



Q3 2019 results

Santiago de Chile | 22 November 2019

Ricardo García, Vice Chairman

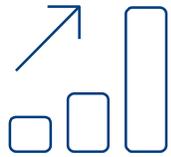


Agenda

- Strategic overview
- Q3 2019 highlights
- Sustainability
- Operational review
- Financial review
- Markets
- Outlook and summary



Our plan: growth and value creation



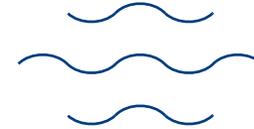
Resource efficient growth

Reach 75-80,000 tons by 2023 using sites in operation, improving farming & processing efficiencies



Focused market development

Ensure processing capacity and flexibility to target core & higher margin markets/products



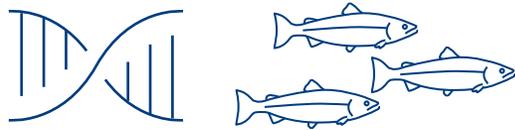
Progressive sustainability

Become carbon neutral by 2025 and ASC certify majority of production by 2021



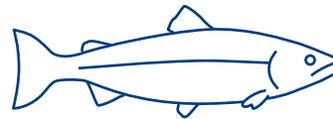
Improvements throughout the value chain ensure cost-efficient growth

Freshwater



- Expand freshwater RAS capacity for both Atlantic and Coho, consistent with 75-80k ton target
- Develop post-smolt capacity

Seawater



- Improve technology to mitigate environmental risks and enhance existing capacity
- Take over production at expired leases (JV Trout).
- Invest in equipment related sealice tools.

Processing

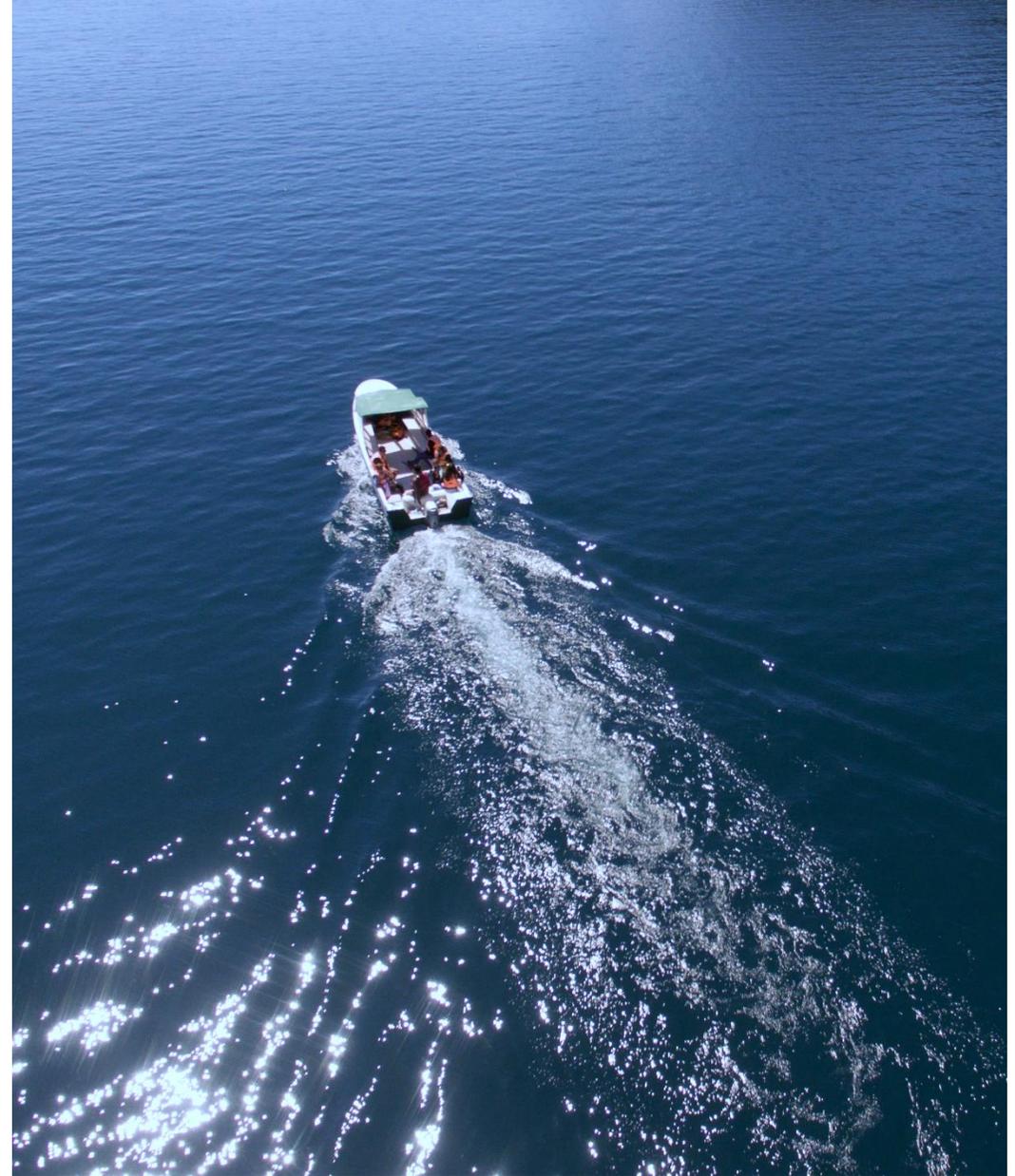


- Increase processing capacity and value added product lines to add further flexibility to access markets and segments



