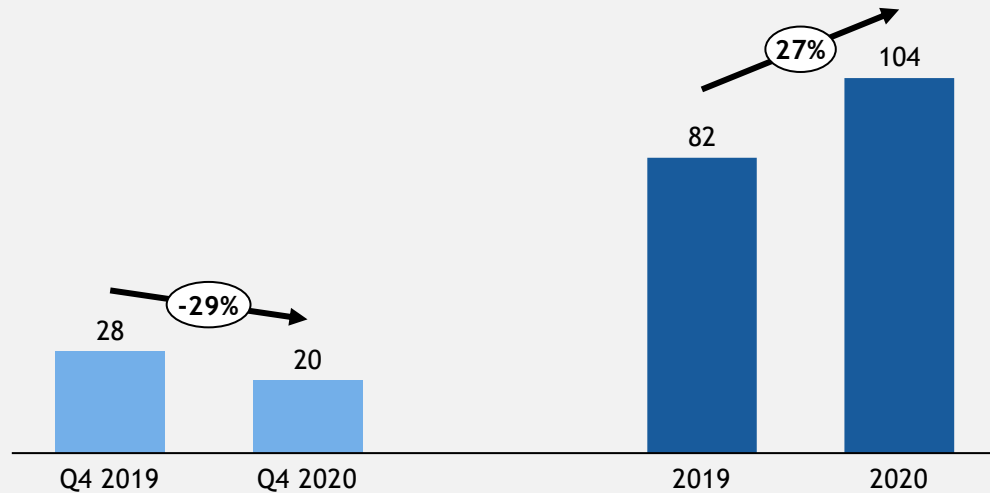


- Offshore production volumes for Q4 2020 was 2.522 MT, up from 30 MT in Q4 2019
- Lower than expected harvesting volumes in Q4 2020
- Harvesting in Q3 2020 negatively impacted by technical issues on Antarctic Endurance

# Brands segment performance

## REVENUE DEVELOPMENT

USDm

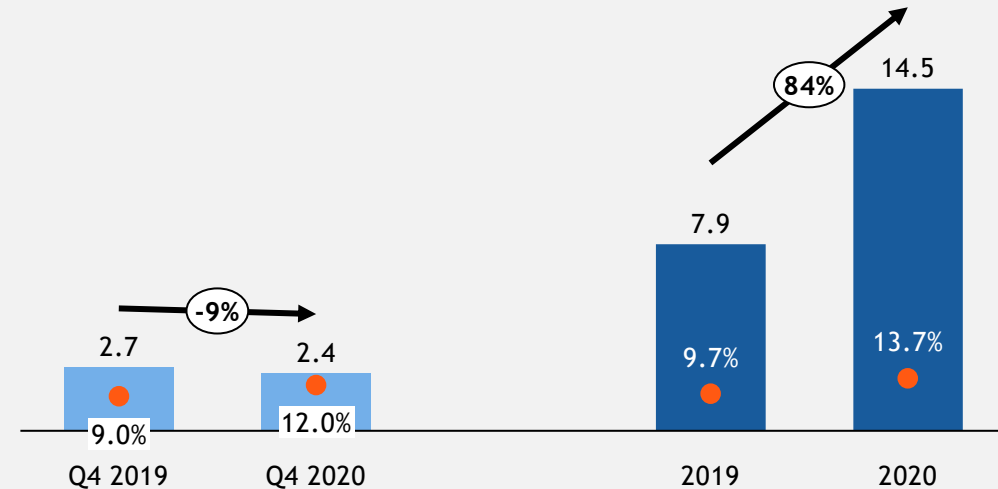


Revenue contribution from 1 March 2019

- Q4-19 was record quarter for the Brands segment with pallet promotions and large shipments to key retailers
- Strong full year 2020 development on the back of successful new product launches

## ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN DEVELOPMENT

USDm



EBITDA contribution from 1 March 2019

- Q4-20 Adjusted EBITDA on par with LY, despite drop in revenue y/y due to significant low margin business in Q4-19
- Stability in operating expenses
- For the full year 2020, operational leverage drove EBITDA margin significantly up

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# Profit and loss in Q4 2020 and full year 2020

