



SALMONES CAMANCHACA S.A. AND SUBSIDIARIES

Earnings Report on the Consolidated Financial Statements

For the periods ended June 30, 2018

About Salmones Camanchaca

Salmones Camanchaca S.A. is a vertically integrated salmon producer engaged in egg production, recirculating and pass-through hatcheries, sea grow-out sites, primary and secondary processing, marketing and sale of Atlantic salmon. The Company is also involved in farming trout at sea grow-out sites suitable for this species through a joint venture (1/3 share) in effect for four more years with an estimated average annual harvest of 12,000 tons WFE. For its main business (Atlantic salmon), the Company has an estimated harvest of 48,000 tons WFE of Atlantic salmon for 2018 and 55,000-60,000 tons WFE for 2019-2021. Production of both Atlantic salmon and trout at its farm sites totals 70,000 tons WFE. Salmones Camanchaca has an average annual workforce of approximately 1,200 employees, 75% of which work at its secondary processing plant. Markets for sales of Atlantic salmon are led by the U.S., Russia, Brazil, China, Mexico, Japan and Argentina, with over 50% of sales in emerging markets.

Highlights for 2nd Quarter 2018

- Revenues doubled due to a 128% increase in sales volumes reaching 10,922 tons WFE.
- Average price down 11% compared to Q2 2017, and in line with Q1 2018.
- Atlantic salmon EBIT/kg at US\$ 1.17, up 44% due to increased scale and lower production cost.
- Live weight cost at US\$ 3.3/kg slightly above target, but in line with expectations for the specific sites harvested. For the six months, live weight cost reached US\$ 3.1/Kg.
- Total processing costs fell 27% due to the larger production scale.
- EBITDA at US\$ 16.2 million, doubled due to increased sales volumes and lower production costs. Excluding the trout joint venture, EBITDA increased by 140%.
- Net financial debt reduced by 37% since June 2017.
- 2018 harvest estimate at 48,000 tons. WFE.

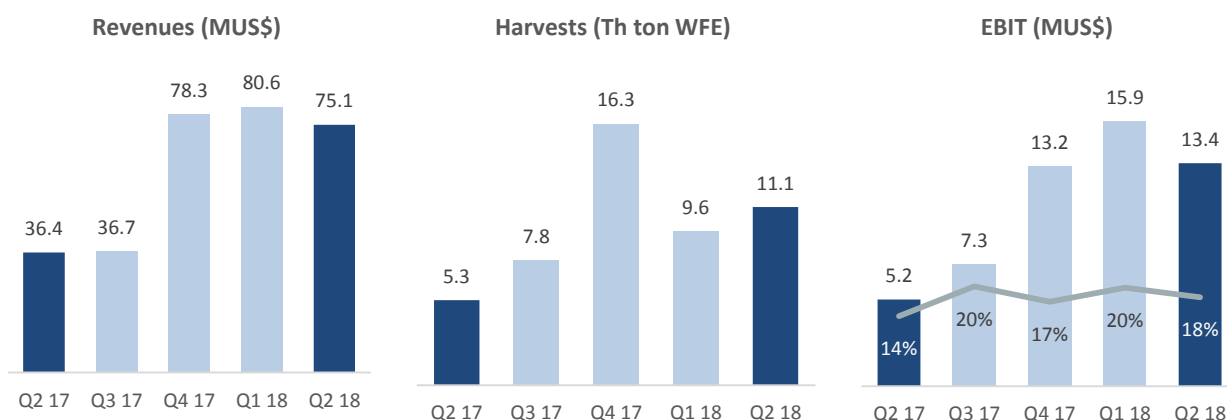
Key Figures

ThUS\$	Q2 2018	Q2 2017	Δ%	As of 06/30/2018	As of 06/30/2017	Δ%
Operating Revenues	75,093	36,373	106.5%	155,653	88,130	76.6%
Gross profit before Fair Value	18,682	8,633	116.4%	40,193	29,081	38.2%
EBITDA before Fair Value	16,183	7,772	108.2%	34,664	26,517	30.7%
EBIT before Fair Value	13,371	5,207	156.8%	29,238	21,284	37.4%
EBIT %	17.8%	14.3%	24.4%	18.8%	24.2%	-22.2%
Fair Value	-6,628	-4,330	-	-504	-10,600	-
Net profit/loss	3,098	-625	-	18,839	5,854	221.8%
EPS (US\$)*	0.0469	-	-	0.2854	-	-
Harvests (ton WFE)	11,132	5,336	108.6%	20,721	10,146	104.2%
Harvests (ton GWE)	10,019	4,802	108.6%	18,649	9,131	104.2%
Sales (ton WFE Company-farmed)	10,922	4,792	127.9%	21,497	10,168	111.4%
Sales (ton GWE Company-farmed)	9,830	4,313	127.9%	19,347	9,151	111.4%
Ex-cage cost (US\$/Kg live weight)	3.28	3.34	-1.8%	3.10	3.08	0.6%
Ex-cage cost (US\$/Kg WFE)	3.53	3.59	-1.8%	3.33	3.31	0.6%
Ex-cage cost (US\$/Kg GWE)	3.92	3.99	-1.8%	3.70	3.68	0.6%
Price (US\$/Kg WFE)**	6.26	7.06	-11.3%	6.26	7.12	-12.1%
Price (US\$/Kg GWE)**	6.95	7.84	-11.3%	6.96	7.91	-12.1%
EBIT/Kg WFE (US\$)***	1.17	0.81	44.0%	1.21	1.48	-18.4%
EBIT/Kg GWE (US\$)***	1.30	0.90	44.0%	1.34	1.64	-18.4%
Financial debt				80,390	105,368	-23.7%
NIBD				64,129	102,468	-37.4%
Equity ratio				51%	10%	383.5%

*After Fair Value, distributed in 66,000,000 shares at the end of Q1 2018 (after IPO)

**Billing in US\$ divided by tons sold excluding operations with third-party raw materials

***Excludes the net profit/loss from the trout Joint Venture and operations with third-party raw materials



Financial Matters

Q2 2018 Results

Salmones Camanchaca harvested 11,132 tons WFE of Atlantic salmon in Q2 2018, 109% more than Q2 2017, when only 5,336 tons were harvested. The low volume in 2017 was a result of the smolt stocking in 2015.