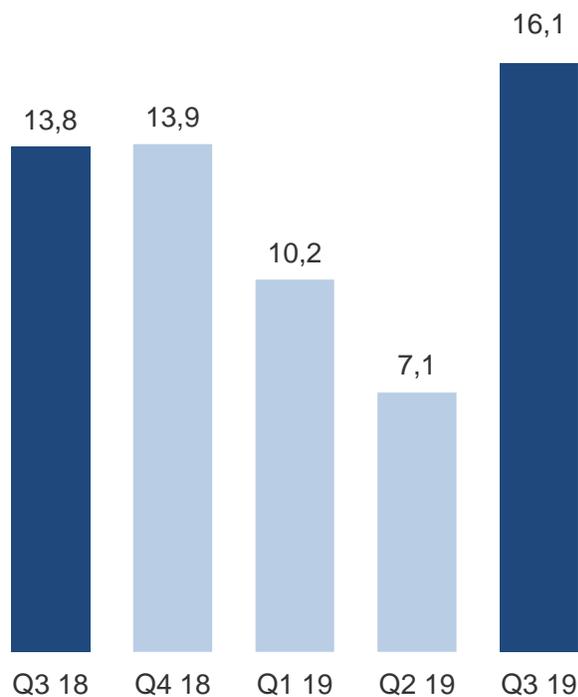
3Q 2019 Highlights

1. Atlantic salmon 3Q harvest at 16,116 ton, up 16.5% vs Q3 2018, with updated annual harvest forecast at 55,400 ton in 2019.
2. Revenues down 6% in 3Q, due to lower average price (-5.3% y-o-y). Inventory build-up of 4,200 tons, to be realized in Q4 2019.
3. Live weight cost (ex-cage) at US\$ 2.87/kg, down 11% in 3Q and lower than H1 2019, under normalized environmental conditions.
4. Processing cost at US\$ 0.84/kg, bellow Company's target of \$1/kg, due to scale.
5. Admin & Sales expenses drop from 6.7% to 6.3% of Revenues (ex-trading) in the 9 months to September.
6. EBIT/kg was US\$ 1.29, higher than H1 2019, and down 9.9% compared to Q3 2018, mainly due to sales prices.

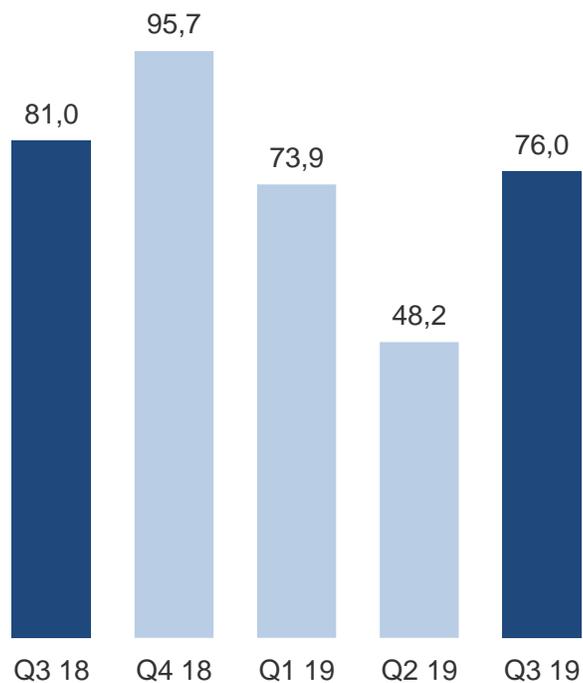


Financial highlights

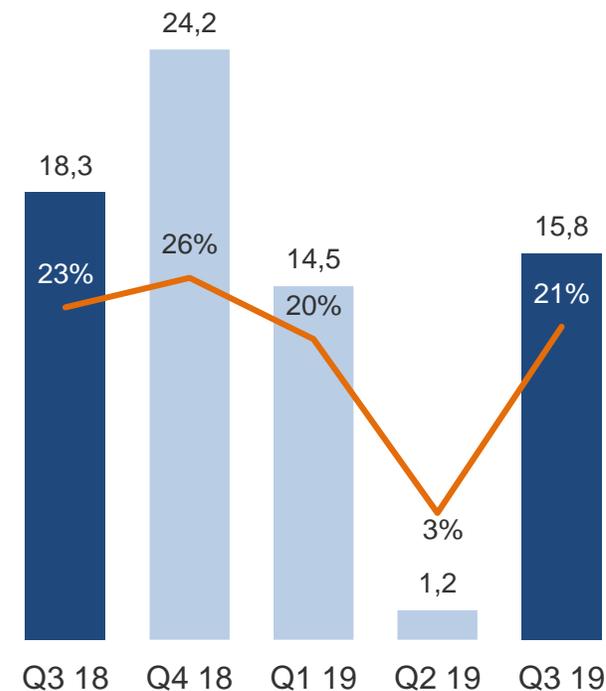
Atlantic salmon harvest volume
Th ton WFE



Revenues
MUS\$



EBIT and EBIT-margin
MUS\$ and %



An advocator for sustainable salmon farming

Sustainability indicators

(closed sites)

	2016	2017	2018	YTD 2019
# of antibiotic treatments	2,4	2,7	2,7	1,6
Antibiotic usage [g API per ton]	550,5	569,3	518,8	505,8
Antiparasitic usage [g API per ton]	4,9	7,8	6,5	13,9
# Escape incidents	0	0	0	0
Length of cycle/Fallow period [months]	18/6	17/7	17/7	16/8
FIFO Ratio	0,8	0,7	0,6	0,6