USD thousands	Q4 2019 (Unaudited)	Q4 2020 (Unaudited)	2019 (Audited)	2020 (Unaudited)
Net sales	71 923	75 501	246 170	288 588
Cost of goods sold	(49 339)	(48 495)	(150 891)	(179 010)
Gross profit	22 584	27 006	95 280	109 578
SG&A	(23 730)	(26 007)	(74 200)	(86 847)
Depreciation, amortization and imp.	(4 669)	(4 585)	(17 822)	(17 125)
Other operating income/(cost), net	(189)	406	(495)	1 394
Operating profit	(6 005)	(3 181)	2 762	7 000
Net financial items	(11 539)	13 132	(26 097)	(5 059)
Tax expense	(291)	(5 764)	(415)	(6 151)
Net profit (loss)	(17 834)	4 187	(23 751)	(4 210)
<b>EBITDA reconciliation</b>				
Net profit (loss)	(17 834)	4 187	(23 751)	(4 210)
Tax expense	291	5 764	415	6 151
Net financial items	11 539	(13 132)	26 097	5 059
Depreciation, amortization and imp.	4 669	4 585	17 822	17 125
D&A and imp. from production assets incl. in COGS	6 849	9 549	25 102	32 518
EBITDA (unadjusted)	5 513	10 953	45 686	56 643
Adjustments	2 689	10 110	7 346	21 462
EBITDA (adjusted)	8 202	21 063	53 033	78 106

## Net sales:

- Net sales up in Q4-20 compared to Q4-19 due to higher Qrill Aqua sales partly offset by lower Superba sales in the Ingredients segment. Sales in Brands segment lagging behind last year following an exceptionally strong Q4-19.

## SG&A

- Impacted by high marketing costs in Q4 2020 due to Kori launch of USD 6.7m. Freight cost up following higher Qrill Aqua sale in Q4-21, offset by savings on sales & marketing and travel. Transaction related cost of USD 0.8m in the quarter.

## Depreciation, amortization and impairment

- Intangible assets amortized according to plan. Depreciation on production related assets included in cost of goods sold (see EBITDA reconciliation in appendix)

## Other operating income/ (cost), net

- Consist of insurance settlement (USD 0.4m) in Q4-20 and gain from sale of Juvel on YTD basis.

## Net financial items

- Realized and unrealized FX of USD 10.4m, offset by realized and unrealized FX gains, external interest expenses of USD 14.7m and guarantee fee of USD 1.6m. Unwind of NMTC impacting other financial income by USD 7.8m as well as reduction in earn-out by USD 8.0m

## Tax expense

- No tax in Norwegian entities due to tax losses carried forward
- In the US Aker BioMarine group entities pay state tax based on nexus. High tax charge in Q4-20 due to NTMC unwind

In Q4-20 and retrospectively the Group has reclassified leasing impact and inventory adjustments from 'Other operating income/ (cost), net' to 'SG&A' and 'Cost of goods sold', respectively.

# Balance sheet at end of Q4 2020

USD thousands	2019 (Audited)	2020 (Unaudited)
<b>ASSETS</b>		
Cash and cash equivalents	13,610	10 678
Accounts receivable and prepaid expenses	74,264	97 885
Inventories	94,725	114 559
<b>Total current assets</b>	<b>182,599</b>	<b>223 121</b>
Investments in equity-accounted investee	260	130
Other non-interest bearing non-current receivables	145	18
Derivative assets, non-current	-	7 743
Intangible assets	190,297	189 719
Right of use assets	16,555	13 145
Property plant and equipment	302,366	266 556
<b>Total non-current assets</b>	<b>509,624</b>	<b>477 311</b>
<b>TOTAL ASSETS</b>	<b>692,223</b>	<b>700 432</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>		
Accounts payable and other payables	51,994	38 721
Interest-bearing current liabilities	47,591	32 222
<b>Total current liabilities</b>	<b>99,585</b>	<b>70 943</b>
Interest-bearing debt	372 473	210 578
Derivative liabilities, non-current	-	8 996
Deferred tax liability	-	4 817
Other non-interest-bearing non-current liabilities	65 618	31 929
<b>Total non-current liabilities</b>	<b>438,091</b>	<b>256 319</b>
<b>TOTAL LIABILITIES</b>	<b>537,676</b>	<b>327 262</b>
<b>Total equity</b>	<b>154,547</b>	<b>373 170</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>692,223</b>	<b>700 432</b>

## Inventories

- New SKUs in Ingredients segment, 3<sup>rd</sup> party manufacturing volumes, by/ joint products
- Ingredient inventory level at USD 79m, Brands USD 37.2m (at cost). Internal profit in inventory accumulated to USD 3.2m
- Qrill Aqua prices out of the year at same level as LY, significant improvements in Superba unit costs

## Intangible assets

- Include customer lists and trademarks amortized according to plan as well as goodwill and customer contract.

## Interest bearing liabilities

- USD 10m draw on RCF facility in Q4-20 to cover ship-yard expenses.

## Other non-interest bearing non-current liabilities

- Include the fair value of the earn-out payable to the previous owners of Lang amounting to USD 31.7m, based on EBITDA projections in Lang.