Average price for Atlantic salmon for the quarter was US\$ 6.26 per kilo WFE, down 11% from Q2 2017, reflecting a return to normal for Chilean supply. Revenue rose 106% in Q2 2018 to US\$ 75.1 million, driven by a 128% rise in volumes of Company farmed Atlantic salmon sold, facilitated by the 109% increase in harvests.

The joint venture farming trout, in sites owned by Salmones Camanchaca, generated net income of US\$ 0.7 million for the Company during Q2 2018, accounted for as revenues (net, or with no cost associated), in comparison to US\$ 1.3 million for Q2 2017. Despite volatility in the JV operator's interim financial results, the harvest volume from the joint venture was 5,800 tons WFE during the period. Estimated volume for the full year 2018 remains at 18,000 tons.

Gross profit before fair value adjustments came in at US\$ 18.7 million, US\$ 10 million higher than Q2 2017. Administrative expenses as a percentage of revenue decreased to 4.4% for Q2 2018 from 7% for Q2 2017, while distribution and sales costs rose marginally to 2.6%. As a result, the Company's combined administrative and distribution expenses totaled 7.1% of revenues during the quarter, down from 9.4% for the same quarter last year. The decrease is explained by higher revenues and expenses related to SAP implementation in 2017, and despite extraordinary expenses of US\$ 0.6 million for former CEO's severance payment in Q2 2018.

EBIT before fair value adjustment was US\$ 13.4 million for the quarter, 2.6 times the Q2 2017 figure of US\$ 5.2 million. The increase is explained mainly by higher sales volumes and lower production costs, despite lower prices. Excluding income from the trout joint venture, the Company-farmed Atlantic salmon business generated US\$ 12.7 million in EBIT, 3.3 times the Q2 2017 figure of US\$ 3.9 million.

Company-farmed Atlantic salmon harvested and sold generated EBIT per kilo WFE of US\$ 1.17, up 44% from US\$ 0.81 per kilo WFE in Q2 2017, but down from US\$ 1.25 per kilo in Q1 2018. With prices remaining stable from one quarter to the next, the variations are due to the particular characteristics of the sites harvested and sold during Q2 2018, which had higher seasonal costs and one-off effects related to SRS (Saimonid Rickettsial Septicaemia-disease) and incidents of low oxygen, explaining the US\$ 0.2/kg WFE in additional ex-cage costs.

During the second quarter of 2018, the Company completed an agreement to purchase harvested fish from a farmer leasing one of the Company's farm sites for a volume of 692 ton WFE in Q2 2018, leaving negative EBIT of US\$ 0.10. However, this agreement established a base line in 2016 for the subsequent smolt stocking that will benefit Salmones Camanchaca stocking plan for 2018.

Atlantic salmon	Total	Other Farmer	Company-Farmed	Company-Farmed Q2 2017
EBIT (ThUS\$)	12,672	-71	12,743	3,883
Sales volume (ton WFE)	11,614	692	10,922	4,792
EBIT/kg WFE	1.09	-0.10	1.17	0.81

The fair value adjustment of biological assets (biomass) for Q2 2018 was US\$ 19.5 million, compared to US\$ 4.4

million for Q2 2017, driven mainly by a larger biomass of 5,000 tons WFE and a higher closing price of US\$ 0.76/kg WFE used for the valuation, compared with the price used at the end of the same period in 2017.

The fair value adjustment for harvested and sold volume was negative at US\$ 26.1 million for Q2 2018, down from a negative US\$ 8.7 million for Q2 2017. This adjustment considers the reversal of estimated and accounted margins for fish sold in the quarter, but for which margins were recognized in previous periods.

The resulting net fair value adjustment for Q2 2018 was negative at US\$ 6.6 million, compared to a negative US\$ 4.3 million in Q2 2017.

Net finance costs were US\$ 1.1 million compared to US\$ 0.9 million in Q2 2017, up slightly due to an increase in the Libor interest rate and despite the 37% decrease in net financial liabilities.

As a result, pre-tax profit rose to US\$ 4.6 million in Q2 2018, up US\$ 5 million from negative US\$ 0.3 million in Q2 2017. The resulting after-tax profit in Q2 2018 was US\$ 3.1 million, up from negative US\$ 0.6 million in Q2 2017.

Cash Flows

Cash flows from operating activities for Q2 2018 totaled US\$ 12.6 million, up from negative US\$ 5.6 million in Q2 2017. The increase is mainly explained by increased collections during the period.

Cash flows from investing activities was a negative US\$ 9.7 million during the period, greater than US\$ 6.5 million in Q2 2017, explained by disbursements for the previously announced investment plan to support the Company's growth for the 2018- 2021 period.

The Company did not use any cash for financing activities in Q2 2018, in comparison to US\$ 14.9 million used in Q2 2017 to pay debts. The Company's current financial debt, signed in November 2017, includes a 3 years grace period.

Consequently, the net cash flow for the period was a positive US\$ 2.5 million.

H1 2018 Results

During the first six months of 2018, Salmones Camanchaca harvested 20,721 tons WFE of Atlantic salmon, an increase of 104% from the 10,146 tons WFE in H1 2017. Average price for Atlantic salmon during this period was US\$ 6.26 per kilo WFE, 12.1% less than H1 2017, when prices were higher due to scarce Chilean supply.

Revenue for H1 2018 totaled US\$ 155.7 million, 77% above the US\$ 88 million in H1 2017, explained by 111% growth in the volume of Company-farmed Atlantic salmon sold, supported by 104% growth in harvests, which totaled 20,721 tons WFE.

During the period, the trout joint venture generated profit of US\$ 3.2 million for Salmones Camanchaca (accounted for as income with no cost associated) in comparison to US\$ 6.2 million for H1 2017. Total volume harvested by the JV during H1 2018 was 10,226 tons WFE of trout. Despite volatility in the JV operator's interim financial results, the profit registered during the period is within normal parameters expected for this business during half a year.

Gross profit before fair value adjustments was US\$ 40.2 million, US\$ 11.1 million higher than H1 2017. Administrative expenses as a percentage of revenue decreased to 4.2% from 6.4%, while distribution and sales costs rose from 2.5% to 2.9%. Consequently, the Company's combined administrative and distribution and sales costs accounted for 7% of revenue during the period, down from 8.8% in H1 2017. The reduction is explained by higher revenues in H1 2018, SAP implementation expenses in 2017, and despite non-recurrent administrative expenses in H1 2018 of US\$ 0.8 million, including severance payment to former CEO.

