

Salmones Camanchaca – Q4 2022 results

Highlights

- Harvest volume of Atlantic salmon at 9,659 MT WFE, down 36% from Q4 2021 mainly due to accelerated harvest in Q3 2022
- Strong earnings recovery from pandemic and 2021 algae blooms, with EBITDA up 29% year-over year, driven by higher salmon prices and a good mix of products and sales markets. Full year 2022 EBITDA at USD 77.7 million, considerably higher than the USD 3.2 million in 2021 and in line with pre-pandemic levels
- Q4 2022 cost of harvested Atlantic salmon (ex-cage live weight) was USD 3.91/kg, in line with Q4 2021, driven by higher feed costs, cost related to environmental risk mitigation measures, in addition to general inflationary pressure
- Total processing and harvesting costs were USD 1.26/kg WFE, up from USD 0.91/kg WFE for Q4 2021 and above target of USD 1/kg WFE. The increase is explained by lower processing volumes, a higher proportion of harvests from remote sites in the XI region and inflationary pressures from consumables
- Cash balances as of December 31, 2022, were USD 20.8 million. Net interest-bearing debt was USD 75 million, down USD 46.8 million from 12 months earlier. Net Debt over EBITDA ratio for the last 12 months was 0.97, well below the limit required by lending contracts with banks of 4
- Atlantic salmon harvest volumes for 2023 are expected to be between 44,000 and 46,000 MT WFE, while Coho salmon harvest volumes are expected to be 10,000 to 12,000 MT WFE for 2023 season

Santiago, 22 February 2023: The average sales price of Atlantic salmon was USD 7.42/kg WFE, which was 18% or USD 1.15/kg WFE higher than Q4 2021, caused by strong demand against a backdrop of limited supply. Salmones Camanchaca's flexibility to change product types and markets helped to capture favorable prices and market opportunities. Operating revenue was USD 98.6 million, 8% lower than in Q4 2021 due to lower sales volumes.

Biological performance continues to improve with the biological conversion ratio reaching 1.09 in 2022, its lowest full year ever. As did the FIFO indicator, which reached 0.47. Smolt productivity, measured as biomass harvested/number of smolts stocked was 37% higher than the previous year, while the average closed-cycle harvest weight was up 12% from 2021.

Ex-cage costs for the quarter were USD 3.91/kg live weight, in line with Q4 2021, impacted by increased feed costs, in addition to general inflation affecting services and other supplies.

Meanwhile, processing costs including harvesting were USD 1.26/kg WFE, above the long-term target of USD 1/kg WFE. Processing costs were affected by more remote sites harvested and using third party processing plants for frozen products.

Salmones Camanchaca has market and product type flexibility, adapting to requirements and targeting markets with favorable conditions. The objective is to focus on the markets and product types that offer the best return on its raw materials over the medium term, while preserving stable relationships with customers in these markets.

By adding further value within the Company's products and medium-term commercial agreements that attenuate volatility, Salmones Camanchaca has managed to improve price stability in 2022. During the first half of 2022, raw material return (RMR) from Atlantic salmon products lagged the Salmonex market benchmark as spot prices increased. However, due to positive results from its diversification strategy, the company has turned this trend, and in Q4 2022 the company achieved an average RMR-margin of USD 0.6/kg WFE above benchmark.

EBIT before fair value adjustments for Q4 2022 was USD 18.1 million, an increase of 34.6% over Q4 2021, which was due to better prices for Atlantic salmon sales. Thus, EBIT/kg WFE for Atlantic salmon was USD 1.47 during Q4 2022, a substantial improvement over Q4 2021 at USD 0.74. Sales volumes of Coho salmon were low at only 476 MT WFE, due to a better operating performance which delayed harvests to the end of 2022, resulting in an EBIT/kg WFE of USD 0.31, which is not representative of this season's performance.

Commenting on the performance of Salmones Camanchaca, vice chairman Ricardo García, said:

"The results of 2022 show the capability of Salmones Camanchaca to create value under normal scenarios, based on a high production and commercial flexibility, and normal oceanographic conditions that allows to maintain fish health. It is comforting to see how robust and resilient the demand for salmon is, and how consumers around the world have incorporated this product into their diets, projecting that this will continue in the coming years. With the limited growth of world supply, this should lead to prices in high levels. Also, we see great opportunities in Coho as it adapts well to the conditions of Chilean Patagonia and have better resistance to existing endemic diseases. Our value-added strategy and market diversification boost the Company to reach its full potential. Our main challenge for the future is to mitigate ocean risks and to be a good neighbor in the communities where we operate".

Finally, Ricardo García indicated that "with the resources obtained from the capital increase at the end of 2021, we have financed the risk diversification and excellence farming plan, and with the results of 2022 we have reduced our net financial debt by USD 47 million, resulting with a balance of USD 75 million. This allows us to strengthen our balance sheet and return to our long-term target levels, with a 12-month Net Debt to EBITDA ratio of less than 1x, well below the maximum of 4x contemplated in our debt contract, leaving us well prepared for future opportunities".

Salmones Camanchaca will present the fourth quarter 2022 results on Thursday, 23 February 2023 at 15:00 Central European Time (CET).

The presentation will be held on-line by Vice Chairman Ricardo García and CEO Manuel Arriagada.

To join the webcast, use the following link:

https://us02web.zoom.us/webinar/register/WN_oLAuJGcpTUqbPwahm-Vd2w

The presentation and subsequent Q&A session will be held in English. It will be possible to ask questions online. A recording of the webcast will be made available on the Investors section of the company's webpage.

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About Salmones Camanchaca

Salmones Camanchaca S.A. is a vertically integrated salmon producer engaged in breeding, egg production, recirculating hatcheries for Atlantic salmon and pass-through or lake hatcheries for Coho salmon and trout, fish

farming sites in estuary, fjord and oceanic waters used mainly for Atlantic salmon, primary and secondary processing, and marketing and sales of Atlantic and Coho salmon through five sales offices in its main markets.

The production target is 55,000 to 60,000 MT WFE for 2023 and 65,000 to 70,000 MT WFE for 2024, which is aligned with the Company's total Atlantic and Coho salmon production capacity. Salmones Camanchaca participates in trout farming through a one third share of a joint venture, which uses Salmones Camanchaca farming sites in coastal-estuarine waters, and currently plans to harvest an average of 9,000 MT WFE per year until 2028.

Salmones Camanchaca has 1,800 employees on average, 60% of whom work in its value-added plant. The main Atlantic salmon sales markets are currently the USA and Mexico.