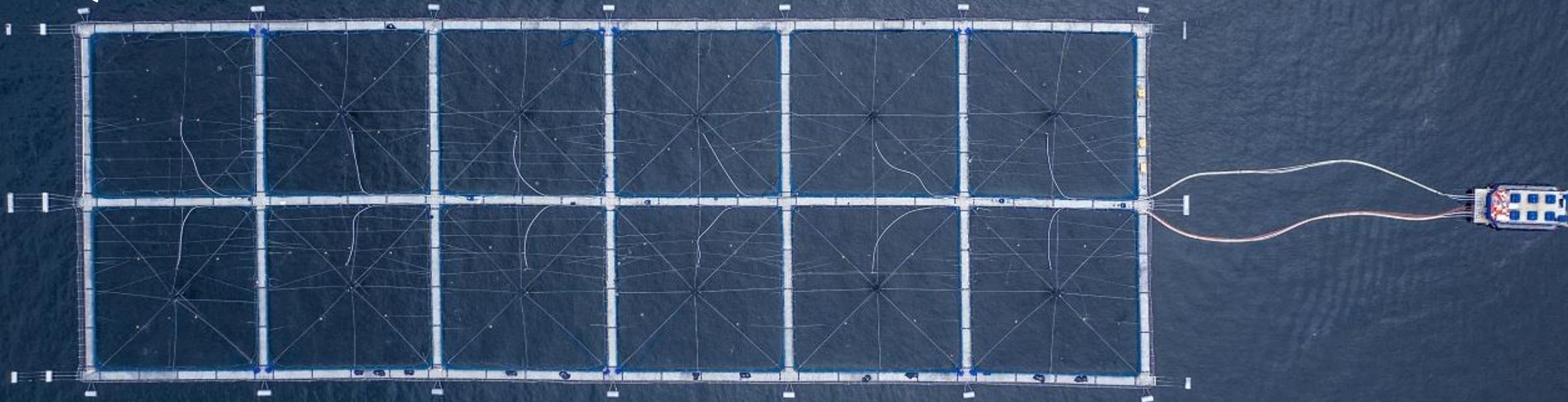




# Q2 2021 results



Santiago, Chile | 19 August 2021

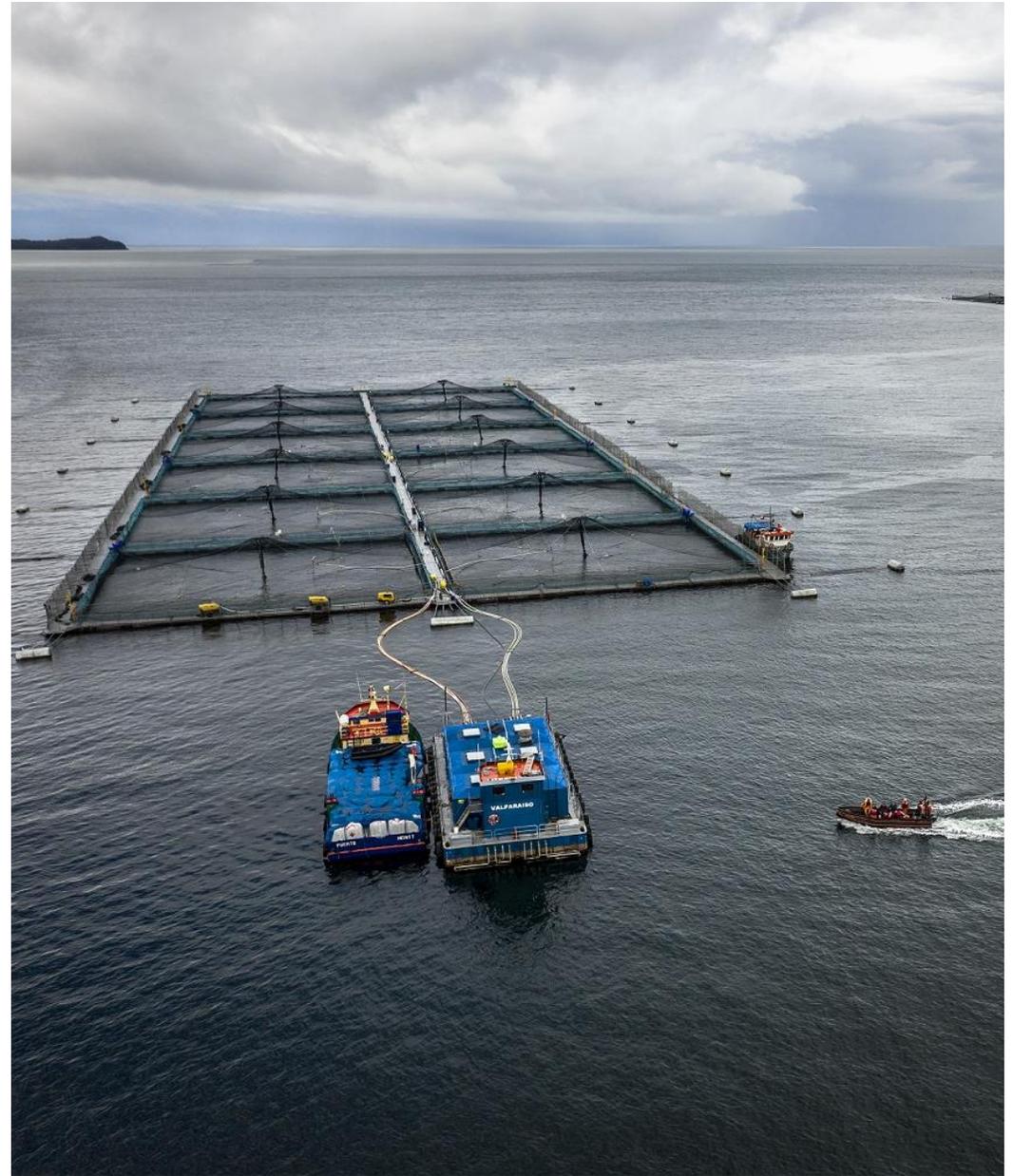
Ricardo García, Vice Chairman

Manuel Arriagada, CEO

*Mañihueico, Chile*

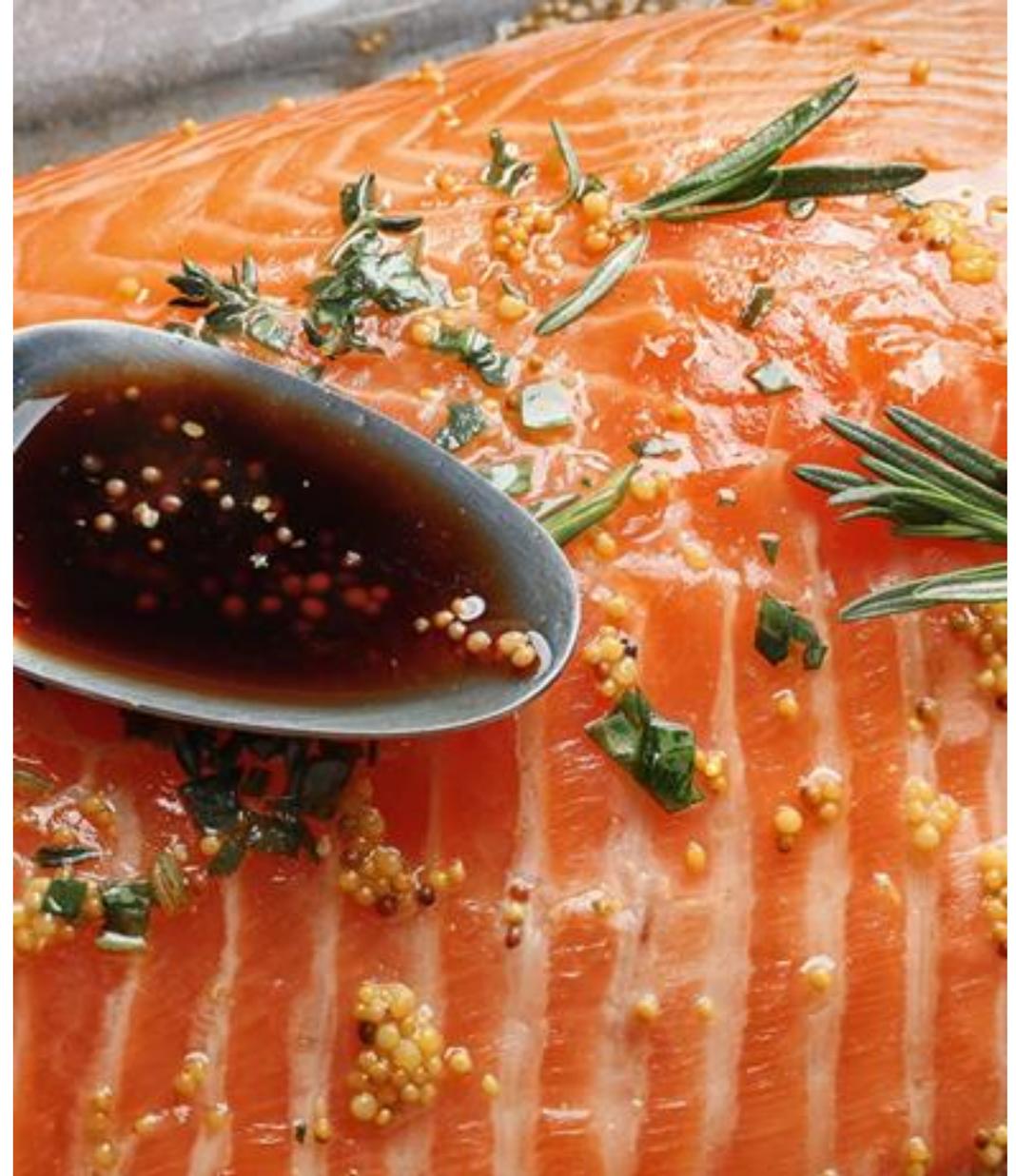
# Agenda

- Highlights of the quarter
- Operational review
- Markets
- Financial review
- Summary



# Q2 2021 Highlights

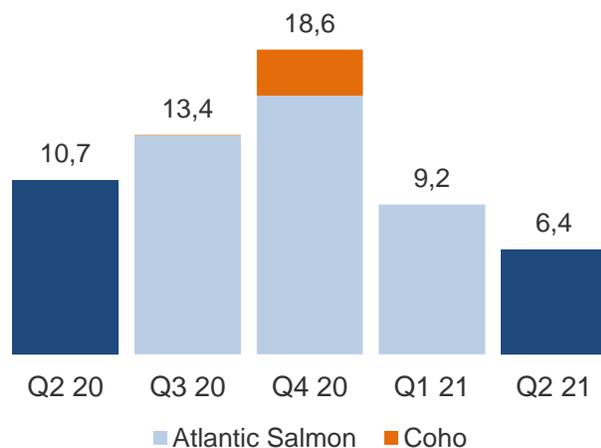
- Summer blooms with mortality and lower harvest weights, reduced volume and increased live cost, and impacted financial performance.
- Extraordinary mortality and mitigating measures generated direct negative impact on Ebitda of USD 3.2m.
- Market price large increase, although price realization lagging due to late 2020 and early 2021 sales agreements, and lower available volume for spot market.
- Harvest volumes of 6,422 MT, while sales at 8,577 MT, reducing inventories built in 4Q 2020 when prices were at historic low.
- Low harvest volume impacted processing cost per Kilo.
- With negative EBITDA, a waiver for NIBD/EBITDA covenant was obtained.
- Zero Covid fatalities with 75%+ of employees fully vaccinated, with no business interruption
- Revised volume guiding for 2021 at the 40-41.000 MT, down 4-5% from previous guidance.



