



# Q2 2022 Results

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Santiago, Chile

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# Agenda

- Highlights
- Operational Review
- Markets
- Sustainability
- Financial Review
- Summary





## Q2 2022 Highlights

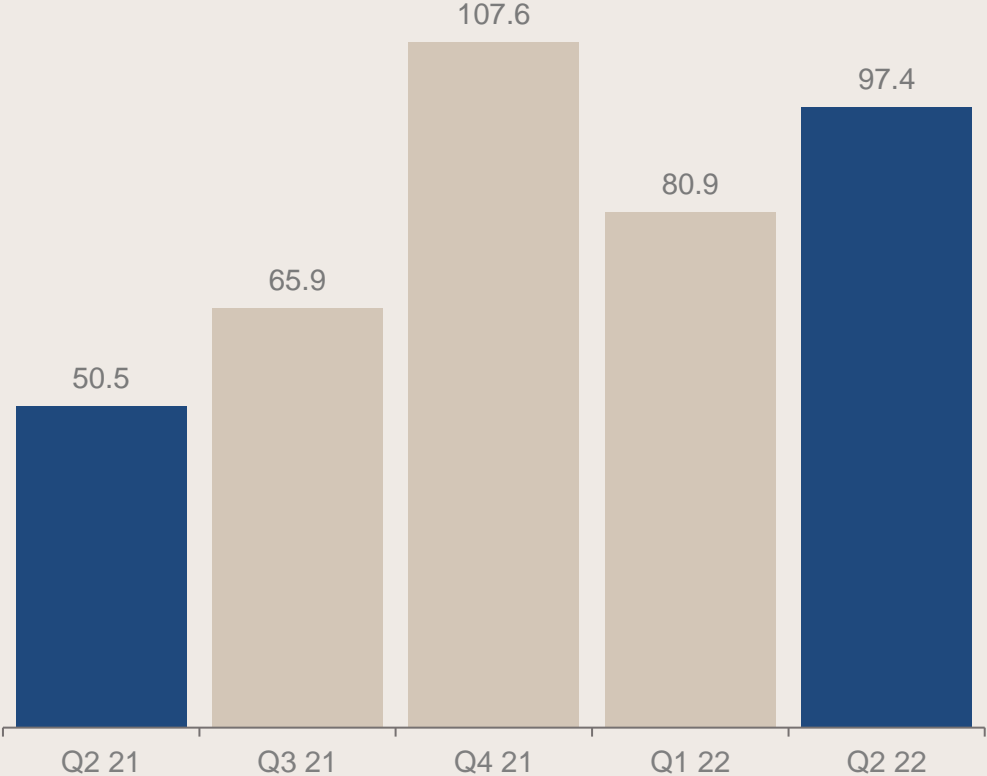
1. Significant Earnings Recovery: EBITDA for the quarter improved from negative USD 10.6 million to positive USD 25.7 million
2. Atlantic price realization 48% higher than Q2 2021, in line with market price increase.
3. Atlantic harvest volume at 12,446 MT WFE, 94% higher than Q2 2021
4. Atlantic harvest cost (LW) at USD 4.05/kg, a decline of 18% over Q2 2021, but still impacted by Q2 2021 algae bloom as last fish affected were harvested in Q2 2022.
5. Total harvesting and processing cost at USD 0.99/kg WFE, at long-term target of USD 1/kg WFE, and well below the USD 1.44/kg WFE of Q2 2021.
6. EBIT/kg WFE for Atlantic salmon was USD 1.74 in Q2 2022, fueled by higher prices, higher sales volumes and reduced costs.
7. EBIT/kg WFE for Coho was USD 1.62 in Q2 2022 and USD 1.75 in H1 2022, with good productive performance and market diversification.
8. Full year total harvest guided at 50-53,000 tons; Atlantic at 45-47,000 WFE.