EBIT before fair value adjustment was US\$ 29.2 million for H1 2018, reflecting an increase of 37% over US\$ 21.3 million in H1 2017, explained mainly by increased sales volumes and lower production costs. The increase was partly offset by lower average price. Excluding income from the trout joint venture, EBIT in the Atlantic salmon business generated US\$ 26 million, up 73% from US\$ 15 million in H1 2017. EBIT per kilo WFE of Company-farmed Atlantic salmon sold was US\$ 1.21, in comparison to US\$ 1.48 per kilo WFE for the first half of 2017 (i.e. a decrease of 27 cents, caused by 80 cents lower prices in H1 2018 compared to H1 2017).

During the first half of 2018, the Company completed an agreement to purchase raw material from a farmer leasing a site owned by the Salmones Camanchaca, acquiring 2,376 tons WFE at spot market price. The deal generated a profit of US\$ 0.04 per kilo. Further, without additional costs or an increase in smolt stocking in the area, the site will be included in the smolt stocking base line for the Company plan for 2018.

Atlantic salmon	Total	Other Farmer	Company-Farmed	Company-Farmed H1 2017
EBIT (ThUS\$)	26,029	85	25,944	15,047
Sales volume (ton WFE)	23,873	2,376	21,497	10,168
EBIT/kg WFE	1.09	0.04	1.21	1.48

The fair value adjustment of biological assets (biomass) for H1 2018 was positive US\$ 46.4 million, compared to US\$ 14.5 million for H1 2017, driven by larger biomass and valuation price. The fair value adjustment for sold volume was negative at US\$ 46.9 million for H1 2018, down from a negative US\$ 25.1 million for H1 2017. The latter adjustment reverses the estimated and accounted margins for biomass of fish effectively sold during this period for which margins were recognized in previous periods. The resulting net fair value adjustment for H1 2018 ended at negative US\$ 0.5 million, compared to a negative US\$ 10.6 million in H1 2017. This demonstrates stability in volumes and prices between December 31, 2017, and June 30, 2018.

Net finance costs were US\$ 2.3 million compared to US\$ 1.8 million in H1 2017 due to an increase in the Libor interest rate between June 2017 and June 2018, which was larger than the effect of the reduction in debt.

Pre-tax profit totaled US\$ 25.6 million for the period, three times higher than US\$ 8.4 million in H1 2017. The resulting after-tax profit in H1 2018 was US\$ 18.8 million, reflecting a substantial increase from US\$ 5.9 million in H1 2017.

Cash Flows

For H1 2018, cash flows from operating activities totaled US\$ 11.4 million, down from US\$ 28.5 million for H1 2017. The decrease is explained by reduced supplier payment terms using resources from the capital increase, together with an increase in the value of the biomass with respect to the prior period. The combined effect of these two items was approximately US\$ 35 million.

Net cash flows from investing activities totaled US\$ 16.4 million for the period, US\$ 11.3 million larger than the prior year, explained by investments to support the Company's growth plan for the 2018-2021 period consisting of improvements and automation in primary and secondary processing plants and new farm sites.

Net cash flows from financing activities totaled US\$ 20.9 million for the period, in comparison to negative US\$ 21.9 million for H1 2017, explained mainly by US\$ 46 million raised from the capital increase and liability payments of US\$ 25 million during the period.

The resulting net cash flow for the period was positive US\$ 15.4 million.

Balance Sheet

Assets

During the period, the Company's total assets increased 8.3% or US\$ 25.4 million to US\$ 331 million. This growth is explained mainly by an increase of US\$ 19.7 million in current and non-current biological assets, in line with the biomass for the smolt stocking and harvest plan mentioned in the 2018-2019 Company outlook.

Current assets totaled US\$ 208 million, up 4.4% from US\$ 199 million as of year-end 2017, mainly attributed to the aforementioned increase in biomass; an increase of US\$ 15.4 million in cash from financing and investing activities (capital increase, payments to banks and reduced supplier payment terms, as well as investments); a decrease of US\$ 10.4 million in accounts receivable and a decrease of US\$ 9.1 million in inventory, which are normal for the season from December to June. During the fourth quarter of the year, there is generally greater production and, therefore, more receivables and inventory.

The Company's finished product inventories valued at cost as of June 30, 2018, were US\$ 25 million, equivalent to slightly more than 3,300 tons of finished product, or just over one month of harvests.

Non-current assets increased by US\$ 16.7 million (+15.6%) to US\$ 124 million, mostly due to an increase of US\$ 12.1 million in investments in fixed assets, and an increase of US\$ 5.8 million in non-current biological assets, consistent with the growth plan for 2018-2021.

Liabilities and Equity

Current liabilities decreased by US\$ 8.2 million (-10.4%), due to a US\$ 13.6 million decrease in third-party

payables, as part of an optimization of the Company's financial structure after the IPO.

Non-current liabilities fell US\$ 25.1 million (-21.3%) due to US\$ 20 million in voluntary prepayments on its long-term revolving debt which are available as a credit facility.

The Company's equity increased by US\$ 58.8 million as of June 30, 2018, as compared to December 31, 2017, and reached US\$ 167 million, explained by profit for the period and the effects of the capital increase.

Operating Performance

Salmones Camanchaca's financial performance is closely related to two key drivers:

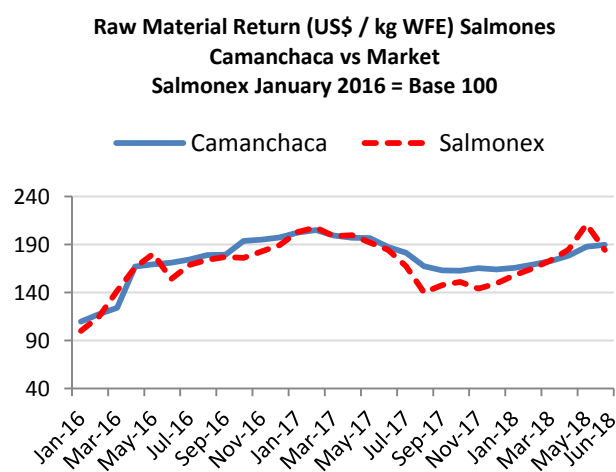
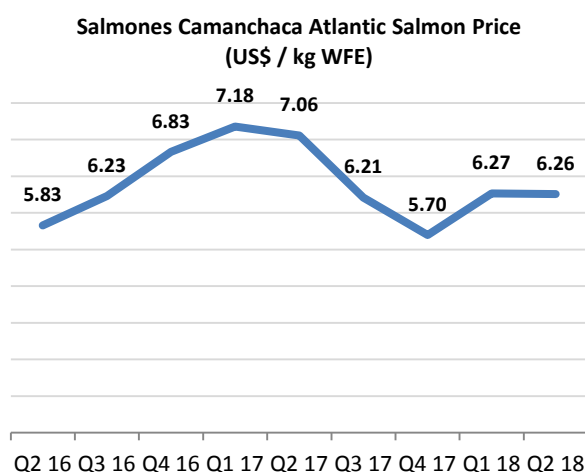
1. **The price of Atlantic salmon**, which is very sensitive to Norwegian and Chilean supply conditions, and the exchange rates of its main trading partners;
2. **Sanitary conditions for Atlantic salmon**, which affects unit costs.