# Financial highlights

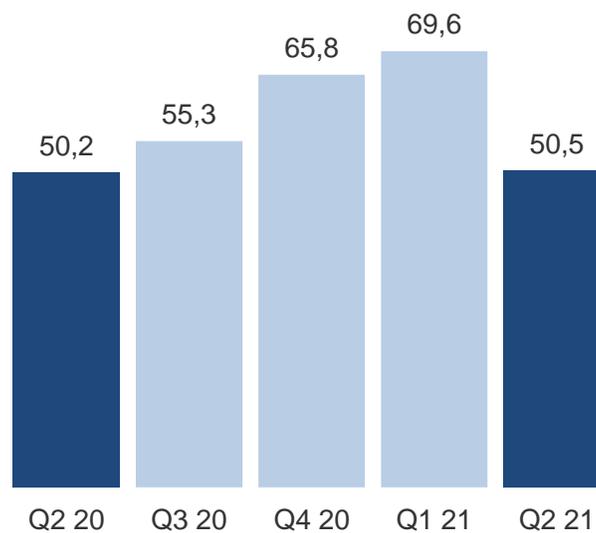
## Harvest volume

Thousands tons WFE



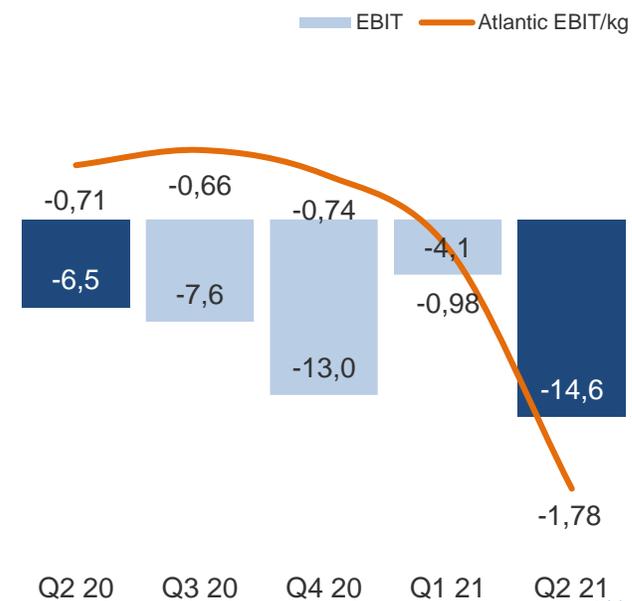
## Revenues

Million USD



## EBIT and Atlantic EBIT/kg WFE

Million USD and USD/kg WFE

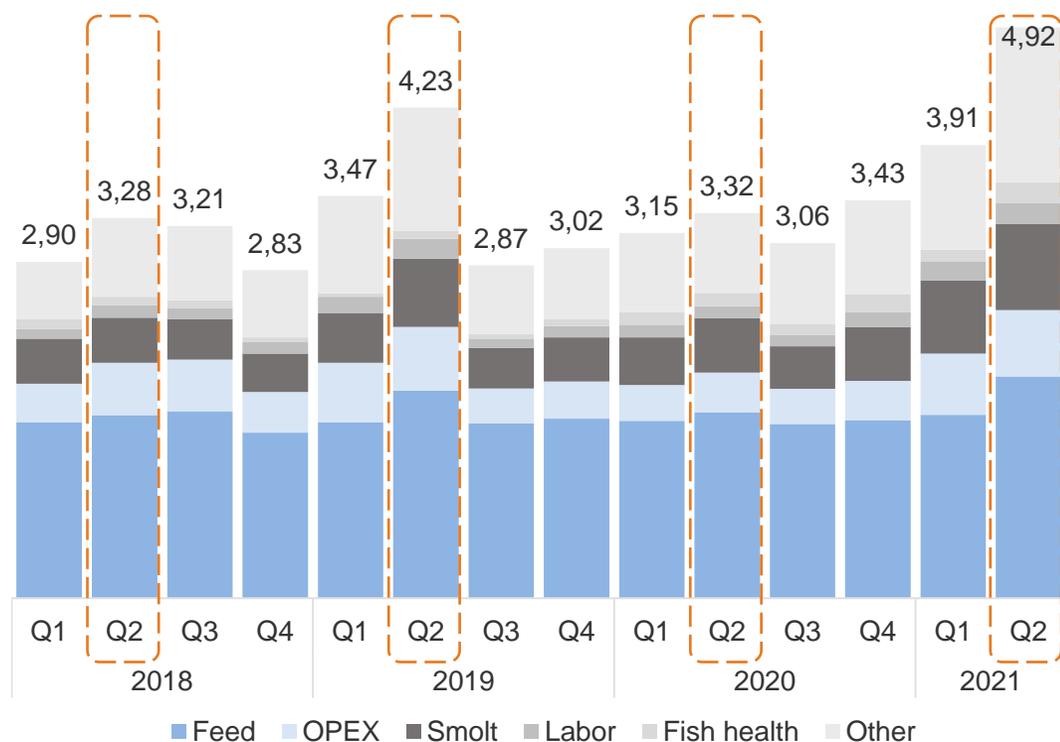




## Operational review

# Live weight cost above long-term target

Atlantic salmon LW ex-cage cost  
(USD/kg)



- Q2 2021 live weight cost at USD 4.92 /kg, impacted by:
  - Lower harvest weights and high mortalities from 3 sites in Reñihue fjord, affected by non-harmful algae blooms since Nov. 2020, carrying higher cost at an average weight of 3.87 Kg wfe.
  - Extraordinary mortality of one site due to predators also in the same fjord.
- Comau fjord's bloom effect on cost from lower volume will be reflected in Q4 2021,
- Expecting gradual improvement in farming cost throughout the 2H 2021, while normalizing in 2022.



# Finished product cost impacted by reduced processing volume

Atlantic Finished Product Cost  
(USD/kg WFE)



- Total cost at USD 6.73 /kg WFE, well above long term target of USD 4.23 /kg, Q2 2020 level, and comparable sites in Q2 2019.
- Processing cost at USD 1.44 /kg WFE, above target and Q2 2020, due to:
  - Lower harvest & processing volume,
  - Larger fraction of VAP reaching historic record of ~90%.



# Atlantic volume estimates

- Low volumes in Q2 2021 due high mortalities and low biomass growth/gain
- 2021 Atlantic harvest estimate at 40,000 - 41.000 MT, down 4-5%.
- 65% of 2021 harvest volume in 2H; 40% in 4Q 2021.
- Salmones Camanchaca's total stocking program in 2021 according to plan.
- 1H industry stocking up 18% YoY and 5% down from same period 2019 \*

## Atlantic harvest and smolt stocking

Thousand tons WFE and million units



\* Source: Aquabench June 2021



# Atlantic salmon biology

## Mortality rate (% of number of fish)



## Biology indicators (Closed sites)

	Q2 2018	Q2 2019	Q2 2020	Q2 2021
FCRb* (live weight)	1.21	1.30	1.18	1.14
Yield (kg WFE/smolt)	4.4	4.1	4.5	3.0
Average harvest weight (kg WFE)	4.8	4.3	5.2	4.1

\* FCRb = Biological Feed conversion ratio

- All 3 sea-sites in Reñihue fjord closed cycle in 2Q2021, heavily impacted by non-harmful algae bloom
- All-biomass mortality recognizing the Comau fjord's harmful algae incident in Q2 (~80% of total mortality)
- Closed site mortality impacted by Reñihué fjord.
- Excluding mortality, biological FCR below all previous 2Q's
- Low harvest weights due to diminished appetite/feeding in a context of algae bloom

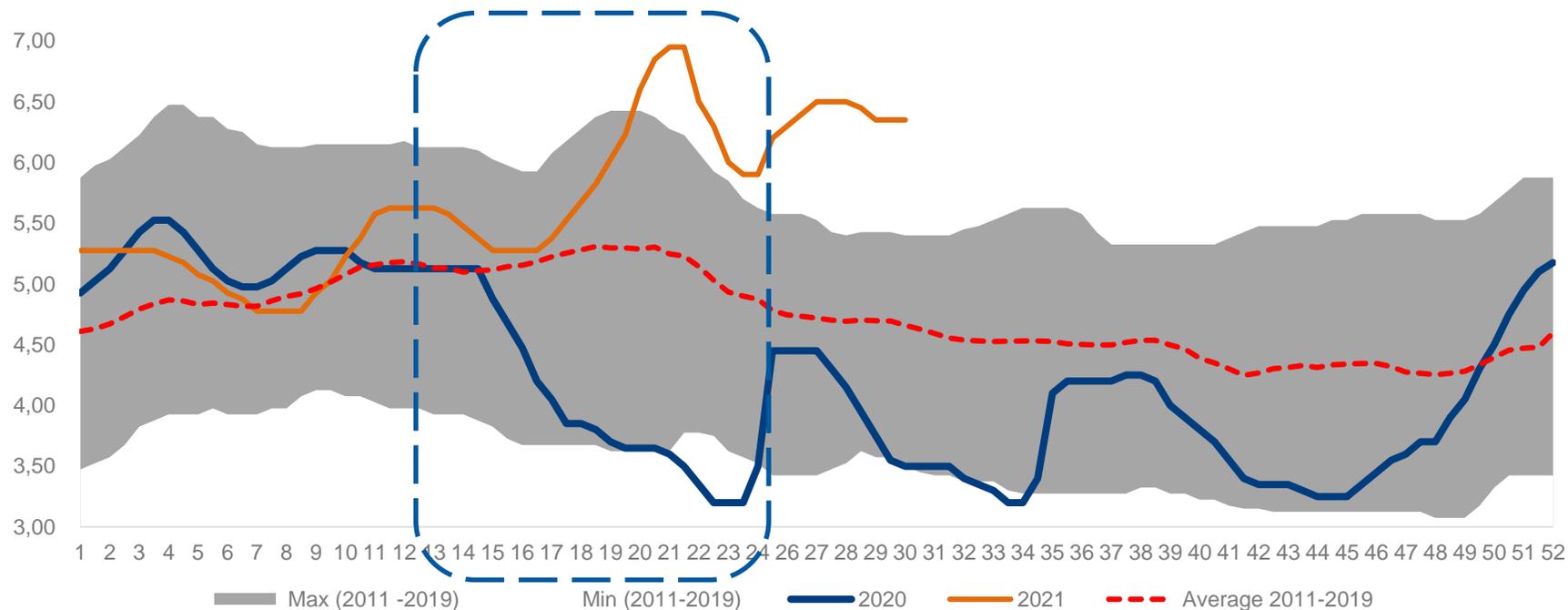




Markets

# Spot Market Price Evolution

UB Miami 3-4 Mid Trim D  
(USD per LB)