# Financial Highlights

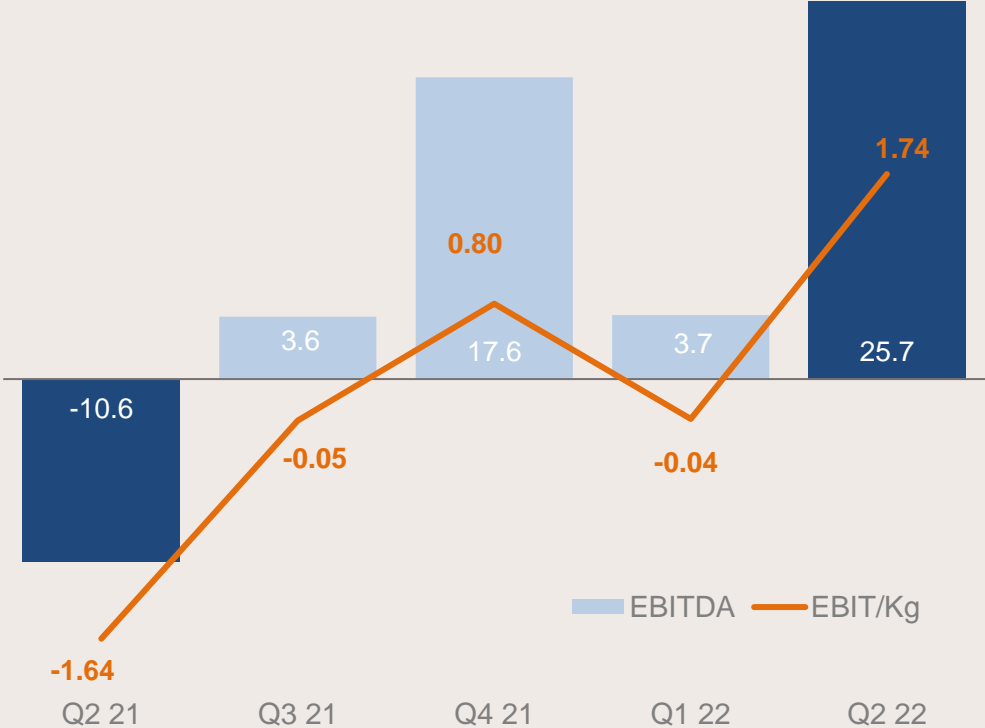
### Revenues

Million USD



### EBITDA and EBIT/kg WFE

Million USD and USD/kg WFE

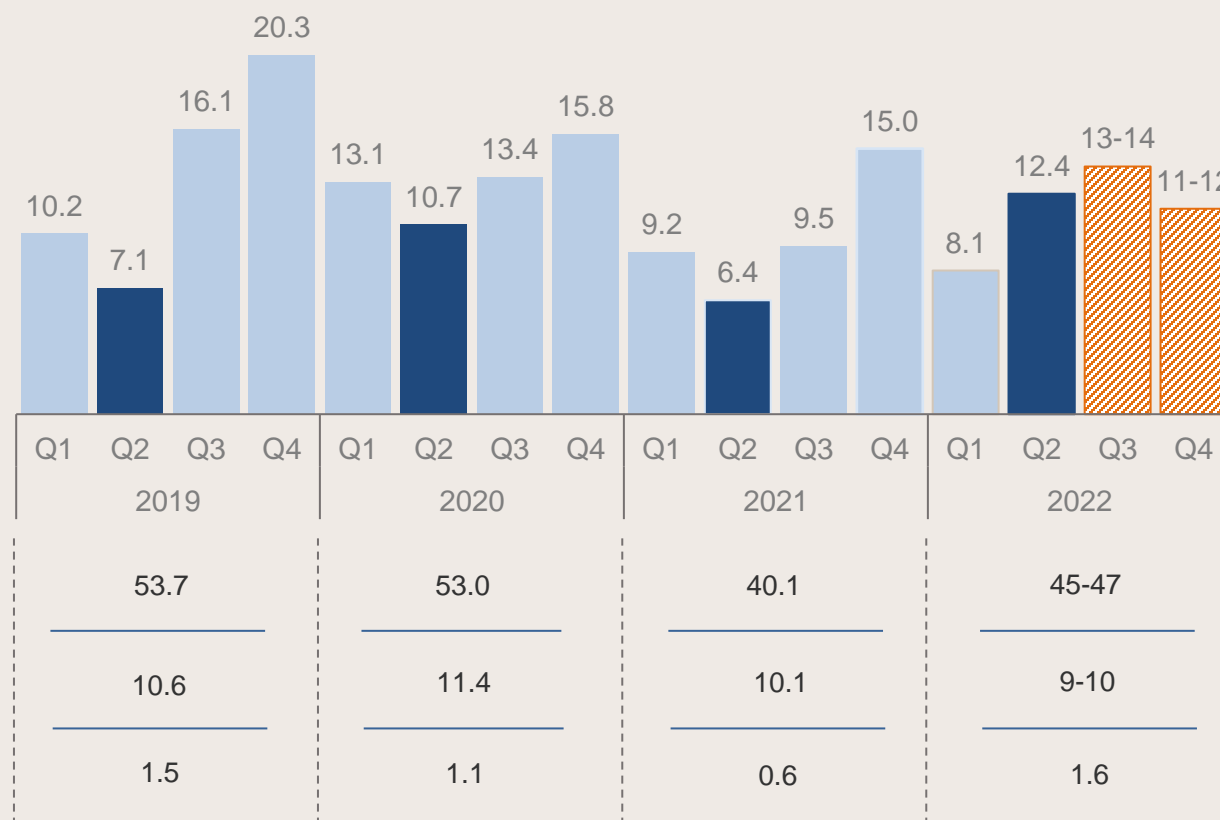


# Atlantic harvest volume guidance maintained

- Increased volume in Q2 2022 compared to same-sea-sites (previous cycle 2020)
- 2022 Atlantic harvest guidance maintained at 45– 47.000 MT
- Atlantic stocking reduced while Coho's increases, in line with risk mitigating strategy.
- Industry stocking\* up 4% in H1 2022 vs H1 2021