Prices

The average price of Atlantic salmon sold by Salmones Camanchaca during Q2 2018 was US\$ 6.26 per kilo WFE, which is 11.3% less than the price for the same period in 2017, and in line with Q1 2018.

In early 2016 the market experienced an upward trend in prices stemming from conditions that restricted supply and an improvement in the exchange rates of Chile's trade partners, which further revitalized the growing demand for this marine protein. Price levels for Q2 2018 reflect a normal and more stable global and Chilean supply.

During Q2 2018 Salmones Camanchaca obtained an average of 26 cents less per kilo WFE in relation to the reference spot market prices, Salmonex, which had a sharp increase in April and May of this year. This negative difference is explained by the fact that sales of frozen Atlantic salmon, such as those made to Russia, which reached close to 40% of the total revenues this quarter, have a 60-90 day lag between the closing of the contract and the sales record, when final delivery is done. In addition, 20% of sales of Salmones Camanchaca had been settled at an average of 60-90 days in advance, at lower prices than the "spot" observed at the time of delivery. The Company considers that this policy allows maintaining clients in the long term which leads to a sustainable better performance. In the rest of the sales, the lag is close to 30 days.



The Raw Material Yield is the final product price less distribution and specific secondary processing costs. It is a measurement of price before selecting the final destination for harvested fish and provides a homogeneous aggregate indicator for the Company's diverse products. The market Index or "Salmonex" is based on the price of fresh fillet trim D exported by Chilean companies, net of processing and distribution costs for Salmones Camanchaca's fresh trim D. It provides a comparable index to Salmones Camanchaca's Raw Material Yield.

Volumes

		Q2 2018	Q2 2017	Δ	Δ %	As of 06/30/2018	As of 06/30/2017	Δ	Δ %
Harvest	tons WFE	11,132	5,336	5,796	108.6%	20,721	10,146	10,575	104.2%
Production	tons WFE	11,132	5,751	5,381	93.6%	20,769	10,096	10,673	105.7%
Atlantic salmon Sales (Company-farmed)	tons WFE	10,922	4,792	6,130	127.9%	21,497	10,168	11,329	111.4%
Atlantic salmon Sales (Company-farmed)	ThUS\$	68,339	33,820	34,519	102.1%	134,608	72,399	62,209	85.9%
Average sales price	US\$/Kg WFE	6.26	7.06	-0.80	-11.3%	6.26	7.12	-0.86	-12.1%
Price-related change in revenue*	ThUS\$	68,339	77,083	-8,745	-11.3%	134,608	153,065	-18,457	-12.1%

* With constant volume 2018

Revenue

Sales by Market Segment as of June 2018

Product or Species	USA	Europe + Eurasia	Asia excluding Japan	Japan	LATAM excluding Chile	Chile	Others	TOTAL
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Atlantic salmon	48,774	41,183	11,784	6,062	35,620	2,949	810	147,182
Trout	1,078	13	55	2,063	0	0	0	3,209
Others	0	0	0	0	0	5,262	0	5,262
TOTAL	49,852	41,196	11,839	8,126	35,620	8,211	810	155,653

Sales by Market Segment as of June 2017

Product or Species	USA	Europe + Eurasia	Asia excluding Japan	Japan	LATAM excluding Chile	Chile	Others	TOTAL
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Atlantic salmon	28,486	9,526	6,456	5,489	19,867	2,008	566	72,399
Trout	331	25	393	5,489	0	0	0	6,237
Others	0	0	0	0	0	9,494	0	9,494
TOTAL	28,817	9,551	6,849	10,977	19,867	11,502	566	88,130

Salmones Camanchaca's sales- and marketing strategy is to diversify products and target markets, and focuses on the most attractive markets for its raw material, based on medium-term conditions and favoring stable customer relations.

Salmones Camanchaca has a 25% share in the company "New World Currents", a joint venture (JV) with three other Chilean producers to market Atlantic salmon in China. This is an important market for Chilean salmon producers, and since the establishment of the JV in November 2013, there has been a significant increase in air shipments of fresh products.

The Company's value-added products, defined as those containing some degree of secondary processing, including freezing, accounted for 81.2% of total sales during H1 2018, up from 79.4% for H1 2017.

The remaining volume is composed of sales of fresh whole gutted head-on salmon for South American and Chinese markets. Fresh Atlantic salmon fillets are preferred in the US market, while Europe favors frozen Atlantic

salmon fillets and portions. In Asia, Japan prefers frozen fillets and China both fresh and frozen products. The rest of Latin America favors frozen fillets.

During H1 2018, the US market as a percentage of total sales decreased slightly to 32% compared to H1 2017. Europe and Eurasia increased from 10.8% to 26.5%. Asia excluding Japan fell marginally to 7.6% and Japan dropped from 12.5% to 5.2%. Latin America excluding Chile grew slightly to 22.9%.

The Salmones Camanchaca proportion of its Joint Venture with third parties in the trout business is registered in the “Trout” line.

Other income is mostly processing and services for third parties in our processing plant and farm site leases.

Other Businesses

As of June 30, 2018, Salmones Camanchaca had seven farm concessions leased, mainly in the Reloncaví Estuary, for trout farming, where the Company contributes its concessions to the aforementioned Joint Venture. Total harvests for this partnership was 10,226 tons WFE in H1 2018 and generated profit for Salmones Camanchaca of US\$ 3.2 million, or half of that obtained in H1 2017, and EBIT per Kilo WFE harvested of US\$ 0.94 during H1 2018. The estimated average annual harvest for the years 2017 to 2022 remains around 12 thousand tons.