## Derivative liabilities

- Fuel hedge recognized at USD 9m

## Cash and cash equivalents

- Cash and cash equivalents were USD 10.6m. Net interest bearing debt USD 232m, down from 406.9m one year earlier

## Off balance sheet commitments

- As of 31 December 2020, the Company had USD 60m in off-balance sheet commitments relating to the newbuild Antarctic Provider - the commitment has been settled upon delivery of the vessel in February 2021

# Cash flow in Q4 2020 and full year 2020

USD thousands	Q4 2019 (Unaudited)	Q4 2020 (Unaudited)	2019 (Audited)	2020 (Unaudited)
Profit (loss) after tax	(17 955)	9 951	(23 750)	1 940
Depreciation and amortization	11 295	12 760	36 776	48 248
Interest expenses/ income, net	6 099	2 471	21 699	17 861
Other P&L items with no cash flow effect	1 272	2 777	7 115	356
Funds provided from operating activities	711	27 959	41 839	68 405
Change in working capital	10 809	(15 125)	(15 016)	(68 080)
Interest paid	(6 746)	(3 348)	(16 520)	(30 749)
Interest income received	270	426	1 084	871
Tax	1 044	(4 351)	920	(3 690)
Cash flow from operations	6 089	5 561	12 307	(33 244)
Payments for property, plant and equipment	(20 567)	(11 906)	(126 906)	(21 654)
Payments for intangibles	(7)	-	(10)	(12 055)
Proceeds from sales of PPE	231	219	255	22 012
Investments in subsidiary and associated companies	9	(356)	(49 284)	(356)
Cash flow from investing activities	(20 333)	(12 043)	(175 946)	(12 053)
Proceeds from debt issue & change in overdraft facility	10 384	5 689	(4 353)	(16 462)
Net change in external interest-bearing debt	(14 462)	(1 588)	142 587	(188 352)
Net funds from issue of shares	-	5	-	224 178
Loan from owners	-	-	36 500	23 000
Cash flow from financing activities	4 105	(4 079)	174 735	42 363

## Cash flow from operations

- Change in working capital primarily include build-up of trade and other receivables amounting to USD 16.5m (following a high invoicing in December), and other working capital components 8.1m partly offset by release of inventory amounting to USD 4.9m
- Interest paid include external interest of USD 3.3m

## Cash flow from investing activities

- In Q4 2020 there has been payments on several ongoing projects such as Antarctic Provider, Protein project, Lysovet, Houston facility and vessels, in total USD 9.6m

## Cash flow from financing activities

- Draw on RCF facility of USD 10m in Q4-20 as well as instalments on external debt of USD 11.6m and additional funding from the overdraft facility (net USD 5.9m)

# OUTLOOK



# Outlook

## OPERATIONS

- Natural variation in catch volumes throughout the season
  - Seasonal variation smoothens out throughout the year
  - Track record of predictable and growing harvesting
  - For 2021, the company expects a production range of 60,000 - 70,000 MT
- Realizing scale effects in supply chain is a key driver for 2021 results
  - Antarctic Endurance expected to reach near full capacity
  - Continue to drive efficiency in Houston
- Focus on developing Lysoveta and INVI, and Aion
- The Covid-19 pandemic with less impact on inefficiencies and costs

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## FINANCIAL ASPIRATIONS

- Planning cautious 2021 revenue growth, expected somewhat lower growth than in 2020
- Adjusted EBITDA margin expected to continue to improve
- Ambition of reaching Adjusted EBITDA of USD 200m in 2024

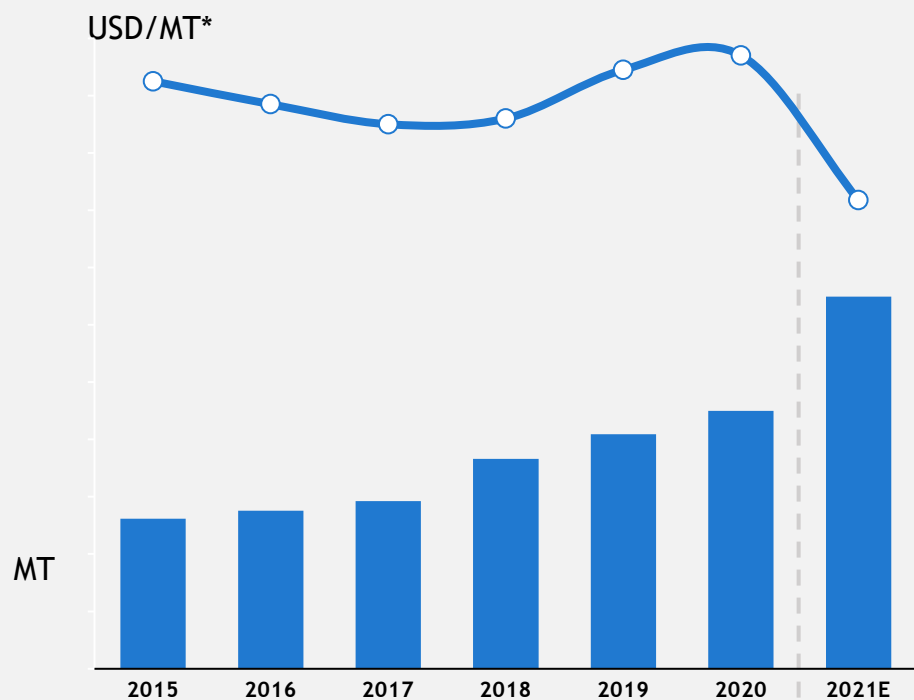
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## ADMINISTRATIVE