## Atlantic harvest and smolt stocking

Thousand tons WFE and million units

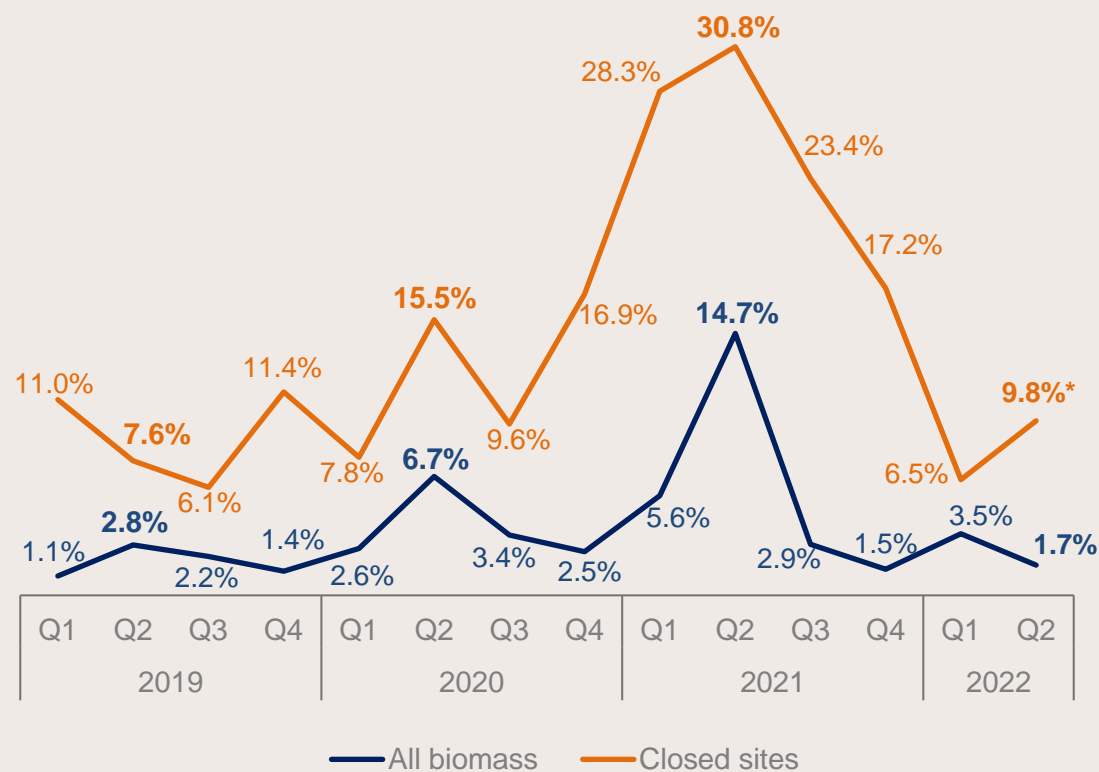




## Operational Review

# Atlantic salmon biology

**Mortality rate**  
(Number of fish %)



**Biological indicators\***  
(For closed sites)

	Q2 2019	Q2 2020	Q2 2021	Q2 2022
FCRb** (live weight)	1.30	1.18	1.14	1.09
Yield (kg WFE/smolt)	4.1	4.5	3.0	4.4
Average harvest weight (kg WFE)	4.3	5.2	4.1	4.9

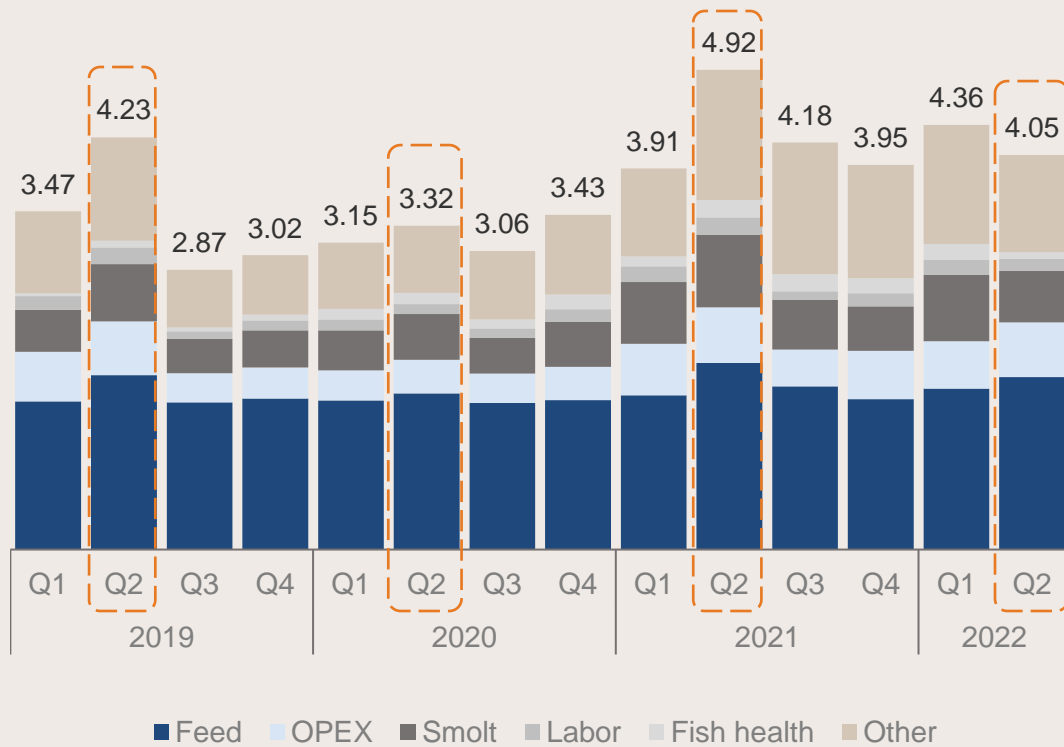
\*\* FCRb = Biological Feed conversion ratio

- Feed Conversion biological ratio continued to improve
- 2021 blooms adversely affected some KPIs
- Back to normal mortality (biomass) in Q2 2022, lower than last cycle in the same zones (6.7%)
- Industry's average mortality at 3.3% in H1 2022 (Source: Aquabench)