Other businesses of the Company, such as processing services to third parties, farm site leases and sales of byproducts resulted in operating margins of US\$ 2.6 million as of June 30, 2018, up 40.0% compared to the same period in 2017.

Production Performance

During the first quarter of 2016, sanitary conditions for Atlantic salmon in Chile were affected by extraordinary harmful algae blooms (HAB) related to El Niño. Conditions returned to normal in 2018. Mortality from this event was not included in fish costs and was expensed directly and has not impacted the results for H1 2018.

During Q1 2018, there were normal HAB events in the summer, such as those in February 2018.

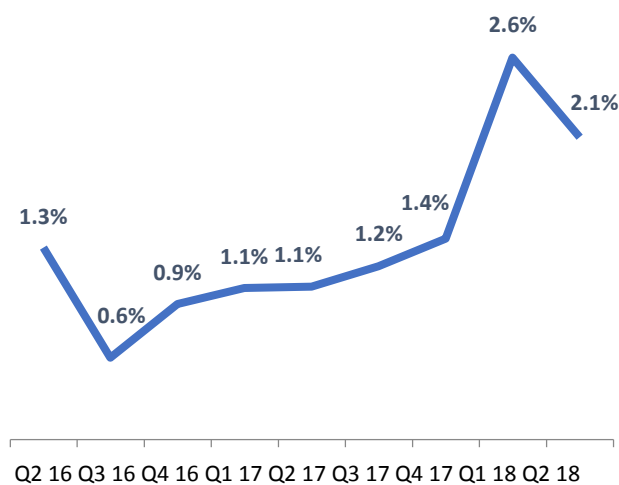
Mortality of the Atlantic salmon population in Q2 2018 was 2.1%, while mortality at the farm sites with closed cycles in H1 2018 was 6.9%.

Live weight ex-cage costs for fish harvested during Q2 2018 were US\$ 3.28 per kilo. Compared with corresponding farm sites and/or geographic areas in the previous cycle in Q2 2016, this cost was 47 cents lower. Compared to Q2 2017, the cost was 6 cents less, applied to approximately 12,000 tons of live weight equivalent sold, with a positive YoY effect of US\$ 0.7 million.

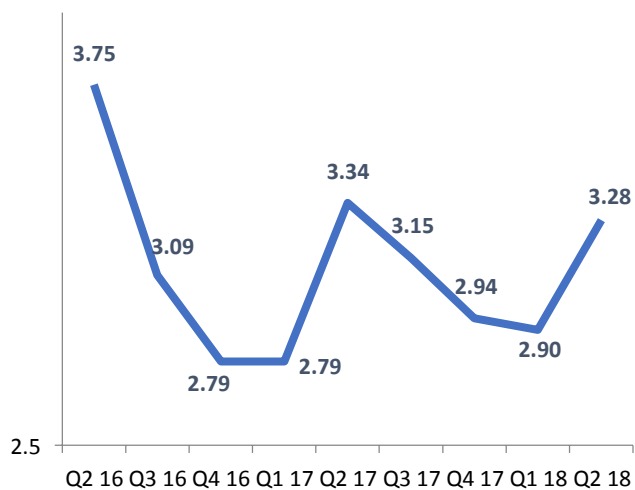
Costs of value-added or secondary processing for Q2 2018 decreased 31 cents over Q2 2017, reflecting a considerably greater operating scale with higher volume of value added products.

Total finished product cost (US\$ / kg WFE) in Q2 2018 was 39 cents lower than in Q2 2017, and 72 cents lower than in Q2 2016, confirming improvements in plant productivity. In short, total finished product cost in Q2 2018 decreased 8% with respect to 2017 and 14% with respect to the same quarter in the prior cycle in the same farming areas.

Salmones Camanchaca Atlantic Salmon Mortality* (%)



Salmones Camanchaca Live weight ex-cage cost (US\$/kg)



* Total quarterly mortality (number of fish) including both closed and open sites. The closed sites affected by the HAB are included.

Costs (US\$/Kg WFE)	Q2 16	Q2 17	Q2 18
Ex-cage	4.04	3.58	3.53
Harvest and primary processing	0.40	0.40	0.37
Value-added processing	0.74	0.87	0.56
Total finished product cost	5.18	4.85	4.46

Sales volume of Company-farmed products for Q2 2018 totaled 10,922 tons WFE, up 127.9% over Q2 2017, an expected outcome of normalized smolt stocking and in line with budgeted volumes.

Subsequent Events

No subsequent events occurred after June 30, 2018, that materially affect Salmones Camanchaca's operations or its financial results.

Company Outlook

Atlantic Salmon world supply growth for 2018 is estimated to be between 4% and 5%, which is consistent with the existing regulatory framework and long-term trends. Chile's supply growth for 2018 is expected to be 11-12%, of which the estimate for the 2H 2018 is in the range of 2% growth.

Salmones Camanchaca forecasts Atlantic salmon harvests of 48,000 tons WFE for 2018, up from the company's previous estimates of 45,000 - 48,000 tons published in Q1 2018.

A significant component of the Company's EBITDA in 2018 will be invested in biomass growth and fixed assets. This will prepare the Company for future growth, and for 2019, the Company expects Atlantic salmon harvest of 53,000 to 55,000 tons WFE.

Main Risks and Uncertainties

External variables might materially impact the Company's annual performance. The main variable affecting revenue is the price of Atlantic salmon, while the main variable affecting costs is the sanitary status of the salmon biomass, including the biological conversion of feed.

Individually and in aggregate, aquaculture businesses are exposed to various risks. Consequently, Salmones Camanchaca operates using a risk matrix that guides the Company in order to: i) review and update the critical risk inventory and generate a map of risks; ii) assess these risks on the basis of impact and probability parameters; iii) implement an audit and internal control plan based on the risk map; iv) generate a set of strategies to either reduce probability and/or impact, including insurance wherever/whenever this is economically feasible/convenient. These risk maps guide management to continuously manage and mitigate each risk and establish the corresponding responsibilities and accountability, as well as review the frequency and depth of internal controls to validate the effectiveness of mitigating measures.