- Integrated sustainability model throughout business units
- Founding member of GSI
- Transparency through KPIs and reporting
- Increasing emphasis on circular economy and community engagement
- 1st Chilean salmon farmer to measure carbon footprint and to set carbon neutral production target
- Member of Chilean Salmon Antibiotic Reduction Program (“CSARP”), agreed with MBA: 50% cut by 2025
- Increase in antiparasitic use due to lower efficacy of existing AZ treatments. Will see further increase in 4Q



Atlantic salmon biology

Total quarterly mortality



Biological indicators

	2016	2017	2018	YTD 2019
FCRb* (live weight)	1.29	1.21	1.17	1.22
Yield (kg WFE/smolt)	4.32	4.76	4.83	4.36
Average harvest weight (kg WFE)	5.03	5,14	5.32	4,65

* FCRb = Biological Feed conversion ratio

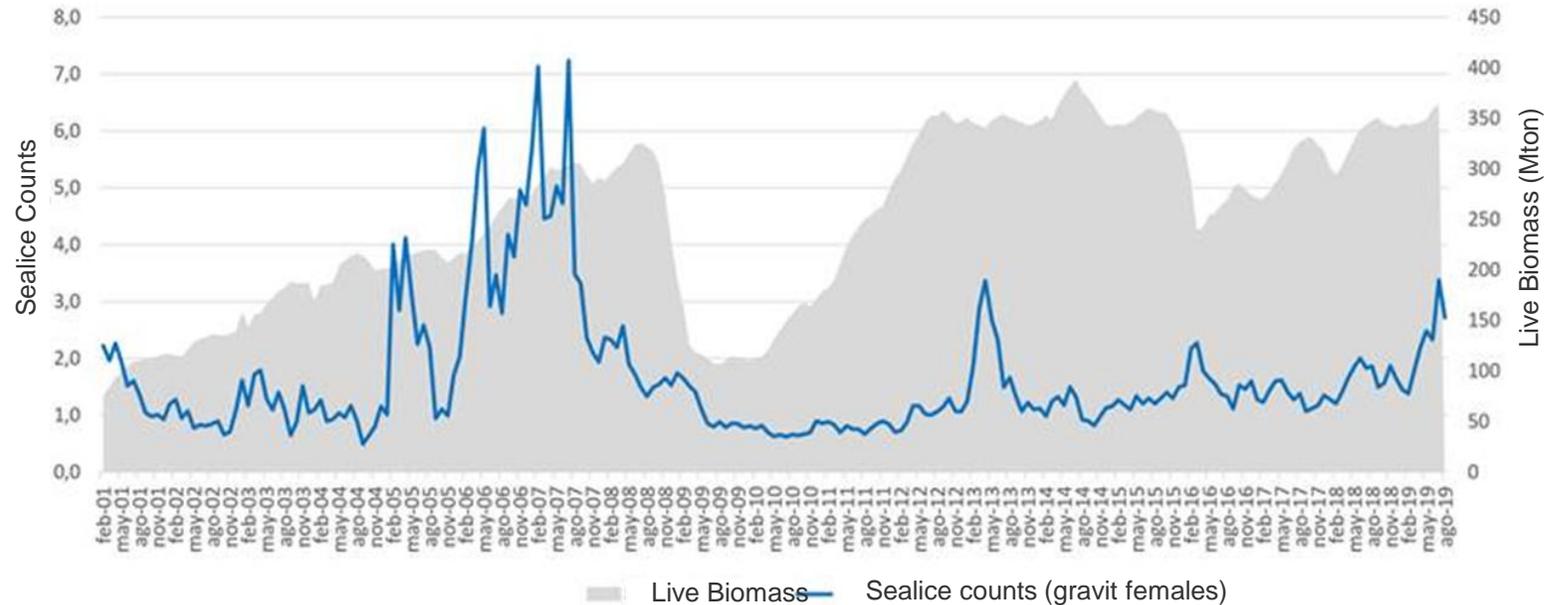
Improvement measures

- Increase # of feed lines
- Remote feeding
- Use of high-energy & micro diets
- Photoperiod light use
- Use of Live SRS vaccines and Lufenuron



Sealice situation

Industry sealice evolution



- Industry biomass and sealice levels have been increasing.
- Current and most used pharmacological treatment (Azamethiphos) had been decreasing its efficiency (current industry average 70%).
- **Consequence:** Increase the number of treatments to control the lice
- As of September 2019: 97 treatments, US\$3,3 MM.
(As of Sep 2018: 39 treatments, US\$1,4 MM)

New treatment measures.

- Pharmacological treatments:
 - Hydrogen Peroxide. Since november 2019. High efficiency over gravid females (>95%).
 - Alfaflux (Pharmaq). Udes since November 2019. Expected 5- 6 month full protection since 0,8 kg up to 3 kg

New non pharmacological treatments.

- Optilicer (thermal treatment) since mid Dec. 2019.
- FLS (pressure and flushing treatment) since Jan 2020.

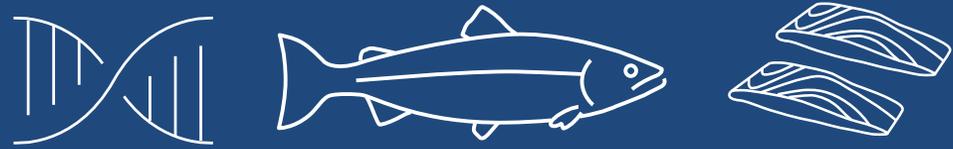
New regulation allows more flexibility.

- Allows consecutive voluntary harvest (25% site y 3 weeks) without any risk score impact.
- More flexibility in sealice counts when non pharmacological treatments have been made.