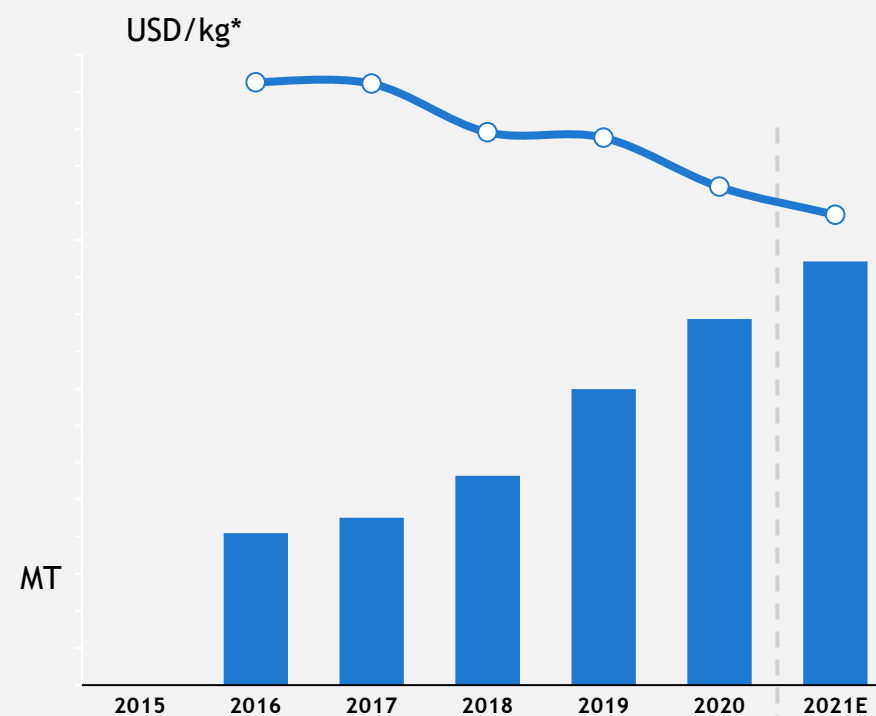
- Move listing venue from Euronext Growth to Oslo Stock Exchange during first half of April 2021
  - All requirements fulfilled, except for free float of minimum 25%
    - Indicated waiver for 18 months from Oslo Stock Exchange
  - No transaction or issuance of new shares