The Company's mission, vision and values; short and long-term strategic planning; critical business and knowledge risks; and the experience of key personnel are among the factors used to detect critical risks.

a. Phytosanitary Risks

The Company is exposed to risk of disease or parasites that can affect the biomass, increase mortality or reduce growth of specific species, and thereby, production and sales volumes. Salmones Camanchaca has adopted strict control standards to minimize those risks, and comply with regulatory requirements with respect to coordinated fallow periods for the concessions in each neighborhood, maximum fish density in cages, constant monitoring and reporting of the biomass and its biological status and health, the smolt production process in closed recirculating sites fed by groundwater, transport of breeders and fish for harvest in wellboats, coordinated antiparasitic washing by neighborhood, frequent net cleaning, oxygen plants to supplement shortfalls in the water, vaccinations at the freshwater stage, among others.

b. Natural Risks

The Company is exposed to natural risks that may affect normal operations, such as volcanic eruptions, tidal waves and tsunamis, earthquakes, harmful algae blooms, natural predators, water pollution and other factors that may threaten biomasses and production facilities. The Company is constantly monitoring these variables using first-rate instruments within the salmon industry, in addition to having appropriate insurance coverage for these risks, all of which are monitored from a central, specialized unit. This unit not only monitors the status of insurance coverage, but also manages claims preparation when these occur in order to make claims that are in line with contractual coverage.

c. Product Sale Price Risks

The Company exports its products mainly at prices that are fixed on international markets, for which it has a wide commercial network. The Company adjusts the speed of its sales in accordance with production and market conditions, which are constantly in flux. However, it does not accumulate inventory under speculation of a better sale price in the future.

Prices are highly dependent on the supply from Norway and Chile and on fluctuations in exchange rates used by the Company's major trading partners, which affects demand conditions in these markets. Salmones Camanchaca has mitigated price risk through its diversified marketing strategy and by producing higher value-added products, which have contracts that average 60 to 90-day periods.

The Company has a policy of diversifying its sales between several buyers in each market, and large diversity of markets and territories. This ensures that sales can be reallocated when necessary or convenient.

d. Purchase Price Risks

The Company is exposed to changes in the purchase price of salmon feed, which is based on well-diversified ingredients and suppliers. Salmenes Camanchaca defines its diets seeking a balance between feed cost and nutritional quality at each fish development stage. The Company aims to produce a final product that contains the same amount of Omega 3 as wild salmon, as well as a fish in-fish out ratio of no more than 1.0. The Company has feed contracts that are adjusted quarterly, on a cost-plus basis.

e. Regulatory Risks

Aquaculture is strictly regulated in Chile by laws, standards and regulations issued by fishing authorities. Significant changes in these regulations could have an impact on the Company's performance. These regulations are mainly established by the General Law on Fisheries and Aquaculture, and its associated regulations that assign concessions, manage the biomass and set sanitary preventive rules. The Company is constantly monitoring any potential changes in regulations in order to anticipate and mitigate any potential impacts.

In Q2 2016, changes were made to the regulations governing salmon farming densities, and a smolt stocking reduction program was introduced (PRS). This new regulation forces salmon farmers to reduce densities in cages when low sanitary performance has been registered and/or higher stocking of smolts in the zone is expected. In these circumstances, the low density can be waived if a stocking plan is presented, containing a reduction versus the previous cycle.

The Company has a policy of using its assets to provide services to third parties/farmers. Regulations allow the Company to use stocking rights in leased farm sites for its own use in subsequent cycles, without affecting neighborhood growth once the leases expire. Under this regulation, the Company estimates harvesting approximately 60,000 tons WFE of Atlantic salmon at its own previously used farm sites, plus another 12,000 to 13,000 tons WFE of trout, without introducing growth to the system, and therefore without having to reduce densities in its farm sites.

Camanchaca's financial position and results could be affected by changes in economic policies, specific regulations and other standards established by authorities.

f. Liquidity Risk

Liquidity risk is the risk of potential mismatches between the funds needed for asset investments, operating expenses, finance costs, repayment of debt as it matures and committed dividends, and funding sources like product sales revenue, collections from customers, disposal of financial investments and access to financing.

Salmenes Camanchaca prudently manages this risk by maintaining sufficient liquidity and access to third-party financing, while carefully ensuring that it complies with all its financial covenants.

g. Interest Rate Risk

The Company is exposed to interest rate risk since its long-term financing includes a variable interest rate component, which is adjusted every six months. Depending on market conditions, the Company assesses hedging alternatives.

h. Foreign Exchange Risk

A significant share of Company revenue arises from contracts and agreements set in US dollars. However, given the diversity and importance of markets other than the North American market, which have historically represented 50% of total exports, any devaluation of the US dollar against these markets' currencies and/or the Chilean Peso, could have an impact on the financial performance of the Company.

Corporate policy is to agree income, cost and expenses in US dollars whenever possible. Liabilities with financial institutions are in US dollars. The Company occasionally evaluates exchange rate hedging instruments for its peso-denominated expenses, in accordance with market conditions. During the year 2018, the Company engaged in exchange rate hedge transactions.

i. Credit Risk

1. Surplus Cash Investment Risks

The Company has a highly conservative policy for investing cash surpluses. This policy encompasses both the quality of financial institutions and the type of financial products used.

2. Sales Operations Risks

The Company has insurance policies covering most of the sales of its products that are not sold with immediate payment. The remaining sales are backed by letters of credit, or advance payments, or are to customers with an excellent credit performance.

Operational stoppages at ports or by customs or other institutions, as well as protests, marches or road blockages may affect and delay shipments of our products to the markets where they are sold. Therefore, the Company continuously monitors these variables in order to anticipate any issues and identify alternatives to minimize the impact.

Financial Statements

Statement of Income (ThUS\$)

	Q2 2018	Q2 2017	As of 06/30/2018	As of 06/30/2017
Operating revenue	75,093	36,373	155,653	88,130
Cost of sales	(56,411)	(27,740)	(115,460)	(59,049)
Gross profit before fair value adjustments	18,682	8,633	40,193	29,081
Administrative expenses	(3,324)	(2,541)	(6,467)	(5,632)
Distribution & sales costs	(1,987)	(885)	(4,488)	(2,165)
EBIT before fair value	13,371	5,207	29,238	21,284
Depreciation	2,812	2,565	5,426	5,233
EBITDA before fair value	16,183	7,772	34,664	26,517
Fair value adjustment to biological assets	19,505	4,376	46,360	14,544
Fair value adjustment to harvest and sales	(26,133)	(8,706)	(46,864)	(25,144)
EBIT after fair value	6,743	877	28,734	10,684
EBITDA after fair value	9,555	3,442	34,160	15,917
Finance costs	(1,177)	(923)	(2,370)	(1,856)
Share of profit (loss) of associates	509	74	825	79
Exchange differences	(1,536)	(155)	(1,747)	(357)
Other income (losses)	74	(207)	85	(196)
Finance income	31	24	48	36
Net profit (loss) before taxes	4,644	(310)	25,575	8,390
Income taxes	(1,546)	(315)	(6,736)	(2,536)
Net profit (loss) from continuing operations	3,098	(625)	18,839	5,854
Profit (loss) from discontinued operations	0	0	0	0
Net profit (loss) for the period	3,098	(625)	18,839	5,854
Non-controlling interest	0	0	0	0
Net profit (loss) for the period attributable to owners of the parent	3,098	(625)	18,839	5,854