Salmones Camanchaca risk exposure

- 5 sites in CAD #1 category.
- Medium and high risk areas: Ton to be harvest.
 - Dec 2019-Q1 2020: 15.000 ton (lower risk)
 - Q2 2020: 11.000 ton
 - Q3 2020: 2.000 ton
 - Q4 2020: 4.000 ton

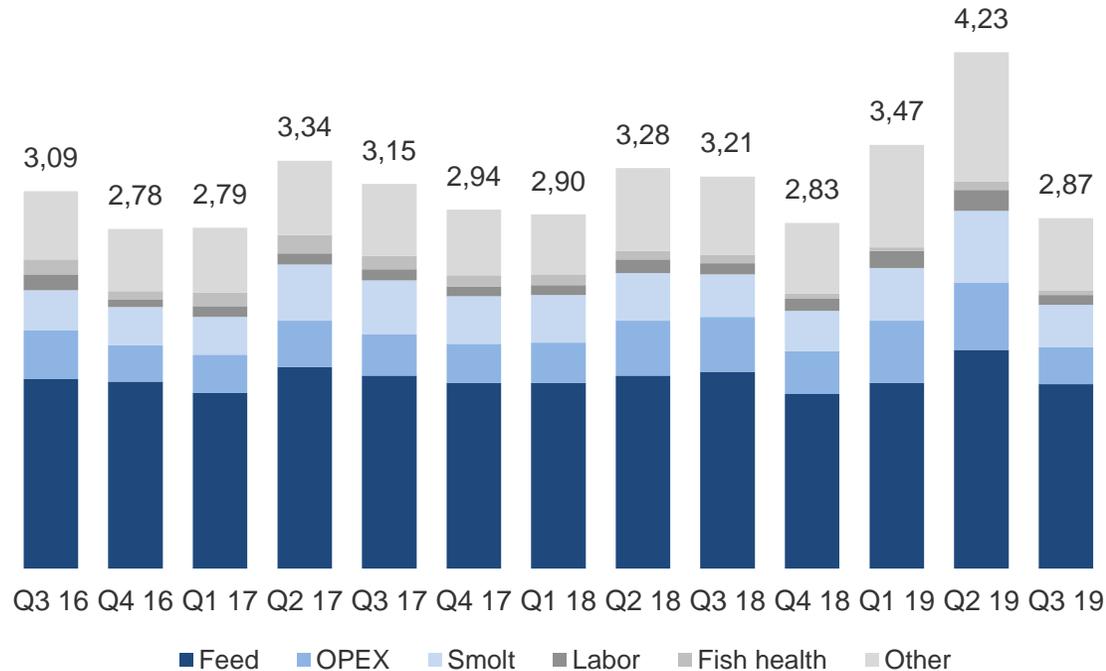




Operational review

Q3 2019 live fish cost: below target of US\$3/kg

Atlantic salmon live weight ex-cage cost
US\$/kg WFE

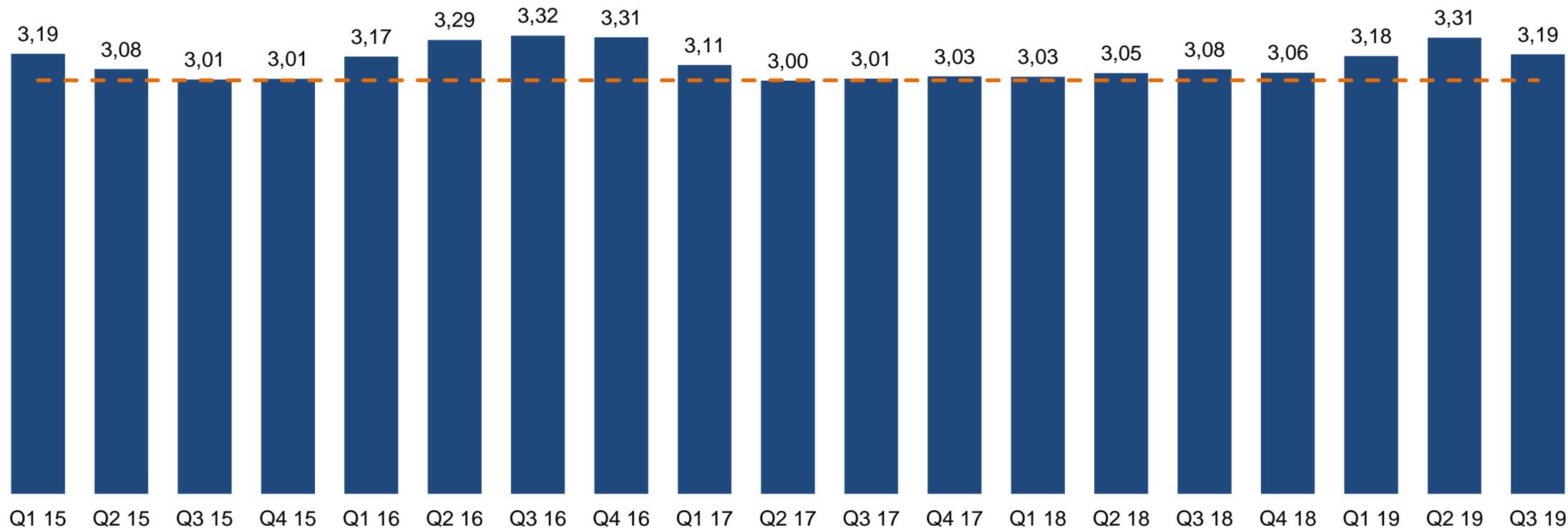


- Normalized environmental and density conditions in harvested sites
- Feed cost decreased compared with Q3 2018 (-6%) and Q3 2017 (-4%)