# Live weight cost

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



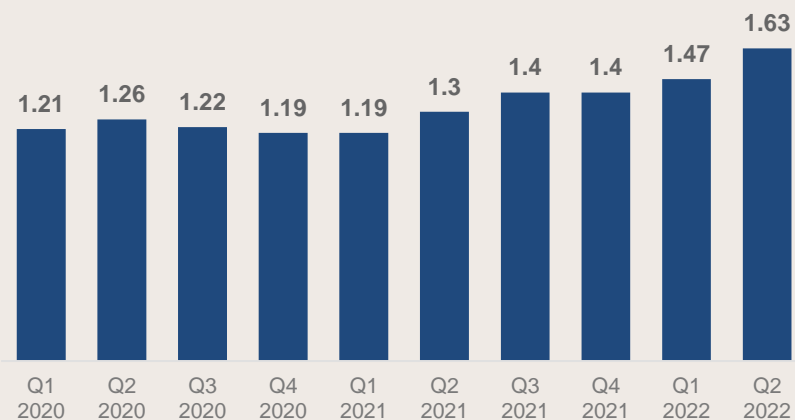
- Q2 2022 LW cost decline to USD 4.05 /kg LW as a consequence of a normal biological context
- Q2 2022 +73 cents vs Q2 2020
  - 50% due to feed price
  - 50% inflationary pressures & higher operational cost





# Feed KPIs

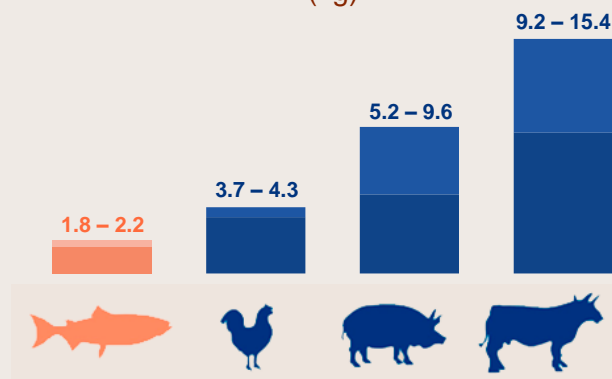
## Feed price evolution (USD/kg feed)



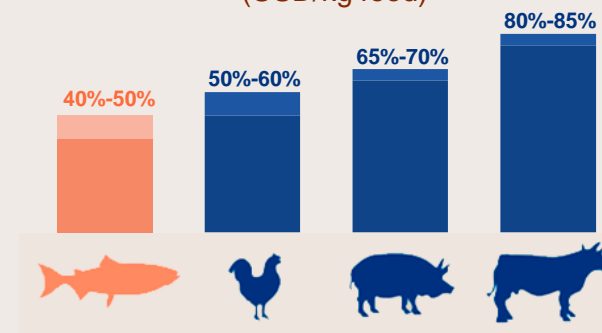
## Feed cost basket (USD/kg indexed 19-22 YTD)



## Edible Feed conversion ratio (kg)



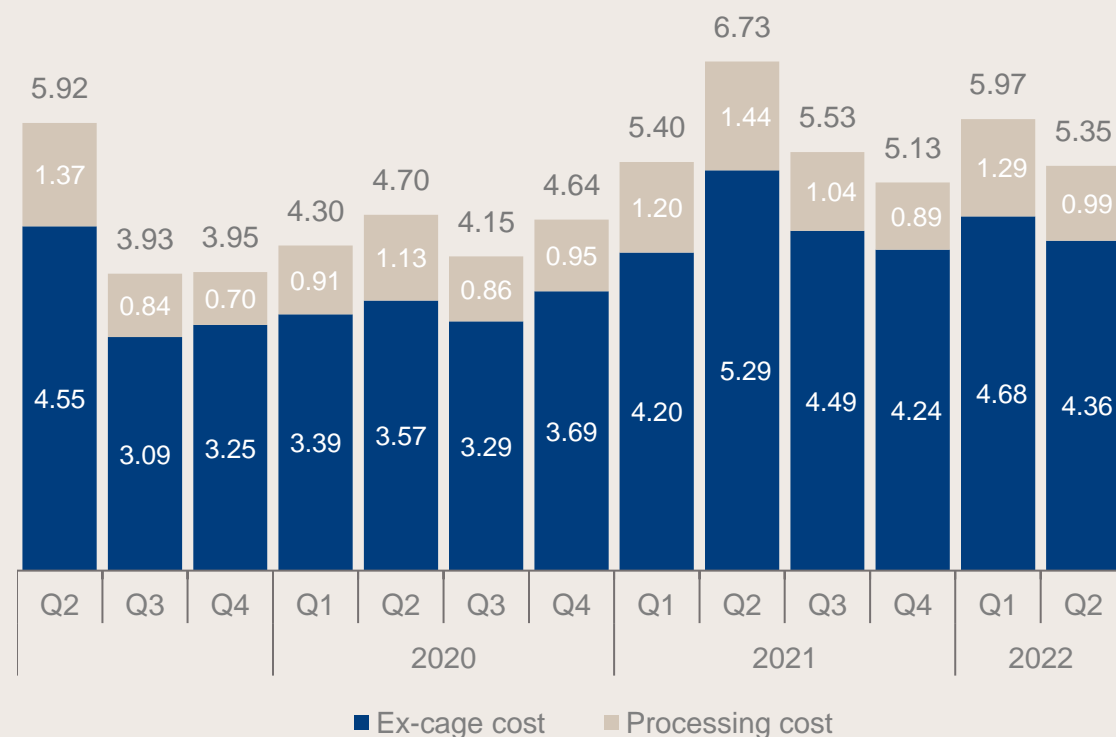
## Feed cost share of total production costs (USD/kg feed)



# Finished product cost

- Total cost at USD 5.35 /kg WFE, lower than previous year: increased processing volumes and implementation of efficiencies
- Processing cost at USD 0.99 /kg WFE, in line with long-term target of USD 1/kg; well below Q2 2021 (1.44/kg WFE)
- Overall LTM cost inflation pressure
  - Chilean inflation: 12.5%
  - F/X depreciation: 28.1%
  - Chilean currency costs estimated at 30-35% of total product cost.

