

## Salmones Camanchaca – Q2 2021 results

### Highlights:

- Atlantic salmon harvest was down 40% in the quarter due to lower harvest weights as a result of algae blooms and oxygen deficiencies in the Reñihue Fjord, from where more than 60% of sold fish came from.
- Prices were up 12% compared to 2<sup>nd</sup> quarter 2020, although the Company did not fully capture higher market prices due to commercial agreements established during the last 9 months.
- Challenging environmental conditions in the X Region's fjords until last April, pushed up the cost of Atlantic salmon by nearly 50% year-over-year. They also generated extraordinary mortalities, which accounted for a loss of USD 3.1 million during the quarter
- Quarterly EBITDA was negative at USD 10.6 million, USD 4.8 million lower than Q2 2020.
- Cash balances exceeds USD 10 million and net interest-bearing debt was USD 135.7 million as of June 30. Total liquidity reserve of USD 23 million.
- Atlantic salmon harvest volumes for 2021 are expected to be 40,000 to 41,000 MT WFE, two-thirds of which will be harvested in H2 2021. Coho salmon harvest volumes remains at 2,000 MT WFE

**Santiago, Wednesday August 18, 2021:** Salmones Camanchaca reports a 40% decrease in the harvest volume in the second quarter of 2021 compared to the corresponding period of 2020, reaching a total volume of 6,422 tons WFE, affected by a low harvest weight of 3.9 kg.

Prices up were 12% year over year, and since March 2021, the reference prices have consistently increased and exceeds its 10 years historical high. Due to its VAP strategy and commercial agreements, price achievements for Salmones Camanchaca lags the reference price when the latter one rapidly increases, not fully captured the current historic high market prices. This natural condition was exacerbated by the lower volume available for sale.

Operating revenue amounted to USD 51 million during the quarter, in line with USD 50 million in Q2 2020, while harvest costs for the quarter reached US\$ 4.92 /kg live fish, 48% higher than in the same period for the previous year. Revenues and costs were severely affected by environmental conditions in Reñihue fjord, where most of the fish came from, and which generated lower harvest weights, an expected outcome of algae blooms and oxygen deficiencies since November 2020. The resulted lower processing volumes, added to a higher proportion of added value products, impacted processing costs, which were US\$ 1.44/kg, significantly above the Company's target of US\$ 1/kg.

Operating margins were also impacted by mitigation and remediation expenses associated with the Comau Fjord harmful algae bloom event of late March and early April., with extraordinary losses of USD 3.1 million during the 2<sup>nd</sup> quarter. Consequently, gross margin was negative USD 10.3 million, and EBITDA for the

quarter ended also negative at USD 10.6 million, compared with negative USD 5.8 million in Q2 2020, an unfavorable outcome mostly attributable to algae blooms in X Region's fjords.

The Company expects that harvesting at the three Reñihue sites will be complete in August 2021, with gradual improvement in costs from then onwards, and normalizing in 2022.

Due to the loss of biomass in algae blooms, Salmones Camanchaca's harvest estimate for the full year 2021 is expected in the 42,000-43,000 MT WFE range, Coho included.

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

"Undoubtedly, this first six months were very challenging for us because of prolonged algae's presence in Reñihue fjord, and later an unprecedented harmful and sudden bloom in the Comau fjord. These two separate incidents have temporarily diminished Salmones Camanchaca harvest existing capacity and its sales volume, consequently affecting our financial results, which were very poor. These events mobilized the entire organization to properly confront the short-term implications, but also extract the lessons to improve our operations going forward. Starting this month of August, we expect a gradual improvement in costs and a normalization in 2022.

Looking forward, there are favorable conditions for the Company. Firstly, in 2021 salmon markets have reacted very favorably, and demand is stronger than ever, which under a limited supply context generated prices at historic highs, and this market scenario is expected to continue in 2022. Secondly and for the coming cycles, our Company will have a more caution approach to fjords, enlarging its exposure to the XI region leveraging numerous available sea-sites. Also, our favorable experience with Pacific salmon will allow to have a larger exposure to this specie in the fjords, as they are harvested before the summer season."

He added, "Consequently, the fundamentals of this business remain unchanged, and Salmones Camanchaca's capacities to adjust to environmental changes will preserve its growth plan for the coming years, when we are aiming to reach 70.000 MT of harvest, with now likely a slightly larger fraction from the XI region and the Pacific salmon. This strategic refinement will be in parallel to numerous operational improvements which will bring new technologies adapted and best practices in farming, processing and marketing. This first 6 months of 2021 has been an obvious obstacle, but hasn't change our long term goals"

**Webcast link** <https://ubiqq.com/camanchaca/live>

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### **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 harvested 53,000 tons WFE from its core



business of Atlantic salmon farming in 2020. It also began Pacific salmon farming in 2019 and it harvested approximately 4,000 tons WFE in 2019. Overall production of all salmonid species at its own farming sites is expected to reach around 60,000 to 65,000 tons WFE in 2023. The company has approximately 1,900 employees.

This information is considered to be inside information pursuant to the EU Market Abuse Regulation and is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act. This stock exchange release was published by Joaquin Contente, Investor Relations, Salmones Camanchaca on 18 August 2021 at 23:00 CET.”