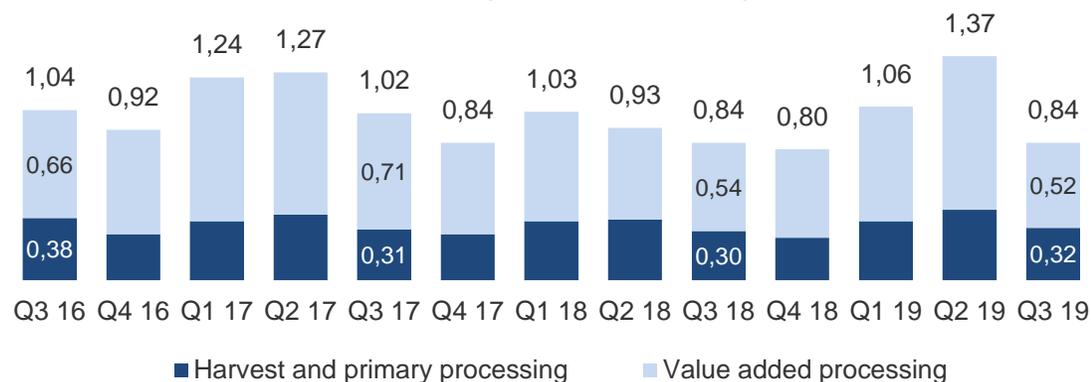
Stable twelve months rolling cost development

Atlantic salmon LTM rolling live weight ex-cage cost
US\$/kg

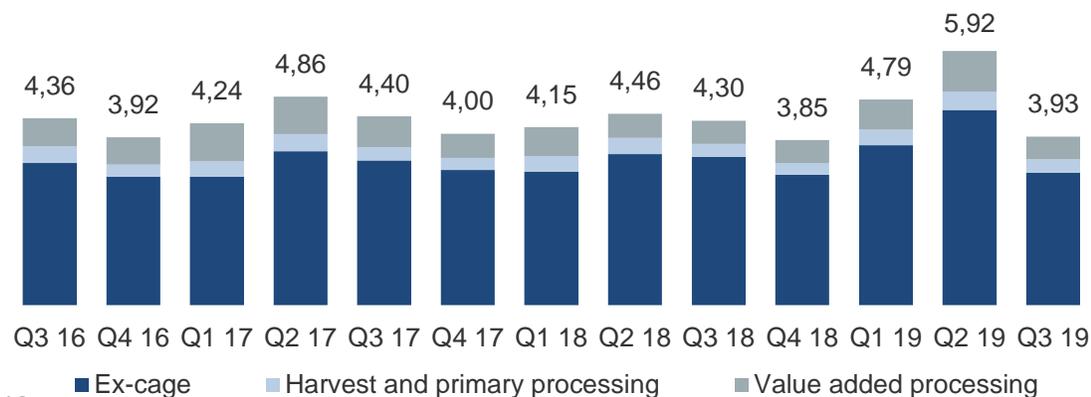


Q3 Costs aligned with the long-term target

Atlantic salmon processing cost (US\$/kg WFE)



Atlantic Finished Product Cost



- Total processing cost in Q3 2019 was US\$ 0.84 /kg WFE
 - Unchanged from Q3 2018
 - 16% below Company target
- Value added processing cost was US\$ 0.52/kg WFE
 - Down 4% from Q3 2018
- Finished product cost of US\$ 3.93/kg WFE
 - Down 9% compared to Q3 2018
 - Lower live weight cost due to sanitary and density normal conditions
 - Primary and secondary processing cost decrease due to scale and higher average weight



Harvest Volume

Atlantic salmon harvest volume

Thousand tons WFE



Atlantic Salmon	2016	2017	2018	2019*
Smolt Stocking (mill, Units)	8.4	9.7	11.9	10.7
Harvest volume (Th, Ton WFE)	36.2	34.2	48.5	55.4

- Compared to 2017 (same zones harvested), Atlantic salmon harvest is 18,000 tons WFE higher, or +60%.
- Keep original 2019 estimate of 55,400 tons WFE in Atlantic salmon harvested
- 20% of 2019 farming sites stocked at lower density (9 kg/m³) for one cycle (temporary)





Financial review

Q3 2019 financial figures

ThUS\$	Q3 2019	Q3 2018	9m 2019	9m 2018	2018
Operating revenue	75,999	80,950	198,054	236,603	332,301
EBITDA before fair value	19,830	21,210	41,335	55,874	83,354
EBIT before fair value	15,841	18,339	31,547	47,577	72,085
EBIT-margin	20.8%	22.7%	15.9%	20.1%	21.7%
Net profit (loss) for the period	21,961	14,780	33,157	33,619	44,017
Harvests (ton GWE)	14,504	12,448	30,099	31,097	43,646
Sales (ton GWE Company-farmed)	11,420	11,525	28,416	30,872	45,029
Ex-cage cost (US\$/Kg live weight)	2.87	3.21	3.34	3.15	3.06
Process cost (US\$/Kg GWE)	0.93	0.93	1.13	1.01	0.99
Price (US\$/Kg GWE)	6.46	6.82	6.72	6.90	6.80
Atlantic EBIT/Kg GWE (US\$)	1.43	1.59	1.17	1.43	1.53
Financial debt			100,573	70,181	50,243
NIBD			92,434	51,826	37,100
Equity/Assets ratio			49%	53%	54%
NIBD/EBITDA			1.34	0.72	0.45