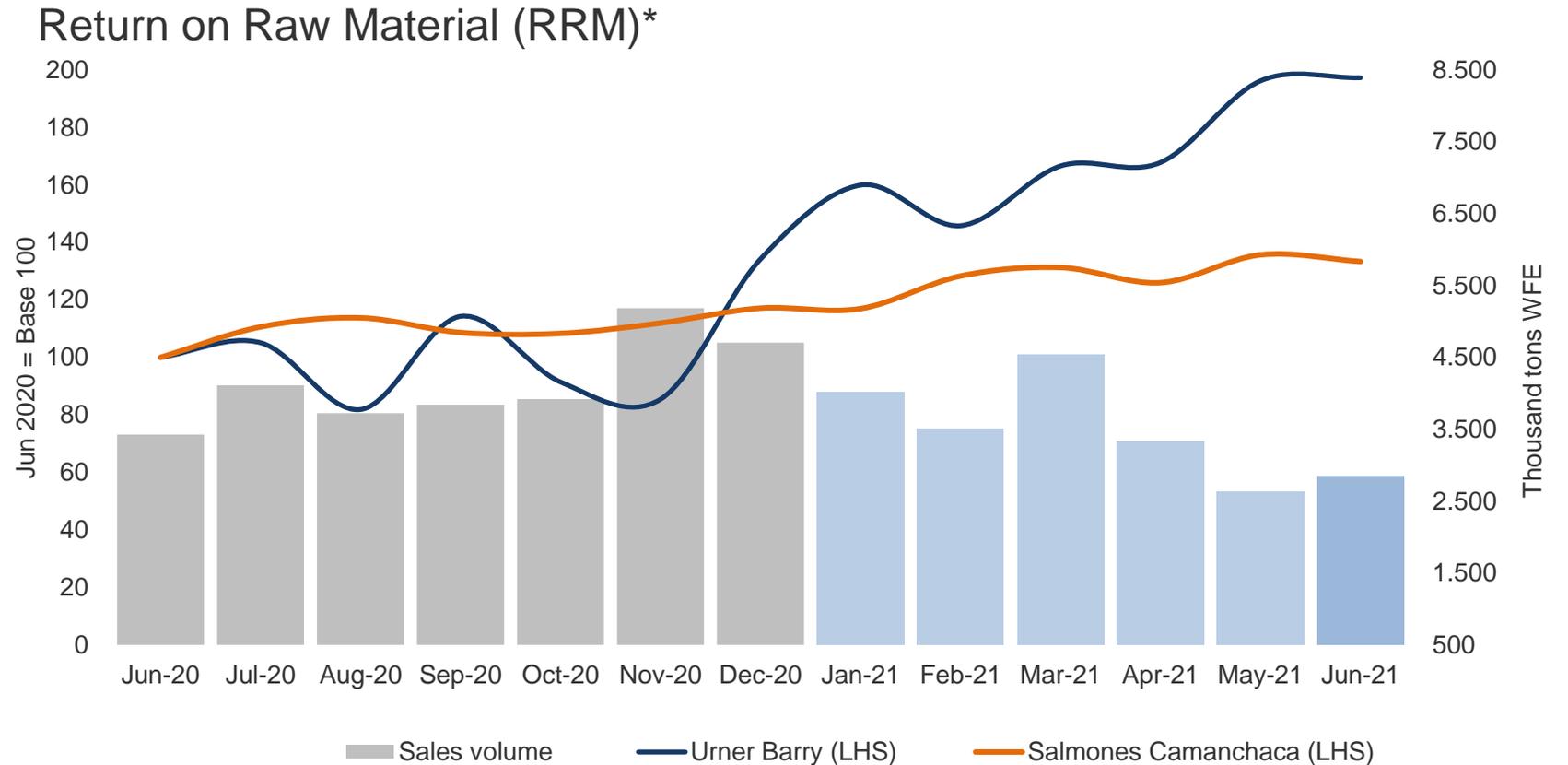


- Spot prices at historic highs, and well above pre-pandemic level
- Large reduction of Chilean supply in Q2 2021
- Reopening's of Food Service while Retail still very strong



# Salmones Camanchaca price achievement

- Salmones Camanchaca price achievements stable, due to value added agreements
- Value added agreements highly beneficial in 2H 2020, but lagging rapid price recovery in 2Q 2021
- Lower volume restricted price realization improvements
- 2H 2021: fully capturing higher market prices



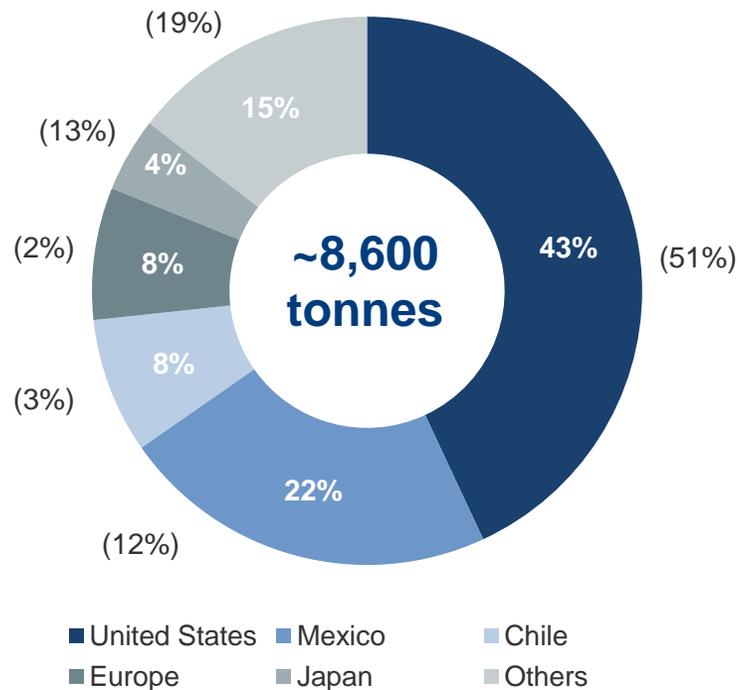
\*RRM = Return or Price obtained for WFE primary processed fish