Atlantic Finished Product Cost  
(USD/kg WFE)

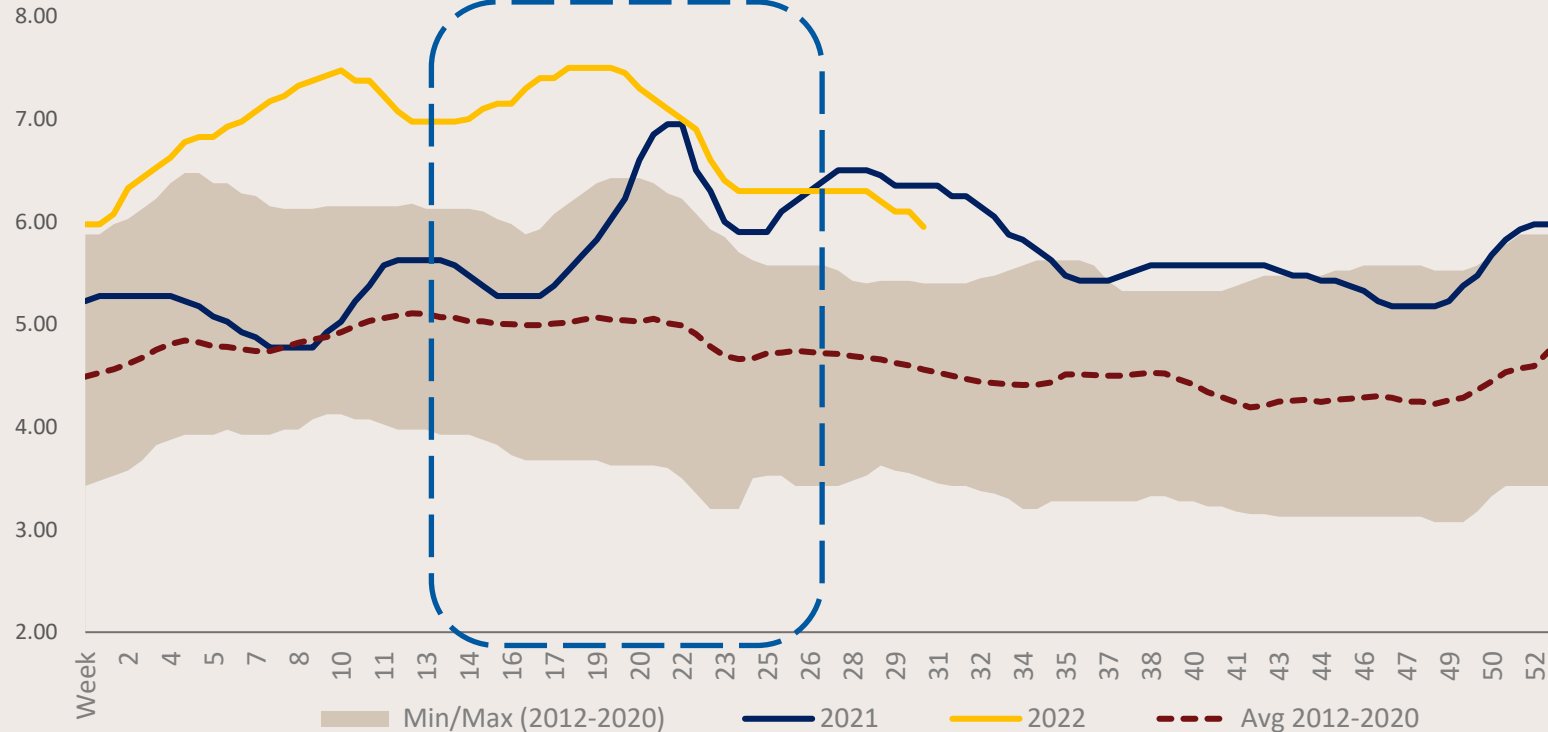




Markets

# Salmon Price at Record Level

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



- Prices in Q2 22 continue at high levels driven by low industry supply.
- Tight Chilean supply for Q1 2022 (-11%), growing in Q2 (+13%), flat in H2 (-1%). No growth for the year 2022.