# Operating leverage and unit cost development

## OFFSHORE VOLUME & UNIT COST



## ONSHORE VOLUME & UNIT COST

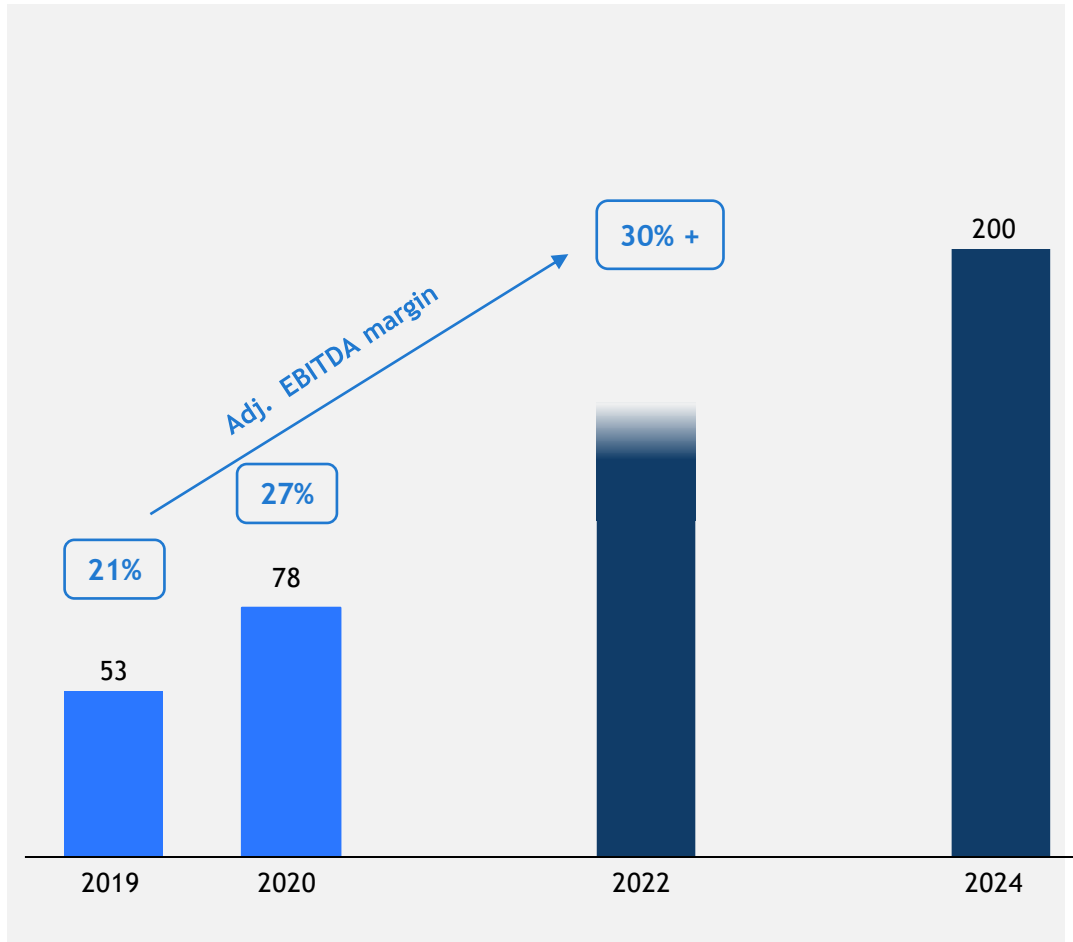


\* Unit costs excludes asset depreciation costs

# Roadmap for long-term value creation

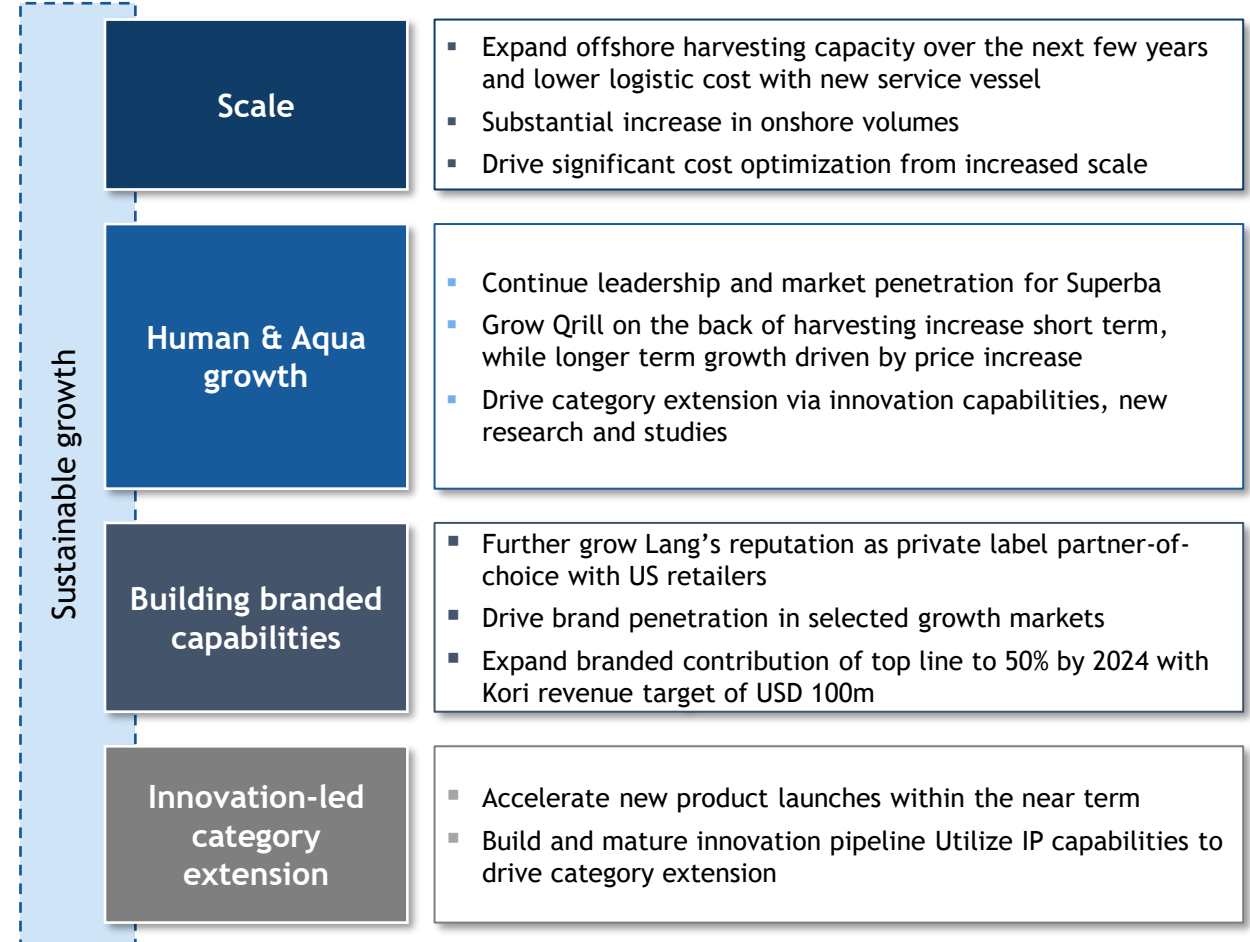
## ASPIRATION TO LIFT OPERATING MARGINS

Adj. EBITDA (USDm)



1) Margin for Epion assumed zero for the period due to marketing reinvestments

## MAIN VALUE CREATION PILLARS



# APPENDIX



# Sustainability is at the heart of the way we do business

Dedicated to improving human health



Pioneering sustainable fisheries



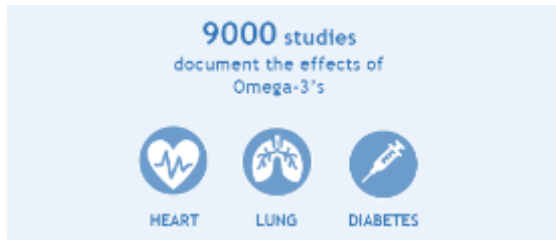
Ingredients for more sustainable aquaculture