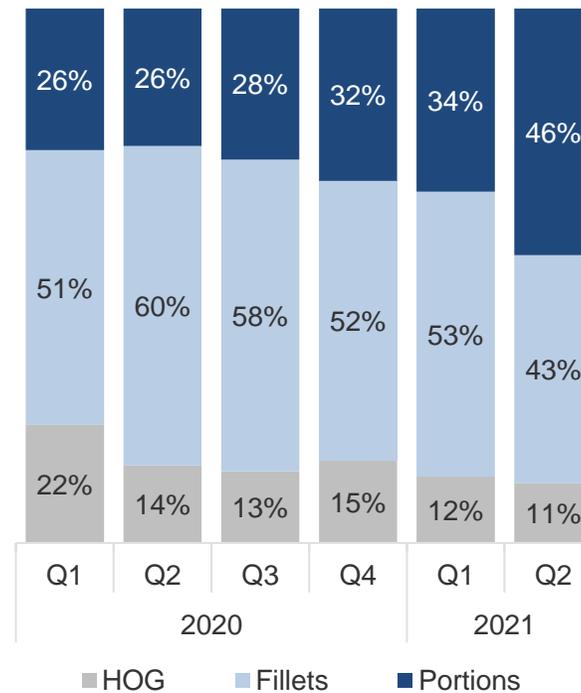
# Atlantic Sales: deepening value added strategy

(% of Q2 2021 Volume WFE)

Q2 2021 (Q2 2020)



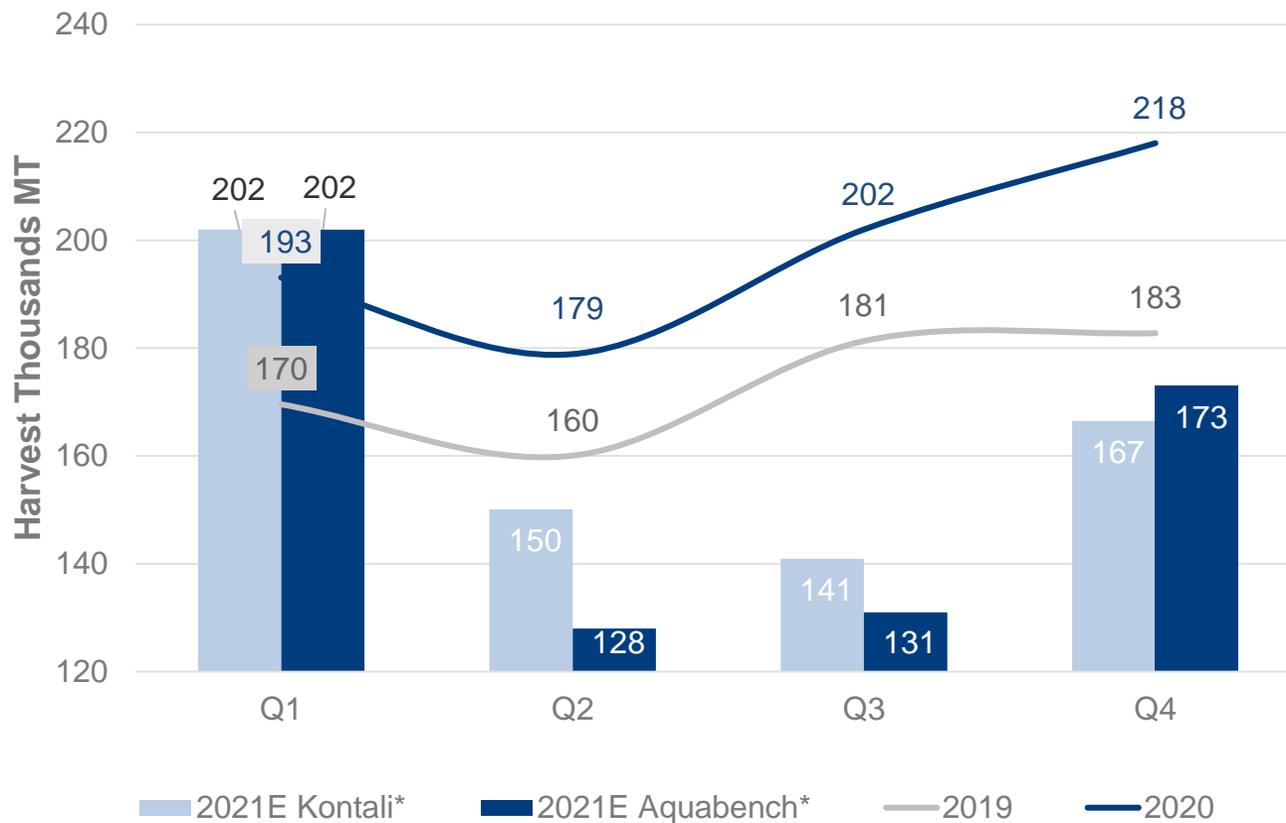
Quarterly distribution by product type



- Significant increase in Mexico as new distribution company operates
- USA remains top #1, but lower than 2020
- Salmones Camanchaca processing plant re-authorized for Russia
- Focus on portions, which became almost 50% of sales
- Inventories built in 4Q 2020 in depressed markets, now released at much higher prices



# Chile: Atlantic industry projections



- FY 2020 Atlantic harvest at 790,000 MT
- FY 2021 estimate 635-660,000 MT, down 18% y-o-y and in line with 2017 & 2018
- Q3 2021 volume remain low, recovering by 4Q 2021





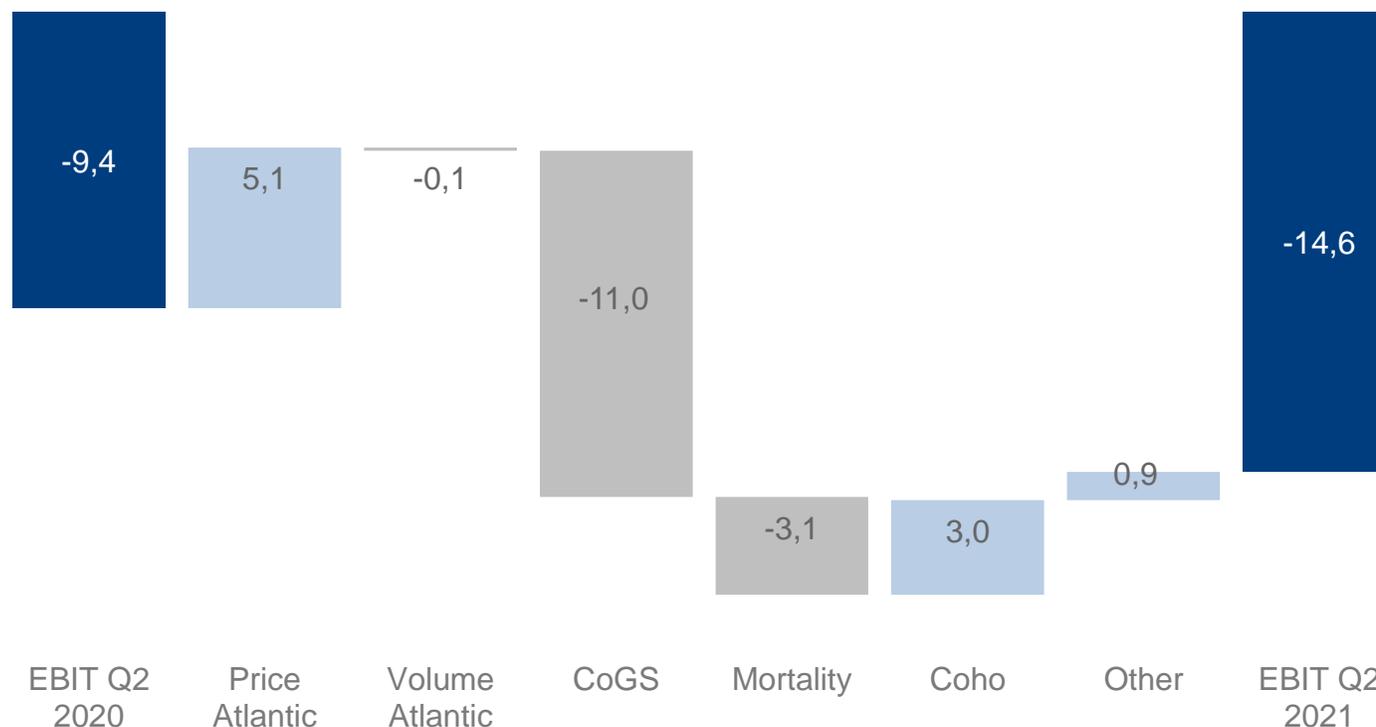
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## Financial review