EBITDA: gross profit before fair value adjustments + depreciation - administrative expenses - distribution costs

EBITDA after fair value adjustments: EBITDA + fair value adjustments to biological assets - fair value adjustments to harvest and sales

Balance Sheet (ThUS\$)

	06/30/2018	12/31/2017	06/30/2017
Cash and cash equivalents	16,261	846	2,900
Other financial assets, current	29	31	16
Other non-financial assets, current	5,433	7,041	2,005
Trade and other receivables, current	17,825	28,196	17,278
Related party receivables, current	25,435	25,585	14,324
Inventories	29,071	38,170	13,073
Biological assets, current	111,432	97,522	76,159
Current tax assets	2,236	1,584	2,011
Total current assets	207,722	198,975	127,766
Other financial assets, non-current	27	27	27
Other non-financial assets, non-current	112	260	112
Rights receivable, non-current	5,434	5,520	3,995
Equity method investments	4,697	5,565	494
Intangible assets other than goodwill	7,083	7,083	4,216
Property, plant and equipment	85,720	73,646	68,815
Biological assets, non-current	20,253	14,472	25,207
Long-term deferred taxes	382	456	0
Total non-current assets	123,708	107,029	102,866
Total assets	331,430	306,004	230,632
Other financial liabilities, current	390	439	10,565
Trade and other payables, current	58,153	71,729	41,426
Related party payables, current	2,356	4,198	33,294
Current tax liabilities	9,252	1,829	33
Employee benefit provisions, current	848	1,020	0
Total current liabilities	70,999	79,215	85,318
Other financial liabilities, non-current	80,000	100,000	94,803
Trade and other payables, non-current	43	102	123
Related party payables, non-current	290	4,572	19,755
Deferred tax liabilities	12,483	13,280	6,396
Employee benefit provisions, non-current	150	157	136
Total non-current liabilities	92,966	118,111	121,213
Total liabilities	163,965	197,326	206,531
Issued capital	91,786	73,422	34,843
Share Premium	27,539	0	0
Retained earnings (accumulated losses)	30,534	11,695	-10,818
Interim dividends	-5,762	0	0
Other reserves	23,368	23,561	76
Total equity	167,465	108,678	24,101
Total equity and liabilities	331,430	306,004	230,632

Cash Flow Statement (ThUS\$)

	Q2 2018	Q2 2017	As of 06/30/2018	As of 06/30/2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Proceeds from sale of goods and provision of services	94,297	35,853	188,635	112,802
Payments				
Payments to suppliers for supply of goods and services	-72,576	-35,494	-158,151	-71,883
Payments to and on behalf of employees	-6,487	-4,348	-15,084	-10,706
Dividends paid	-3,353	0	-3,353	0
Dividends received	1,500	0	1,500	0
Interest paid	-775	-1,690	-2,171	-1,773
Interest received	33	24	48	36
Income taxes paid	-36	-9	-36	-9
Other cash inflows	21	36	21	46
Net cash flows provided by (used in) operating activities	12,624	-5,628	11,409	28,513
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of property, plant and equipment	122	57	277	57
Purchases of property, plant and equipment	-9,808	-3,163	-16,639	-5,292
Other cash inflows (outflows)	0	-2	0	-2
Net cash flows used by investing activities	-9,686	-3,108	-16,362	-5,237
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issuance	0	0	45,903	0
Loan repayments	0	-5,159	-20,000	-5,159
Payments to related parties	-19	-9,772	-4,958	-16,752
Net cash flows provided by (used in) financing activities	-19	-14,931	20,945	-21,911
Effects of changes in exchange rates on cash and cash equivalents	-469	130	-577	-107
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,450	-23,537	15,415	1,258
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	13,811	26,437	846	1,642
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	16,261	2,900	16,261	2,900

Statement of Changes in Equity (ThUS\$)

	Share Capital	Share Premium	Foreign Currency Conversion Reserve	Other Reserves	Total Other Reserves	Retained Earnings (Accumulated Losses)	Equity Attributable to Owners of the Parent
Balance as of January 1, 2017	34,843		75		75	-16,672	18,246
Changes in equity							
Comprehensive income							
Profit for the period						5,854	5,854
Other comprehensive income			1		1		1
Closing balance as of June 30, 2017	34,843		76		76	-10,818	24,101
Balance as of January 1, 2017	34,843		75		75	-16,672	18,246
Capital increase	38,579			23,471	23,471		62,050
Changes in equity							
Dividends accrued						-3,354	-3,354
Comprehensive income							
Profit for the period						31,721	31,721
Other comprehensive income			15		15		15
Closing balance as of December 31, 2017	73,422		90	23,471	23,561	11,695	108,678
Balance as of January 1, 2018	73,422		90	23,471	23,561	11,695	108,678
Capital increase	18,364	27,539					45,903
Changes in equity							
Dividends accrued						-5,762	-5,762
Comprehensive income							
Profit for the period						18,839	18,839
Other comprehensive income			-193		-193		-193
Closing balance as of June 30, 2018	91,786	27,539	-103	23,471	23,368	24,772	167,465

Additional Information

Key Financial Indicators Analysis

This section compares the Company's key financial indicators based on its consolidated financial statements as of June 30, 2018, compared to December 31, 2017.