Cash flow and Financial position

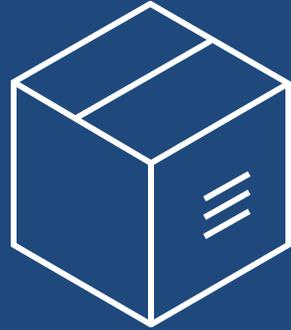
ThUS\$	Q3 19	Q3 18
Cash flow from operating activities	2,215	21,241
Cash flow from investment activities	(8,421)	(9,221)
Cash flow from financing activities	5,000	(9,994)
Cash at the end of the period	8,139	18,355

- Operating cash of US\$ 2.2 million affected by lower sales in Q2 2019 and inventory build-up in 3Q.
- Investments in line with plans for 2019-2021.
- US\$ 5 million from financing activities to build up inventory and biomass

ThUS\$	30/09/2019	31/12/2018
Total current assets	268,207	216,248
Total non-current assets	148,577	124,367
Total assets	416,784	340,615
Total current liabilities	96,273	93,238
Total non-current liabilities	113,137	63,476
Total liabilities	209,410	156,714
Total equity	207,374	183,901
Total equity and liabilities	416,784	340,615

- Total assets increased by 22.4% or US\$ 76.2 million due to higher biological and fixed asset, funded by:
- Total liabilities increased by 23.6% or US\$ 52.7 million to support growth and investment plans.
- Total equity increased by 12.8% or US\$ 23.5 million due to 2019 earnings.





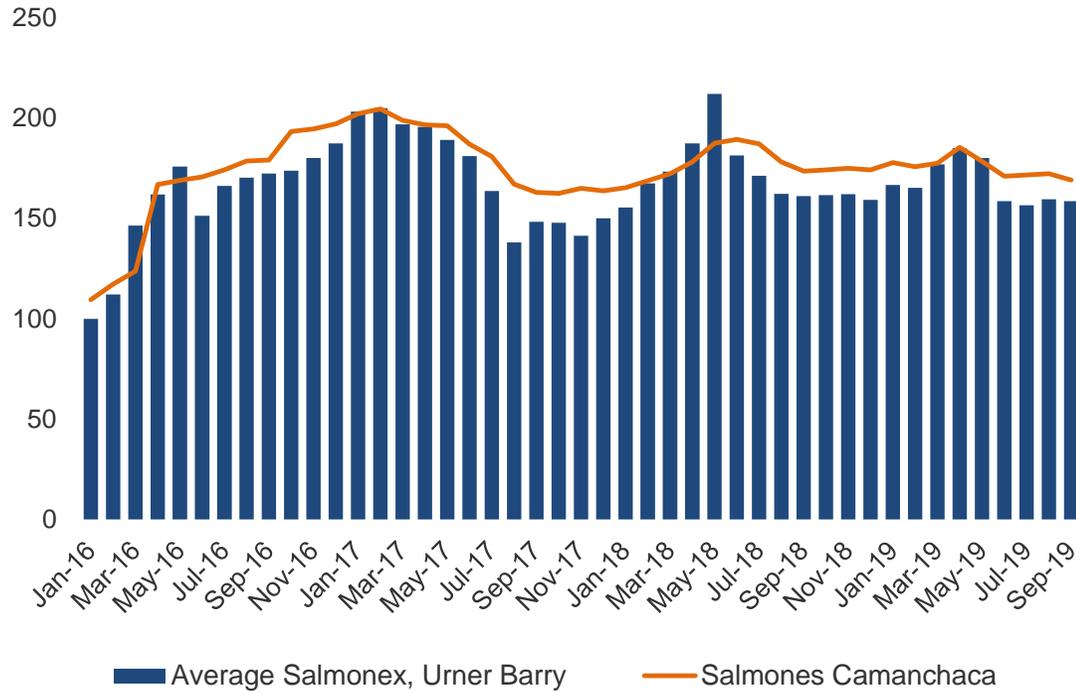
Markets

Atlantic salmon price

Return on Raw Material (RRM)

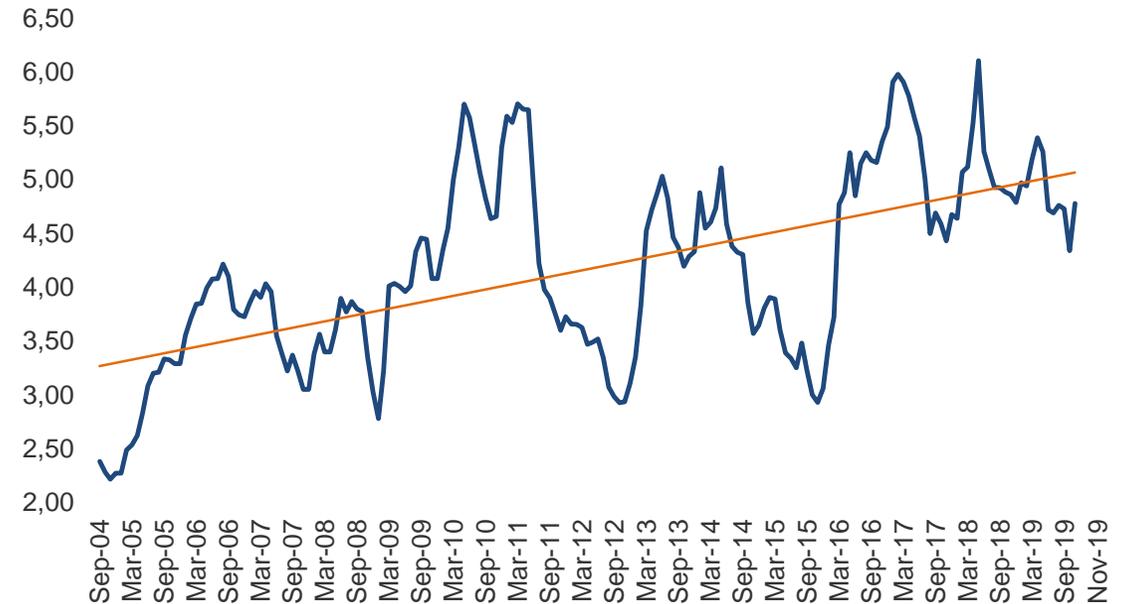
Salmones Camanchaca vs US Benchmark

(Avg Salmonex, Urner Barry, Jan 2016 = Base 100)