# Large CoGS impacting Q2 2021 EBIT

- Direct impact of blooms with mortalities, lower harvest weights and higher CoGS at USD 14.1m
- Increase in sales prices but not entirely capturing higher market prices, and not sufficient to offset increased costs
- Positive contribution from Coho attributable to better market prices

EBIT Bridge of USD -5.2m  
(USD million)



# Profit & Loss

- EBIT down USD 5m versus Q2 2020 due to lower volumes and higher CoGS, attributable mainly to algae conditions
- Positive FV of USD 4.2m driven by positive price trend
- Non-operational effects:
  - Interest rate expense of USD 1.1m
  - Trout JV and other affiliates' positive contribution of USD 0.4m
- YTD Jun 2021 direct financial impact of the algae blooms was USD 15.3m, from which USD 3.1m were registered in Q2 2021

## Condensed profit and loss statement (Thousand USD)

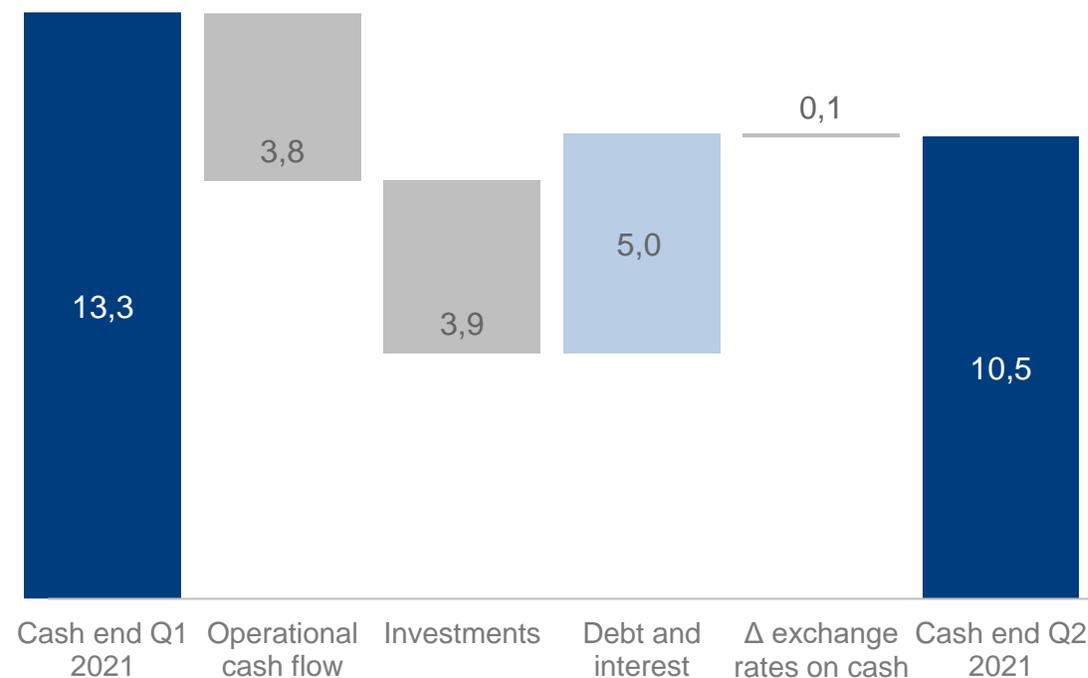
<b>Profit &amp; Loss</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>Δ 21 vs 20</b>
Total Revenues	50.549	50.248	301
SG&A	-4.311	-4.307	-4
<b>EBITDA</b>	<b>-10.635</b>	<b>-5.816</b>	<b>-4.819</b>
Depreciation and amortization	3.995	3.623	372
<b>EBIT</b>	<b>-14.630</b>	<b>-9.439</b>	<b>-5.191</b>
Fair value adjustments	4.217	-10.250	14.467
EBIT after fair value	-10.413	-19.689	9.276
Non operational items	-811	-2.969	2.158
<b>Profit before tax</b>	<b>-11.224</b>	<b>-22.658</b>	<b>11.434</b>
Estimated taxation	2.784	6.285	-3.501
<b>Net profit for the period</b>	<b>-8.440</b>	<b>-16.373</b>	<b>7.933</b>



# Cash Flow Q2 2021

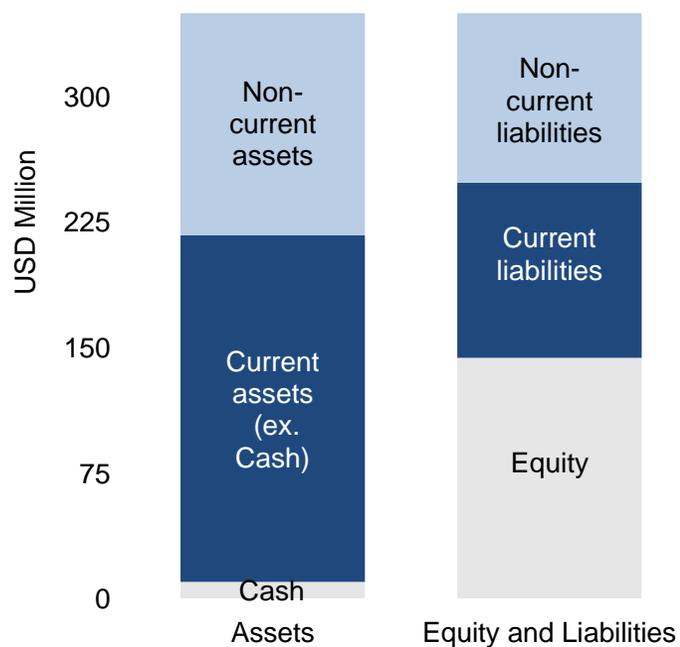
- Negative cash flow of USD 2.8m in 2Q 21, as lower volumes and extraordinary expenses to mitigate mortalities of algae bloom deteriorates operational cash flow. Partially compensated by release of inventories.
- Restricted investments,
  - Q2 maintenance and strategic investments of USD 4 million
  - Full year 2021 investments at USD 25-30m, below pre-pandemic levels
- Increasing financial debt by USD 5m to fund operational deficit and algae bloom expenses. Net debt grew US\$ 40m in LTM
- Cash and available and unused credit facilities at USD 23m at June 2021