	06/30/2018	12/31/2017
Liquidity Indicators		
1) Current Liquidity	2.93	2.51
2) Acid Ratio	0.95	0.80
3) Working Capital (US\$ million)	136.7	119.8
Debt Indicators		
4) Net Debt Ratio	0.88	1.81
5) Current Liabilities / Total Liabilities	0.43	0.40
6) Non-Current Liabilities / Total Liabilities	0.57	0.60
Profitability Indicators	(6 months)	(12 months)
7) Return on Equity	11.25%	29.19%
8) Return on Assets	12.13%	19.02%

Notes:

1) Current Liquidity: Current Assets / Current Liabilities

2) Acid Ratio: Current Assets Net of Inventory and Biological Assets / Current Liabilities

3) Working Capital: Current Assets - Current Liabilities

4) Net Debt Ratio: Total Liabilities - Available Cash / Total Equity

7) Return on Equity: Profit (Loss) Attributable to Owners of the Parent / Total Equity

8) Return on Assets: Gross Margin Before Fair Value Adjustment / Total Assets

The increase of 0.41 in current liquidity is mainly caused by an increase of US\$ 8.7 million in current assets and a decrease of US\$ 8.2 million in current liabilities, as explained in the balance sheet analysis. As a result of these movements, working capital increased by US\$ 17.0 million, where US\$ 13.9 million is explained by an increase in biological assets.

The increase of 0.15 in the acid ratio is mainly caused by an increase of US\$ 15.4 million in cash and a decrease of US\$ 8.2 million in current liabilities. These variations have already been explained in the financial position analysis.

The net debt ratio fell from 1.81 to 0.88 mainly due to total liabilities decreasing by US\$ 33.4 million and equity increasing by US\$ 58.8 million. These variations have already been explained in the financial position analysis. The

decrease in the proportion of long-term liabilities from 0.60 to 0.57 is due to a decrease in non-current liabilities of US\$ 25.1 million. These variations have already been explained in the financial position analysis. Return on equity and return on assets are mainly due to the Company's margins and performance for the respective periods, and the previously mentioned effects of the IPO that took place on February 2, 2018.

Cumulative Indicators

		As of 06/30/2018	As of 06/30/2017
a.	Atlantic Salmon Harvests (tons)/ Site	3,713	3,637
b.	Atlantic Salmon Farming Density (kg/m3)	6.9	6.3
c.	Atlantic Salmon Group Survival Rate (sea water)	93.1%	95.3%
d.	EBIT before fair value (US\$ million)	29.2	21.3
e.	EBIT / kg WFE (before fair value)	1.21	1.48

Notes:

- a. Harvests for the period, expressed in ex-cage tons / number of sites used, expressed in ex-cage tons per site.
- b. Average farming density, expressed in kilos per cubic meter for sites harvested during the corresponding period.
- c. Survival rate, expressed as groups of harvested fish from the smolt stocking. A harvest group is fish of a similar origin and strain.
- d. Gross margin before fair value adjustment - administrative expenses - distribution costs salmon business
- e. (Gross margin before fair value adjustment - administrative expenses - distribution costs – result from one-third interest in trout business) / kg WFE sold of Company-farmed salmon

Biomass Fair Value

Fair Value for the period ended June 30 (ThUS\$)

	Fair value adjustment to biological assets		Fair value adjustment to harvest and sales	
	As of 06/30/2018	As of 06/30/2017	As of 06/30/2018	As of 06/30/2017
Atlantic Salmon	46,360	14,544	-46,864	-25,144

The net effect of the fair value adjustment of the salmon biomass is reflected in two accounts:

- “Fair Value Adjustment to Biological Assets” records the estimated gain or loss as of the period end from valuing the biomass of live and harvested fish that will be sold in future periods. It can be positive or negative based on variations in the biomass included in the valuation and its market price. A gain of US\$ 46.4 million was recorded for the fair value adjustment of the live and harvested biomass as of June 30, 2018, compared to a gain of US\$ 14.5 million as of the same date in 2017.
- “Fair Value Adjustment to Harvest and Sales” records the realized gain or loss on the live biomass, and the biomass harvested in current and prior periods that was sold in the current period. This account reverses the estimated gain or loss for the current and prior periods and the actual result of the transaction is recorded in revenue and cost of sales. The net effect of the biomass sold as of June 30, 2018, was a loss of US\$ 46.9 million, which reversed a positive margin estimated in prior periods, in contrast to a loss of US\$ 25.1 million as of June 30, 2017.

The net effect of the fair value adjustment of the salmon biomass for the period ended June 30, 2018, is a negative US\$ 0.5 million, as opposed to the negative US\$ 10.6 million recorded for the same period in 2017.

Differences between the Market and Book Values of Principal Assets

Biological assets include groups or families of breeders, such as eggs, smolts and fish being fattened at sea. They are valued at initial recognition and subsequently at their fair value less estimated selling costs, except where their fair value cannot be reliably measured, in accordance with IAS 41. Therefore, an active market for these assets is sought in the first instance.

As there is no active market for live fish at all their stages, they are valued as freshwater fish, such as breeders, eggs, fry and smolts, using their cumulative costs at the reporting date.

The valuation criteria for farmed fish that are being fattened is fair value. This is understood to be their market price less their estimated processing and selling costs. There is a representative market for fish being fattened that are over a certain size, which is 4.0 kg for Atlantic salmon. The market price is used in both cases, adjusted appropriately for each group in the sea, from which the harvesting, processing, packaging, distributing and selling costs are deducted. The volume is adjusted for process wastage.

Smaller fish are valued at cost, though are subject to net realizable value testing.

Changes in the fair value of biological assets are recorded in the statement of income for the year.

Biological assets that will be harvested in the next 12 months are classified as current biological assets.

The gain or loss on the sale of these assets may vary in comparison to their calculated fair value at the reporting date.

The Company uses the following method:

Stage	Asset	Valuation
Fresh water	Eggs, fry, smolts and breeders	Direct and indirect cumulative costs at their various stages.
Sea water	Salmon	Fair Value, based on a market with reference prices and companies that buy and sell these assets. Historically we have considered that this market is for fish over 4 kg. If no market can be identified, then cumulative cost is used.

The Company has developed a valuation model that incorporates the recommendations proposed by the Norwegian Financial Supervisory Authority, which are detailed in Note 35 of the Company's financial statements. This biomass valuation model takes the market price for fish over 1.0 kg as fair value. This model has the following effects on these financial statements for the period ended June 30, 2018:

1. An increase in profit for the period of US\$ 23.4 million, net of deferred tax effects.
2. An increase in "fair value adjustment of biological assets" within the statement of income of US\$ 32.1 million.
3. An increase in biological assets within current assets of US\$ 32.1 million and an increase in deferred tax liabilities of US\$ 8.7 million and in equity of US\$ 23.4 million.
4. This alternative approach to biomass valuation has no effects on EBITDA, EBIT, nor on the indicators per kg (before fair value adjustment).