Long term trend US Market Price

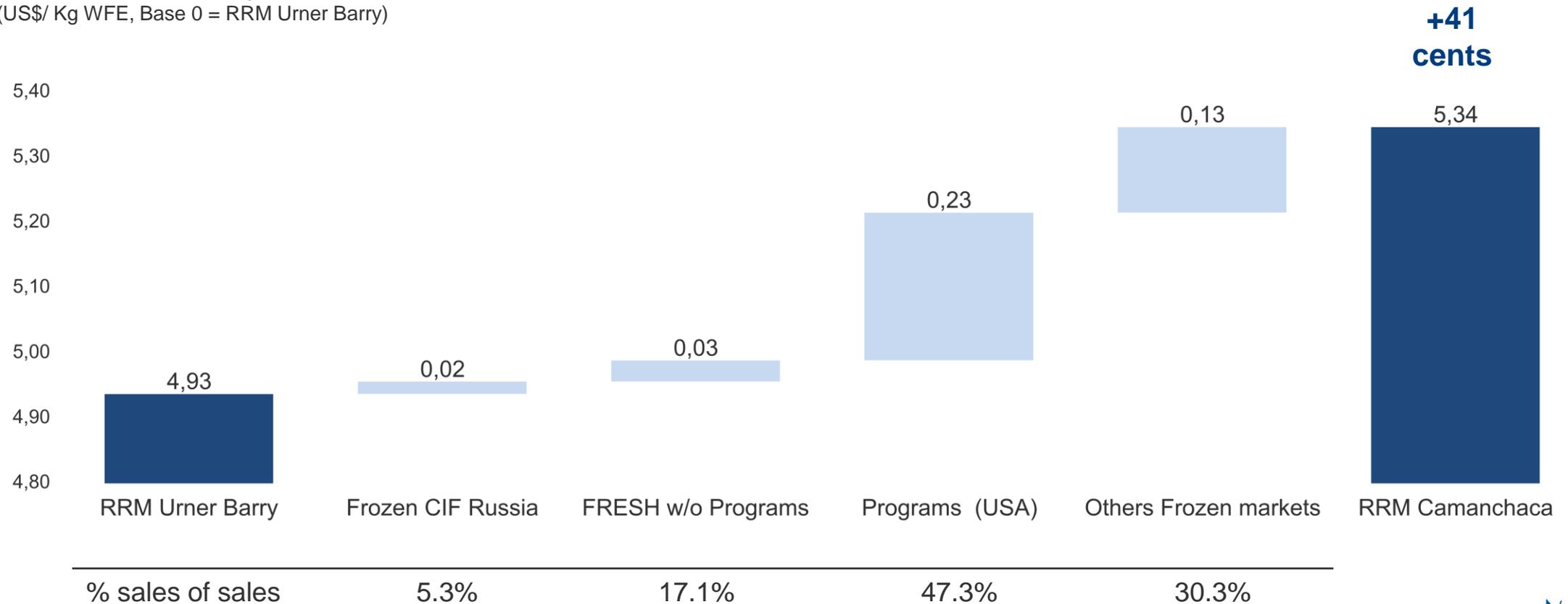
(Urner Barry, US\$/lb)



