

## **SALMON: Trading and COVID-19 update – safeguarding lives and livelihoods**

### **Q1 2020 volume update**

Consolidated harvest volume in Q1 2020 for Salmones Camanchaca was 13,902 tons (WFE), split by species as follows:

- Atlantic salmon: 13,142 tons with an average weight of 4.9 kg
- Coho salmon: 760 tons with average weight of 4.3 kg

### **COVID-19 Update**

#### **Key highlights**

- At the time of this report there are no reported cases of COVID-19 in our workforce. Our main priority remains the safety of our employees, and the full application of a set of multidimensional measures have been implemented over the last few weeks to reduce their risk of contagion. Our goal is to ensure that it is as safe for our employees at work as it is at home.
- The sourcing of critical inputs, raw materials and necessary equipment remains satisfactory, and inventory has been built up to safeguard against potential disruptions.
- Seawater sites remain well staffed and supplied. Fish biomass health in line with normal Company standards.
- During the first quarter 2020, harvest and production ran at approximately 90-95% of the quarterly plan. In the last two weeks of March, processes slowed due to measures implemented to mitigate the risk of COVID-19. In the last week of March, harvest ran at 65% of the original plan
- Salmones Camanchaca's financial position and liquidity remains strong, with net cash in excess of USD 23 million as of March 31<sup>st</sup>, 2020, and unused short-term credit facilities of USD 30 million.
- The Board of Directors has proposed a dividend of USD 16.8 million to the Annual General Meeting (AGM) to be held on April 30<sup>th</sup>, equivalent to 40% of the net distributable earnings in 2019, down from 50% of net earnings paid out last year.

#### **Employee wellbeing**

The COVID-19 outbreak is an unprecedented challenge to Salmones Camanchaca and its people. The top operational priority is to substantially reduce the risk of contagion in our facilities, aiming to have them as safe and clean for the workforce, as it is their own

homes. The challenge is to preserve the wellbeing of our employees and their families, and at the same time keep the continuity of the critical operations, protecting lives and employment.

As a result, management at Salmones Camanchaca has implemented various multidimensional measures to mitigate the risks of COVID-19 contagion by changing, restructuring and adjusting several operational procedures and practices, including social distancing.

### **Operations during the week of March 30<sup>th</sup>, 2020, run at approximately 65% capacity**

The Company is committed to ensuring operational continuity under strict sanitary protocols and restrictive conditions. The measures implemented include fewer people and more shifts, eliminating physical contact, stricter hygiene protocols, PCR COVID-19 preventive test for remote seawater sites, remote work for all non-essential functions, home leave for employees in high-risk groups such as older than 60 years old, density reduction in company's transportation, and more.

No material impact on inputs, raw materials and necessary equipment sourcing has been detected, and the Company has built up additional inventories to safeguard against potential disruptions.

Our value chain has kept an adequate flow of production and exports. During the last week of March 31<sup>st</sup>, Atlantic salmon harvest was running at 65% of original plan, and the goal is to avoid interruptions. The next seawater sites to be harvested starting the week of April 6<sup>th</sup> are have good health conditions and harvest can be delayed if necessary.

As of March 31<sup>st</sup>, inventories are at approximately 1,400 metric tons of finished products, which are to be sold within weeks. Exports are functioning with a non-material reduction of available air freight, and ground transportation delays.

Salmones Camanchaca has highly flexible processing capacity as well as sales and distribution reach and is therefore able to adapt quickly to a changing environment both in production processes and in end-markets. Due to these capabilities, Salmones Camanchaca is currently producing and selling only value-added products targeting retailers in developed markets.

### **Cost reduction activities and financial stability**

Salmones Camanchaca's financial position and liquidity remains strong. At the end of March 2020, the Company had net cash and credit facilities of approximately USD 53 million and NIBD of USD 81 million.



To protect our net cash position as well as business continuity in the extraordinary context of COVID-19, Salmones Camanchaca has postponed all non-essential investments and expenses, reducing the April-December 2020 investment plan by approximately 50%. In addition, a reduction of the dividend to be paid from 50% to 40% of distributable 2019 earnings have been proposed by the Board. The dividend proposal will be voted upon at the AGM on April 30<sup>th</sup>, 2020.

As of today, the full medium- and long-term implications of Covid-19 remain uncertain, but Salmones Camanchaca is working around the clock to closely monitor the implications, proactively taking mitigating and preventive actions. During previous crises, the Company has proven capable of adequately weathering the turbulences.

### **About Salmones Camanchaca**

Salmones Camanchaca S.A. is a vertically and fully integrated salmon producer with operations in farming, processing, marketing and sale of salmonids. The company is also involved in farming of trout through a joint venture (1/3 share) and has an estimate harvest of 55-60,000 tons WFE of Atlantic salmon for 2019-2021. Therefore, including trout production in the Company's farming sites, the total existing production capacity reaches 70-75,000 harvested tons WFE. The company has approximately 1,500 employees.

This information is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act