

Salmones Camanchaca – Q4 2023 results

Highlights

- Atlantic salmon harvest volumes for Q4 2023 were 8,783 MT WFE, a decrease of 9% from 9,659 MT WFE in Q4 2022
- Atlantic salmon sales volumes for Q4 2023 were 12,793 MT WFE reducing inventories by almost 4,000 MT WFE during the period
- Coho salmon harvests reached 8,783 and sales volumes totaled 1,140 MT WFE for the quarter, resulting in high inventories of almost 9,000 MT WFE
- Operating revenue for Q4 2023 was USD 94.6 million, a decrease of 4% over Q4 2022, mainly due to lower sales prices, which fell 12% for Atlantic salmon and 38% for Coho salmon compared to the same period last year
- Cost of harvested Atlantic salmon (ex-cage live weight) was USD 4.55/kg, up 16% from Q4 2022, mainly due to SRS and sea lice impacting average harvest weights at one site
- Total processing cost of Atlantic salmon was USD 1.10/kg WFE, down from USD 1.26/kg WFE in Q4 2022, mainly due to lower logistic costs and a product mix with less value-added
- Q4 2023 EBITDA was USD 0.9 million compared to USD 22.7 million in Q4 2022. EBITDA for the full year 2023 was USD 33.5 million, compared to USD 77.7 million in 2022
- Atlantic salmon EBIT/kg WFE was USD 0.33 in Q4 2023, which compares to USD 1.45/kg WFE in Q4 2022. Coho salmon EBIT/kg WFE was negative USD 3.60, down from positive USD 0.51 in Q4 2022
- All the biological indicators improved during 2023 with a 27% reduction in the use of antibiotics, a 9% reduction in the use of anti-parasitic, and a 2% improvement in the biological conversion ratio, which improved from 1.09 in 2022 to 1.07 in 2023
- Atlantic salmon harvest volumes for 2024 are expected to be between 46,000 and 48,000 MT WFE, while Coho salmon harvest volumes are expected to be 4,000 and 5,000 MT WFE

Santiago, 21 February 2024: Salmones Camanchaca harvested 8,783 MT WFE of Atlantic salmon in Q4 2023, a decrease of 9.1% compared to 9,659 MT WFE for Q4 2022. Sales volumes were 12,793 MT WFE, an increase of 4.0% over the same period in 2022.

Coho salmon harvest volumes during Q4 2023 were 8,948 MT WFE, which compares with 3,365 MT WFE in Q4 2022, while sales volumes in Q4 2023 were 1,140 MT WFE compared to 476 MT WFE in Q4 2022. The 2023-2024 Coho season ended in January 2024 with 10,087 MT WFE, and 2023 calendar year harvest volumes were 11,439 MT WFE, an increase of 7,411 MT WFE over 2022 harvest volumes of 4,028 MT WFE. As of December 31, 2023, Coho salmon inventories were 9,000 MT WFE, which almost tripled 2022 closing inventories.

Biological performance continues to improve with the biological conversion ratio reaching 1.07 in 2023. As did the FIFO indicator, which was lower than Salmones Camanchacas long-term target and lower than the target set by the Sustainability Linked Loan. Smolt productivity, measured as biomass harvested/number of smolts stocked, was up 8% from the previous year, while the average closed-cycle harvest weight was 5.2 kg WFE, 7% higher than in 2022 and 20% higher than the previous cycle.

Atlantic salmon ex-cage live weight costs were USD 4.55/kg in the quarter, an increase of 16.3% from Q4 2022, mainly due to pressure from one site with SRS and sea lice outbreaks, which affected treatment costs at that site and average harvest weights. These costs were also affected by higher salmon feed prices.

Quarterly Atlantic salmon processing costs including harvesting were USD 1.10/kg WFE, which was lower than USD 1.26/kg WFE for Q4 2022, mainly due to only harvesting sites in the Tenth region with lower logistics costs and a product mix with less value-added. Extraordinary mortalities for the quarter were valued at USD 1.7 million, compared to USD 1.0 million in Q4 2022, mainly caused by Coho smolt elimination due to less sites to stock in 2024 plan (1 site instead of 3).

Quarterly expenses to maintain unused concessions or other fallow concessions were USD 1.0 million, down from USD 2.5 million in Q4 2022.

EBIT before fair value adjustments for Q4 2023 was negative USD 4.2 million, compared to positive USD 18.1 million in Q4 2022. Thus, EBIT/kg WFE for Atlantic salmon was USD 0.33/kg WFE for Q4 2023, compared to USD 1.45/kg WFE for Q4 2022. For Coho salmon, EBIT/kg WFE was negative USD 3.60, down from positive USD 0.51 in Q4 2022.

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

“There is no doubt that we faced important challenges in 2023 that made the results weak, and among which I highlight the seafood demand drop in the world, and the mitigation costs that we have had to implement for environmental and biological challenges. We are optimistic about the recovery in demand and our abilities to face business challenges and implement improvements and mitigations for salmon farming, but our greatest concern is the uncertainty of the institutional or regulatory order, where we are frequently shocked with surprises. For instances, the irrational ECMPO's requests for 600 thousand hectares for only 38 Chileans, this is an area equivalent to 5% of the entire territorial sea of Chile, concentrated in Aysén region, and that per benefited person means 15 million square meters of Chilean sea surface. Or like the surprise of finding an article in the proposed Fishing Law that once again limits the use of concessions in protected areas in the SBAP, contradicting what was agreed in Parliament in May 2023, this time, hidden in a law from another sector”.

Salmones Camanchaca will present the fourth quarter 2023 results on Thursday, 22 February 2024 at 13:00 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://ubiqq.com/camanchaca/live>

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, 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 Company's Atlantic and Coho salmon production target for 2024 is between 50,000 and 53,000 MT WFE and for 2025 between 56,000 and 59,000 MT WFE. 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 during 2023 were the USA and Mexico.