Salmones Camanchaca vs Urner Barry Q3 2019

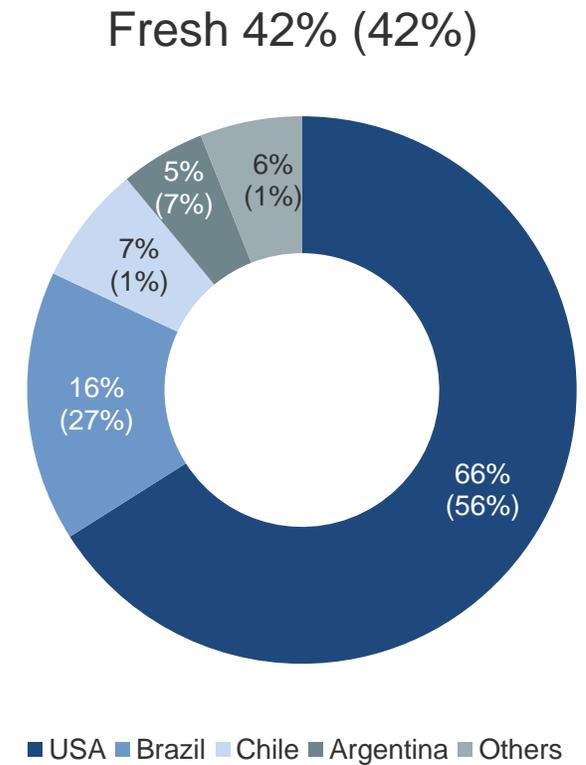
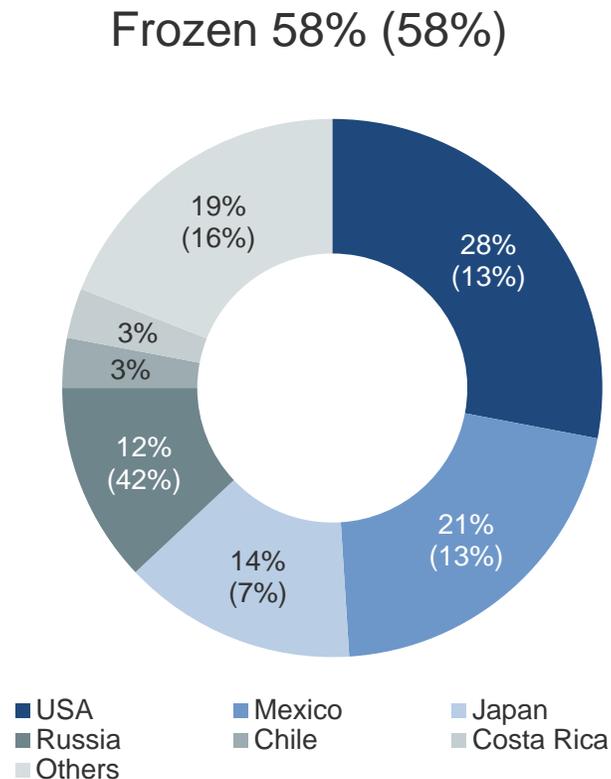
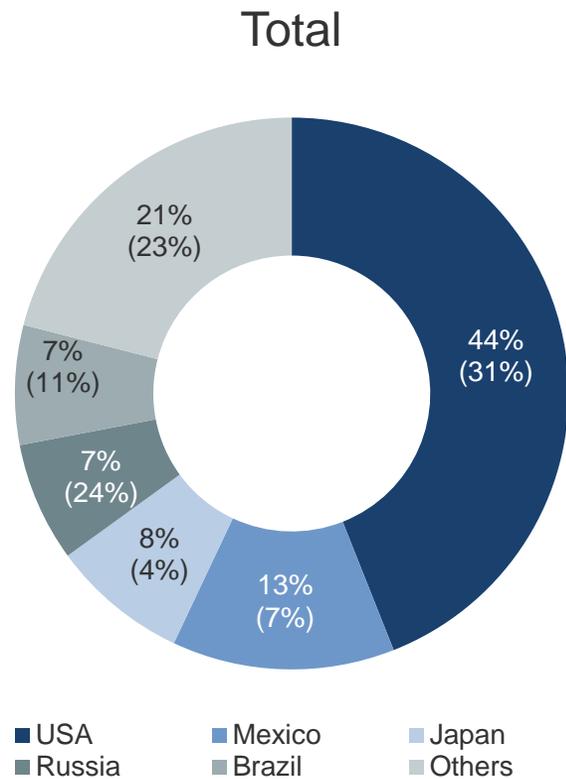
RRM = Return or Price obtained for WFE primary processed fish (Raw Material)

RRM Urner Barry vs RRM Camanchaca
(US\$/ Kg WFE, Base 0 = RRM Urner Barry)



Sales distribution of Atlantic salmon based on US\$ sales

9m 2019 (9m 2018)



Chilean social situation

Employees & Facilities

- No harm on any of our employees or their relatives
- High attendance ratio in all facilities
- No harm on any facility

Seawater

- Normal operation and procurement of feed, oxygen, oil and other supplies
- Annual harvest according to plan, but limited in late October by plant's availability (app 1.000 ton).

Processing

Primary processing

- 5 shifts suspended: 1.000 ton processing capacity
- All harvest were from 10th region: not impacted by port of Quellón situation
- Currently operating normally

Secondary processing

- 2 shifts suspended
- Currently operating normally

Sales & Marketing

- Sales according to plan
- Limited impact due to ports strikes
- No airfreights limitations

Summary:

1. Approximately 1,000 tons not harvested/processed (1.8% of annual total), transferred to 2020
2. Approximately 12% CL\$ devaluation: 35% of expenses and costs are in local currency
3. Limited impact in rural and/or inhabited locations



Our targets

	Subject	Ambitions and targets	Status
Dividend	Competitive long-term shareholder returns	50% of net distributable profit	50% in 2018
Capital structure and funding	Net debt/EBITDA	< 1.5x	1.34x in LTM at Sept'19
	Equity/Total assets	> 40%	49.8% at Sept'19
Harvest volume	Atlantic Salmon	63,000 tons WFE by 2023	On track: 55,400 FY 2019
	Other species	12,000-17,000 tons by 2023	On track: 4,500 coho + 7,000 trout JV FY 2019
Cost development	Ex-cage cost (live weight)	FY: ~ US\$ 3/kg	Q3 2019: US\$ 2.87 LTM: US\$ 3.19
	Processing cost (WFE)	FY: < US\$ 1/kg	Q3 2019: US\$ 0.84 LTM: US\$ 0.96



Summary

- Live weight cost back on track: \$2.87/kg under normal conditions in harvested sites (environment and stocking density)
- EBIT (ex-trout) of US\$ 16.4 million, down 11% y-o-y but 4,200 tons in inventories to be sold in Q4 2019 (app US\$5 million margin).
- 2019 FY Atlantic harvest volume estimated at 55,400 tons, and 4,500 tons Pacific (all WFE).
- Estimated FY 2020 Atlantic harvest volume at 54-55,000 tons, and 4,300 tons of Pacific (all WFE).
- Extraordinary situation in Chile have had limited impact so far on Salmones Camanchaca. F/X conditions are favorable.





Q&A

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