## Cash Flow (USD million)

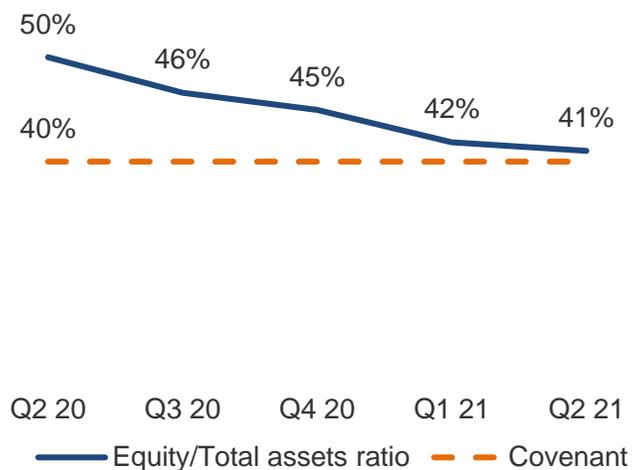


# Financial position remains strong in the context

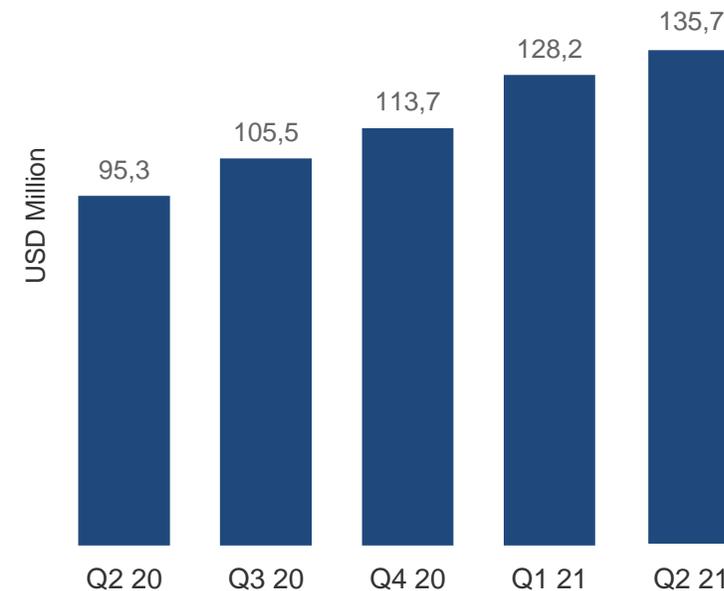
Balance sheet as of June 2021



Equity/total assets



Net interest-bearing debt



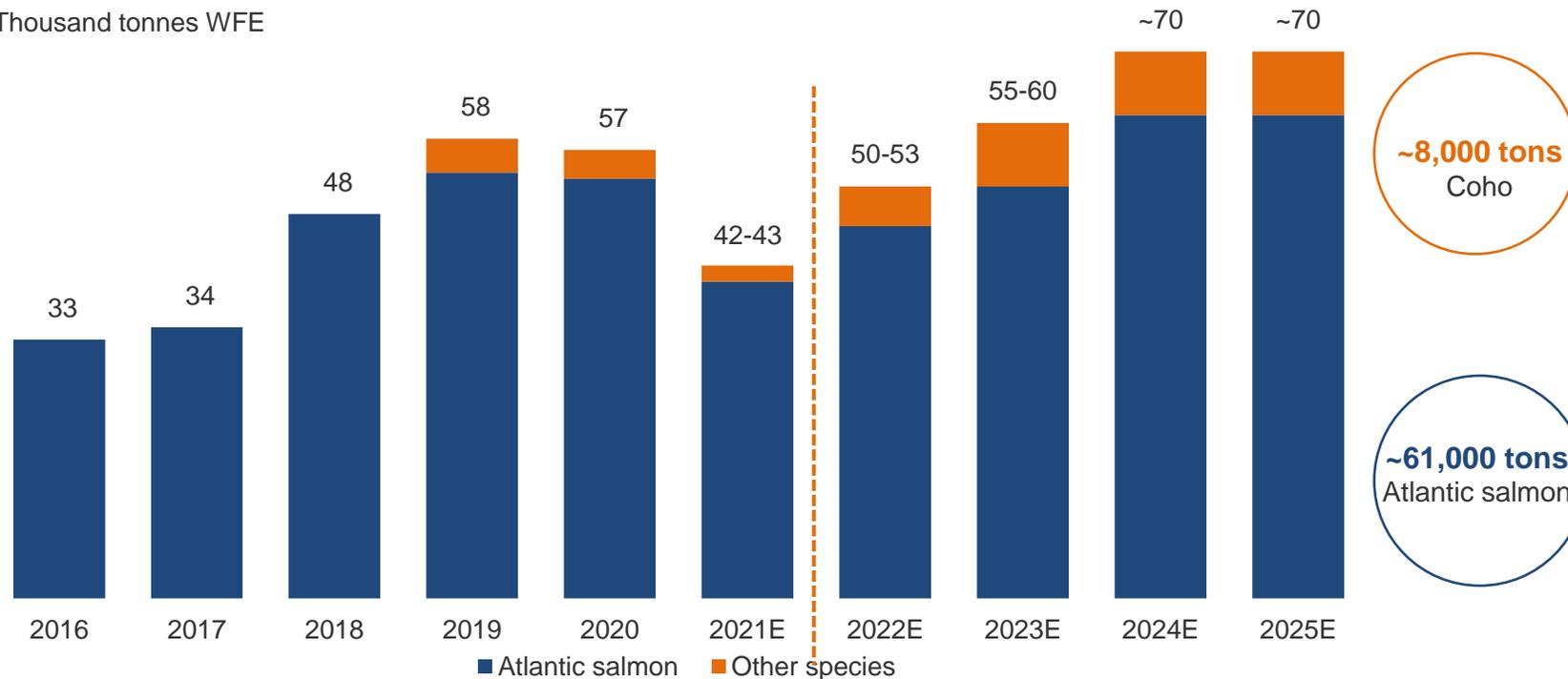
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## Summary

# Our Growth Plan

Harvest volumes\*  
Thousand tonnes WFE



- Long term harvest goal of + 70k MT remains unchanged
- 2021 and 2022 lower volume attributable to algae blooms impact and more conservative stocking plan
- Fjord conditions in Region X drives a slight rebalance in species

21 \*Figures do not include trout joint venture volumes from 2016-2022. The JV has an estimated average annual capacity for 12,000 tons WFE and expires in 2022, after which the agreement will continue with 2/3 of the current capacity. Projections might change by market or environmental conditions.