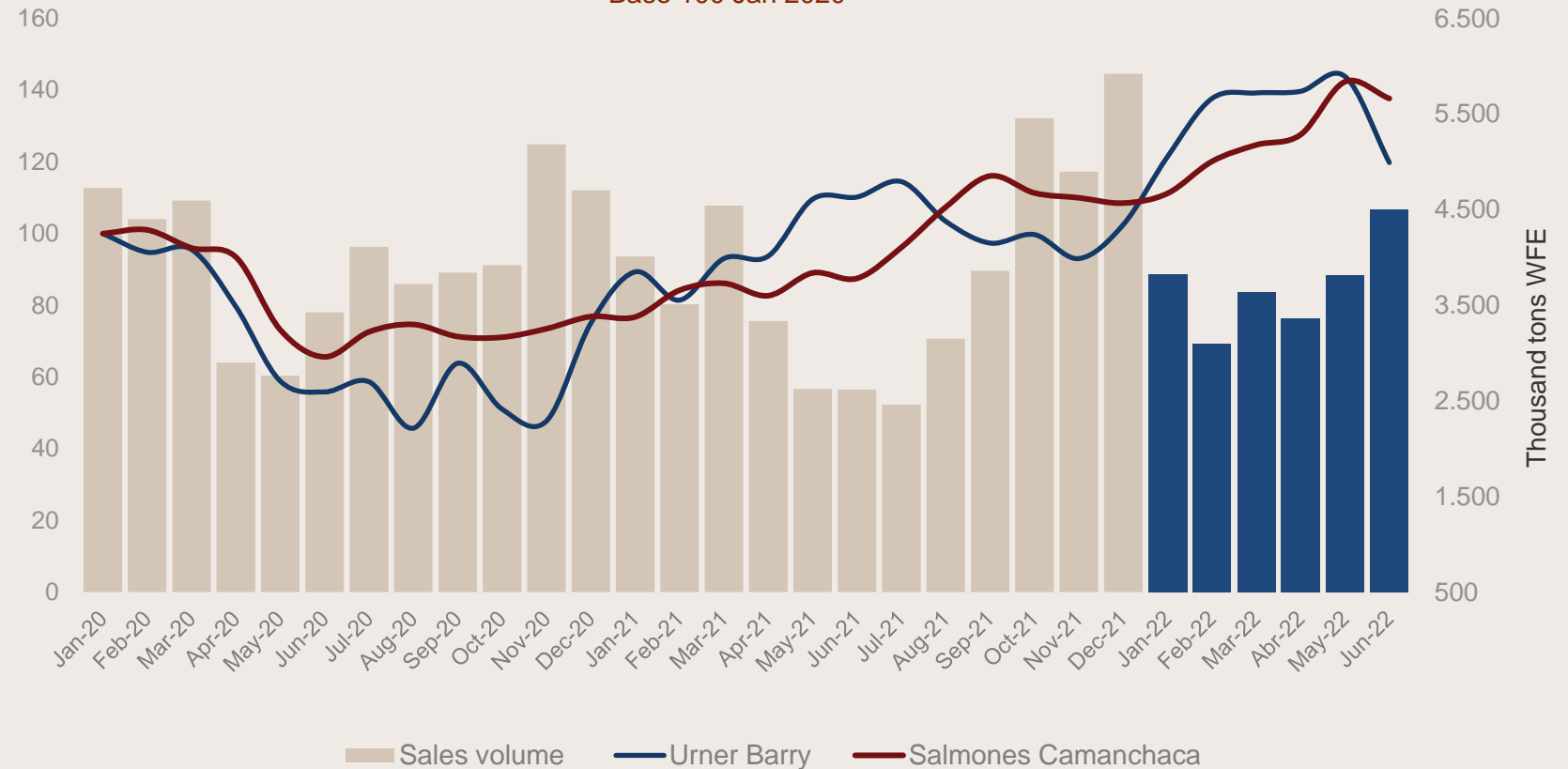


# Price Achievement

## Return on Raw Material (RRM)\*

Base 100 Jan 2020

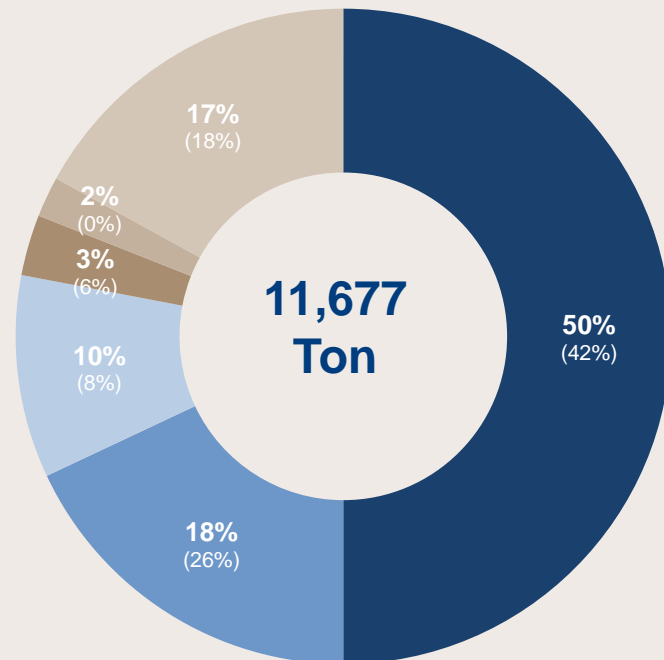
- Higher RRM in June vs market benchmark/UB
- Company's value-added strategy (generates more stable prices)
- Greater flexibility in our production mix
- Sales programs resetting at higher price levels
- Increase in fresh sales volume to capture higher market prices in Q2, primarily in May and June.



# Atlantic Sales & Value Added Strategy

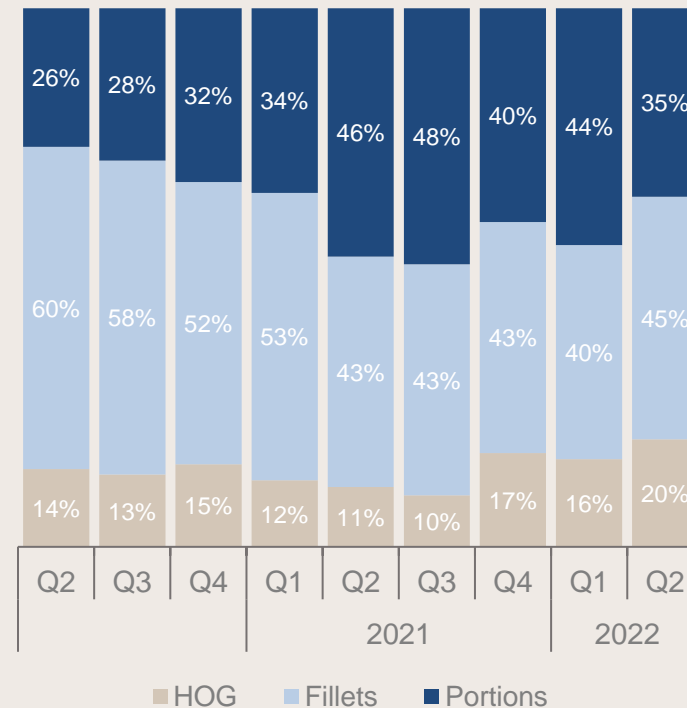
(% of Q2 2022 Sales volume WFE)