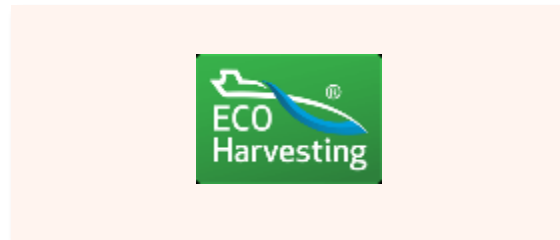
Doing more and better with less



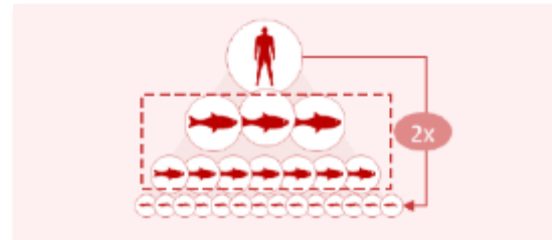
Helping prevent lifestyle diseases



Leveraging technology to reduce by-catch



Reducing pressure on overfished waters



Reduction in carbon footprint



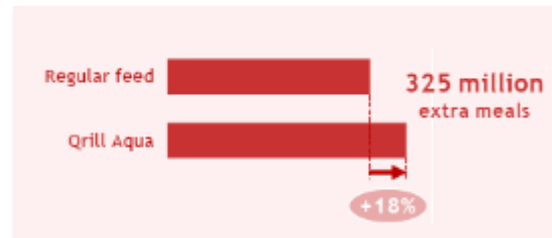
Contributing to science and innovation



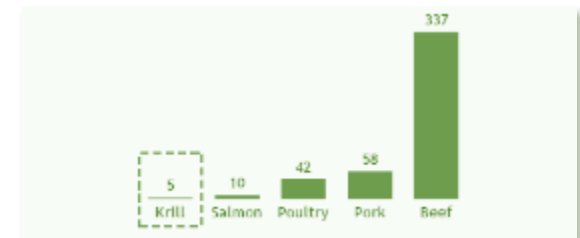
Certified for sustainable fishery



Increasing efficiency of aquaculture<sup>2</sup>



Reducing carbon emissions<sup>1</sup>

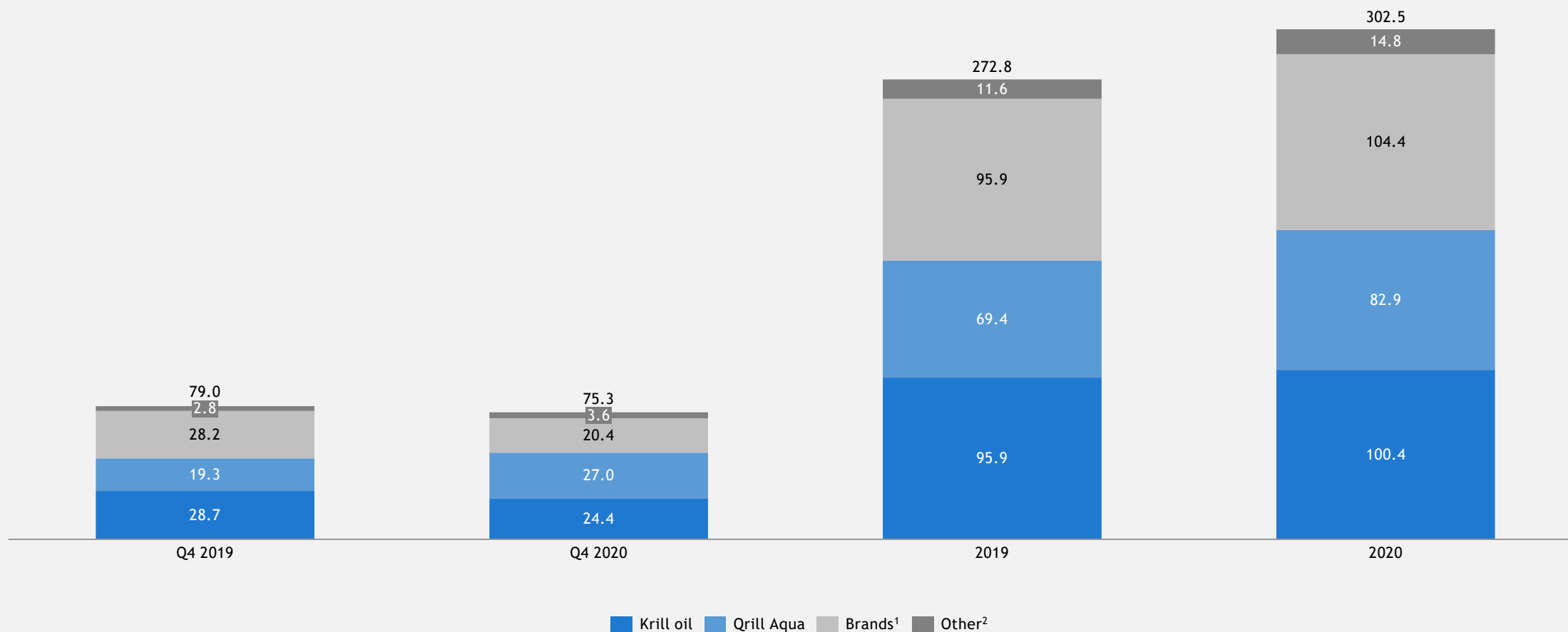


An undeterred focus on sustainability forms the bedrock of Aker BioMarine's growth strategy - sustainability framework in place anchored in the UN SDGs