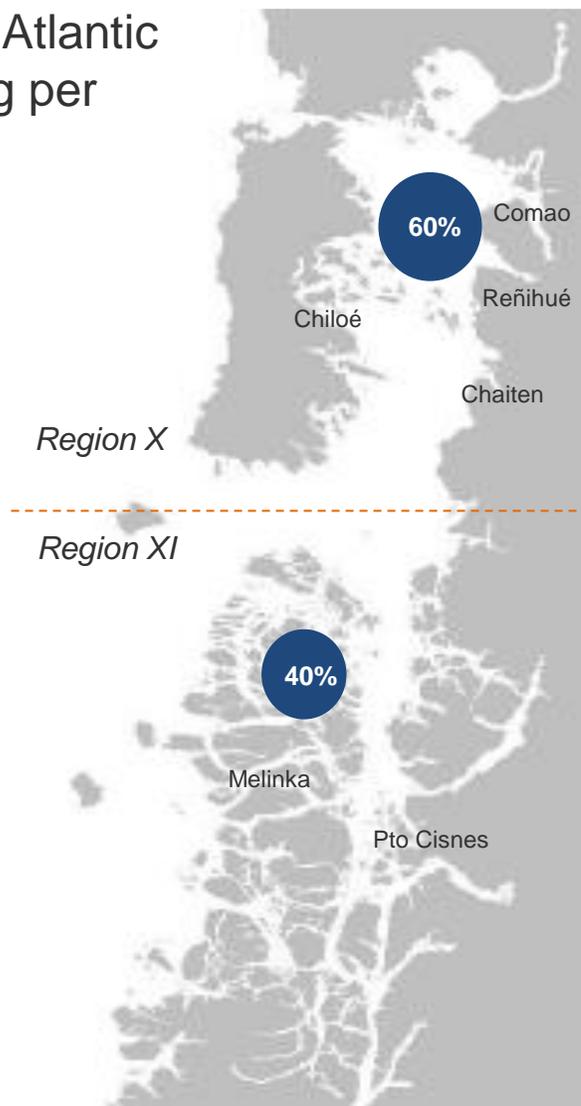


# Long term Growth Plan

To address climate change risks in fjords, Company strategies include:

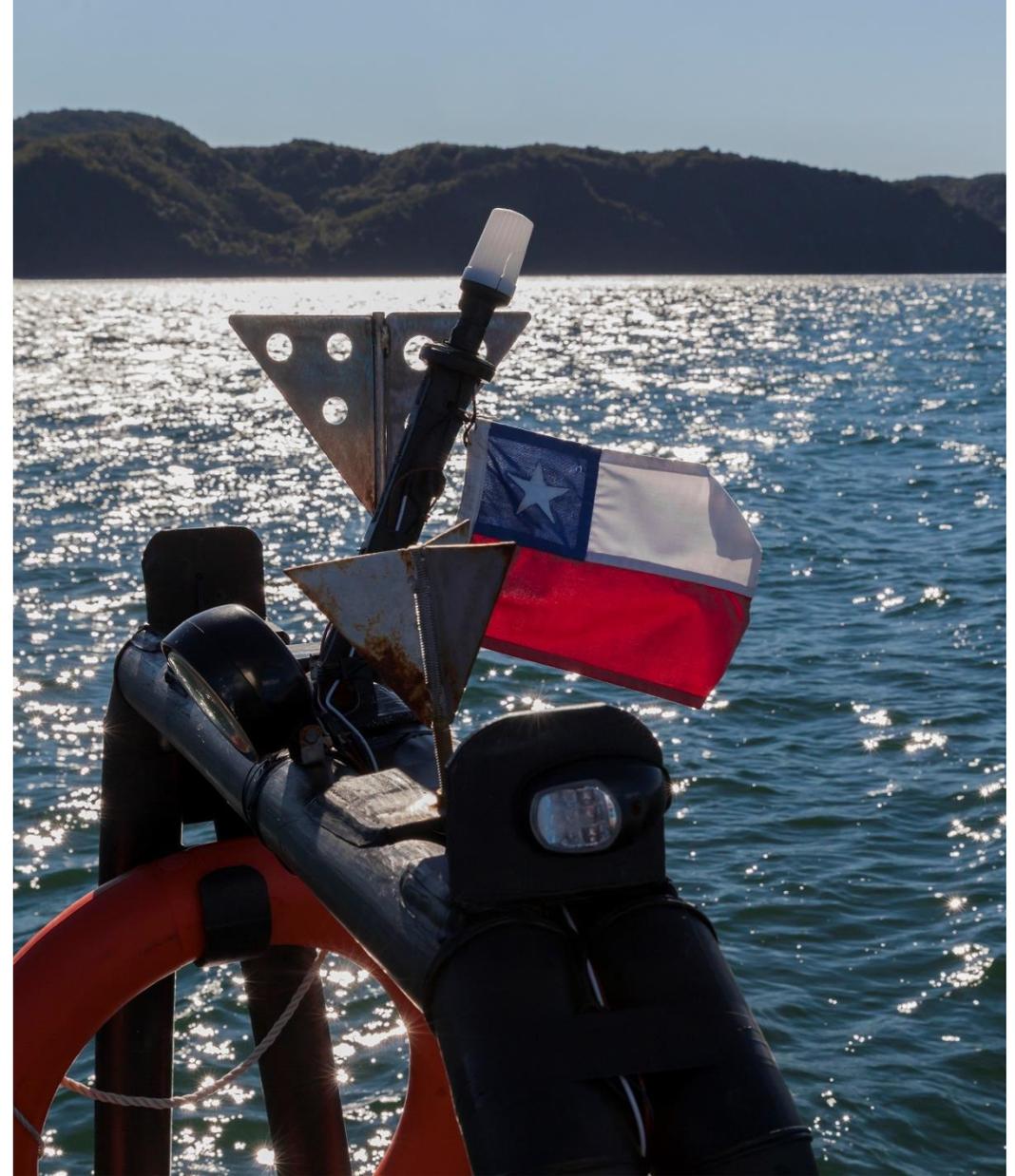
- Reducing risk profile in Region X fjords by redirecting volume to region XI, similar to industry allocation (From 7 sites in Region X fjords to 3 in 2022 -2023)
- Increase stockings in available Region XI sites
- Optimize Region X fjords by farming Coho, which are harvested prior to summer season
- Focus on best farming practices with the implementations of new toolkits and technologies that mitigate bloom risk and oxygen deficits

## Historic Atlantic Stocking per region



# Summary

1. Quarter and Year-end harvest volumes significantly impacted by 2 algae blooms in 1H 2021: 20% lower, with Atlantic at 40-41.000 MT, and Coho unchanged at ~2,000 MT in 2021
2. Farming & processing cost above Q2 2020 and long-term target due to extraordinary algae events. Gradual improvements in 2H 21, estimating normalization in 2022. Larger volume and lower live costs by Q4 2021
3. Double digit decline in Chilean supply in 2021 and strong demand recovery will keep prices above pre-pandemic levels, which Company expects to realize in 2H
4. 1H 2021 embraces lower prices from pandemic context and higher costs generated by extraordinary blooms. Recovery starts in 2H 2021
5. Fully operational despite 2<sup>nd</sup> wave of pandemic; no fatalities





Q&A