Q2 2022  
(Q2 2021)



■ United States    ■ Mexico    ■ Chile  
■ Japan    ■ Russia    ■ Others

Distribution  
by product type



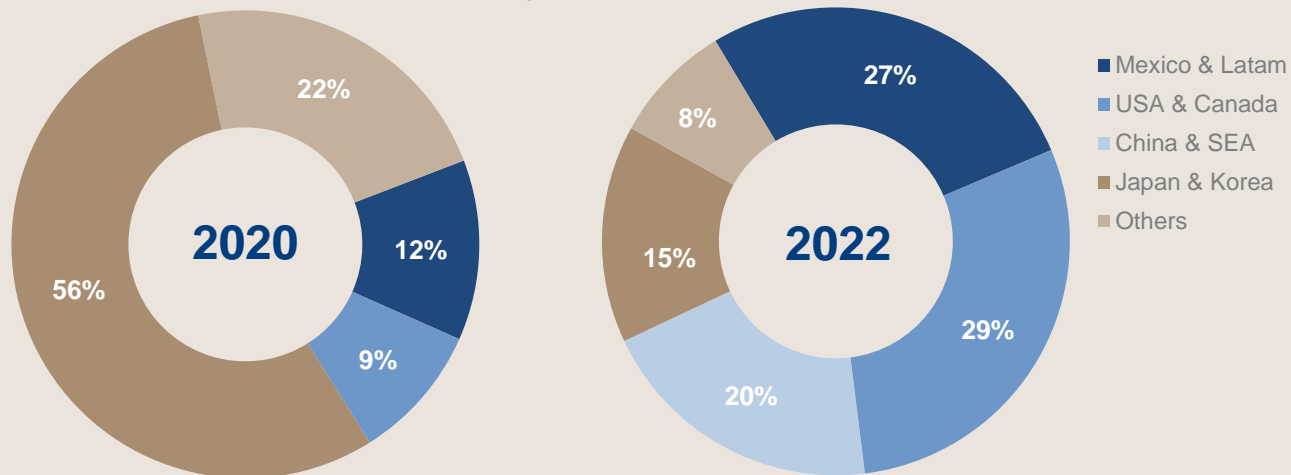
- Strong growth in USA, the largest market ~ 50% of our sales this quarter, driven by the increase in fresh sales.
- 2<sup>nd</sup> largest market is Mexico fueled by local distribution operation
- High value-added sales maintained at ~80%
- Good market development through flexibility in production of different formats and destinations



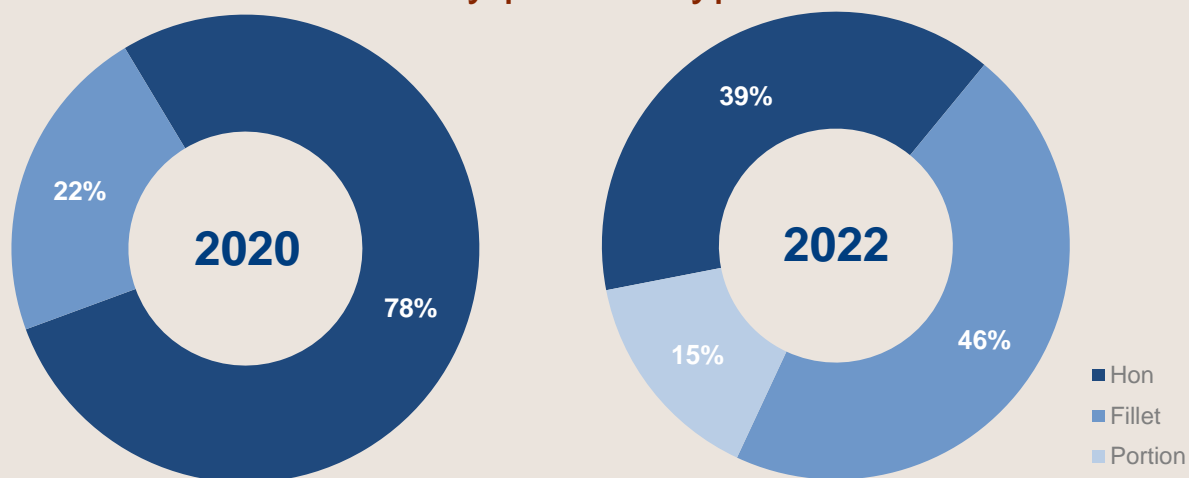
# Coho market and product diversification

(% of H1 2022 Sales volume WFE)

## Sales by market



## Sales by product type



- H1 sales volume of 1.713 MT WFE.
- Good market diversification and increase share of portions
- USA market represents 29%; Mexico and Latam 27%; China & SEA with 20%; Japan & Korea only 15%
- Value added strategy with 60% sales share
- Majority of sales are fillets with 46%





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Sustainability



# Farming Sustainably

## Sustainability indicators (closed sites)

	Q2 2019	Q2 2020	Q2 2021	Q2 2022
FIFO Ratio	0.65	0.60	0.67	<b>0.45</b>
Length of cycle/Fallow period [months]	16/8	17/7	16/8	<b>16/8</b>
# Escapes	0	37,150	0	<b>0</b>
# of antibiotic treatments	1.6	2.5	2.9	<b>3.0</b>
Antibiotic usage (g/ton)	534	739	492	<b>544</b>
Antiparasitic usage (g/ton)	19.9	19.4	6.9	<b>4.3</b>

- Fish in Fish Out-ratio well below 1:1 and big improvement in Q2 2022.
- Increase of antibiotic usage (g/ton) impacted by lower biomass caused by the algae blooms in 2021, and for the surviving fish from these sites as the associated stress increased the incidence of SRS.