# Revenue development per product

## REVENUE PER PRODUCT (EXCLUDING ELIMINATIONS)

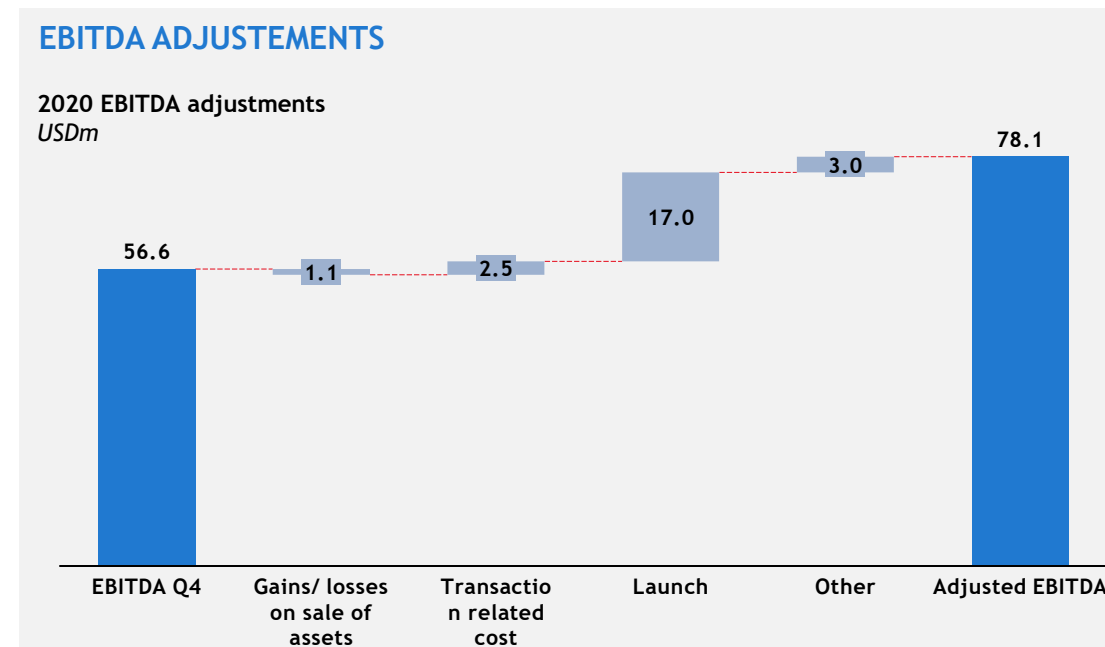
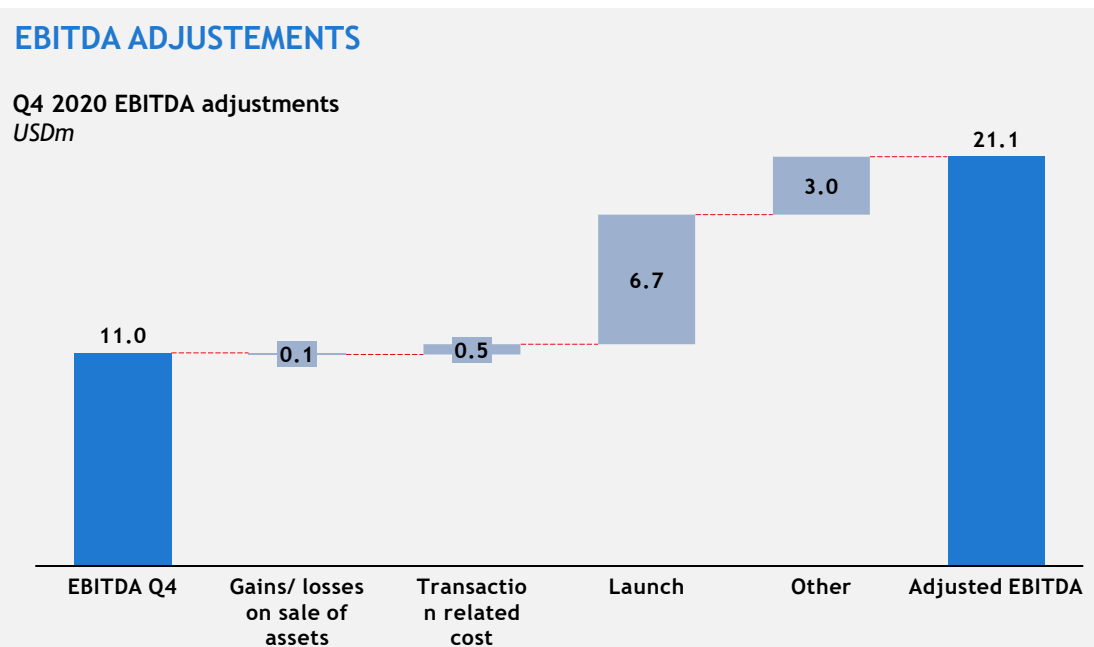
USDm



1) Brands (Lang) included from March 2019 in reported figures

2) Other includes Asta, Pet and QHP

# EBITDA adjustments



- **Gains/ losses on sale of assets:** The gain from the sale of Juvel has been netted towards operational costs while in yard
- **Transaction related costs:** Aker BioMarine AS was listed on Merkur Markets 6 July 2020, and is planning a transfer of shares to Oslo Børs main list during Q1-21. Costs directly attributable to the listing processes have been posted as merger costs, and netted with the raised amount in equity, but the Company also recognized other costs related to audit, due diligence, investor presentations / roadshow, and advice which has been considered non-recurring in nature
- **Launch:** As part of the Lang transaction, the Company is in the process of launching its own national brand in the US. The incurred costs are material and will continue through 2020 and part of 2021. These costs include employment of Epion management team, R&D on packaging and capsules, general start-up cost, and significant market development costs. Furthermore, these costs are deemed material and non-recurring after the launch of the brand
- **Other:** Include chartering of planes for transportation of crew between Oslo/Moscow and Montevideo, as well as overtime paid to offshore crew that were forced to stay on the vessels in Antarctica as a result of mobility and safety restrictions

# P&L reconciliation

<i>USDm</i>	Q4 2019	Q4 2020	YTD Q4 2019	YTD Q4 2020
Ingredients	51.1	55.7	177.2	191.4
Brands	28.2	20.1	82.2	104.4
Eliminations	(7.4)	(0.3)	(13.4)	(14.2)
<b>Reported revenues</b>	<b>71.9</b>	<b>75.5</b>	<b>246.2</b>	<b>288.6</b>

## EBITDA reconciliation

<i>USDm</i>	Q4 2019	Q4 2020	YTD Q4 2019	YTD Q4 2020
Ingredients	7.0	13.8	40.3	59.4
Brands	2.6	(4.2)	7.9	(2.5)
Eliminations	(4.1)	1.4	(2.5)	(0.2)
<b>Reported EBITDA</b>	<b>5.5</b>	<b>11.0</b>	<b>45.7</b>	<b>56.6</b>
Adjustments	2.7	10.1	7.3	21.5
<b>Adjusted EBITDA</b>	<b>8.2</b>	<b>21.1</b>	<b>53.0</b>	<b>78.1</b>

Note: Brands (Lang) included from March 2019 in reported figures