## Comparative vs Industry indicators (closed sites Jan-Jun 2022)

Variable	Industry average	SC
Mortality (%)	14.6%	8.0%*
FCRe acum	1.34	1.26
SGR	0.70	0.79

Source: Aquabench (June 2022) – Closed sites

\*Does not include Loncochagua site



# Sustainability: a snapshot



**ASC**  
71% OF BIOMASS  
CERTIFIED



**REDUCTION IN  
ANTIBIOTIC USE**  
H1: 529 g/ton  
VS  
703 g/ton in 2021

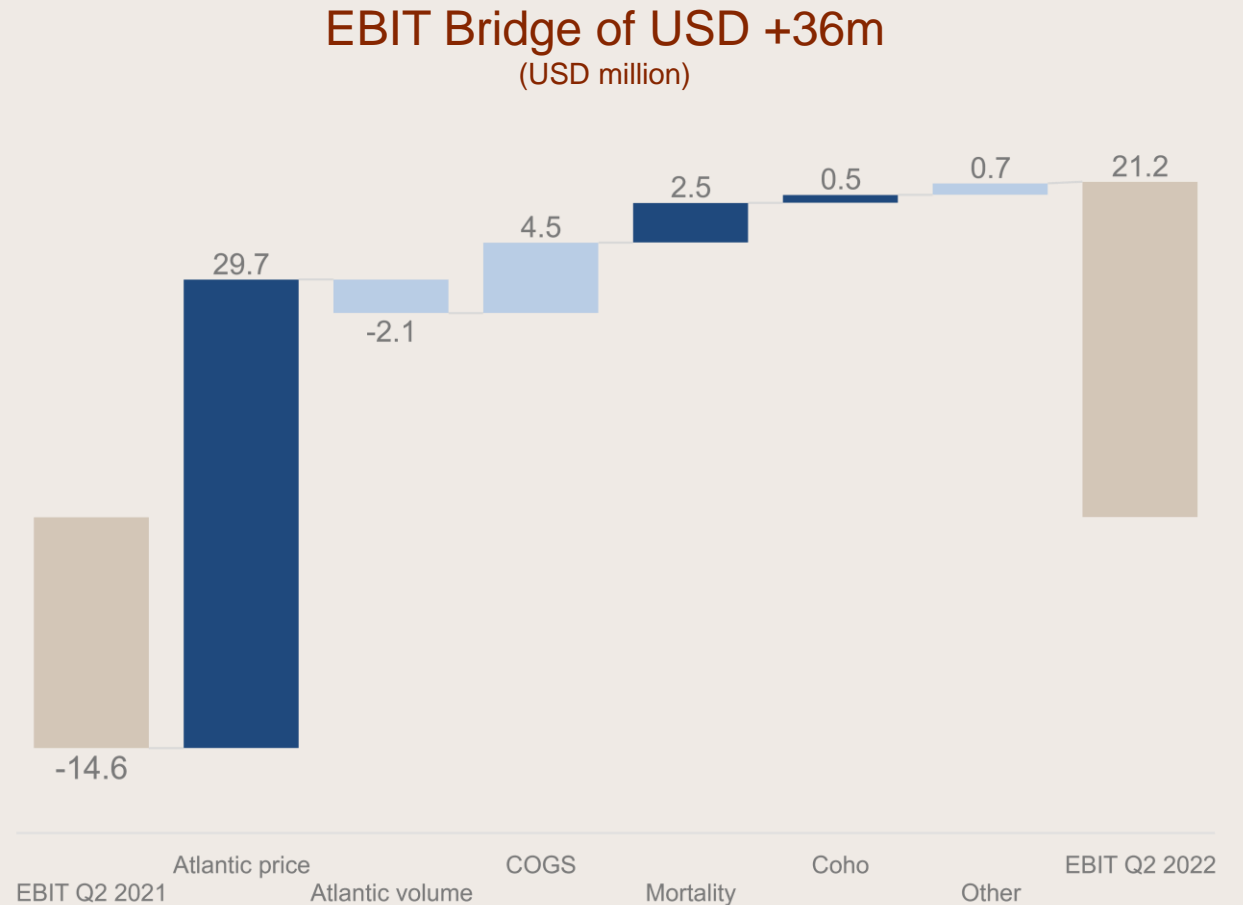


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## Financial review

# EBIT: USD 36 million Improvement

- Revenues and EBIT increase driven by higher market prices, higher sales volumes and lower costs
- Positive earnings contribution from Coho: higher prices and lower cost. Good market diversification and product mix
- COGS in Atlantic better but still impacted by mortalities due to 2021 algae blooms
- Extraordinary fish mortality cost reduced to USD 0.6m from Q2 2021 of USD 3.1m



# Profit & Loss: Profitability Resume

- EBIT improve USD 36 million
- Total revenues increased 93% to USD 97.4 million
- Higher future prices favorably affecting Fair Value: USD 1.2 million higher
- Non-operational, USD 2.5 million lower due to,
  - Trout JV negative contribution of USD 0.7m vs positive USD 0.2m
  - Higher cost of financial net debt driven by an increase in the reference interest rate

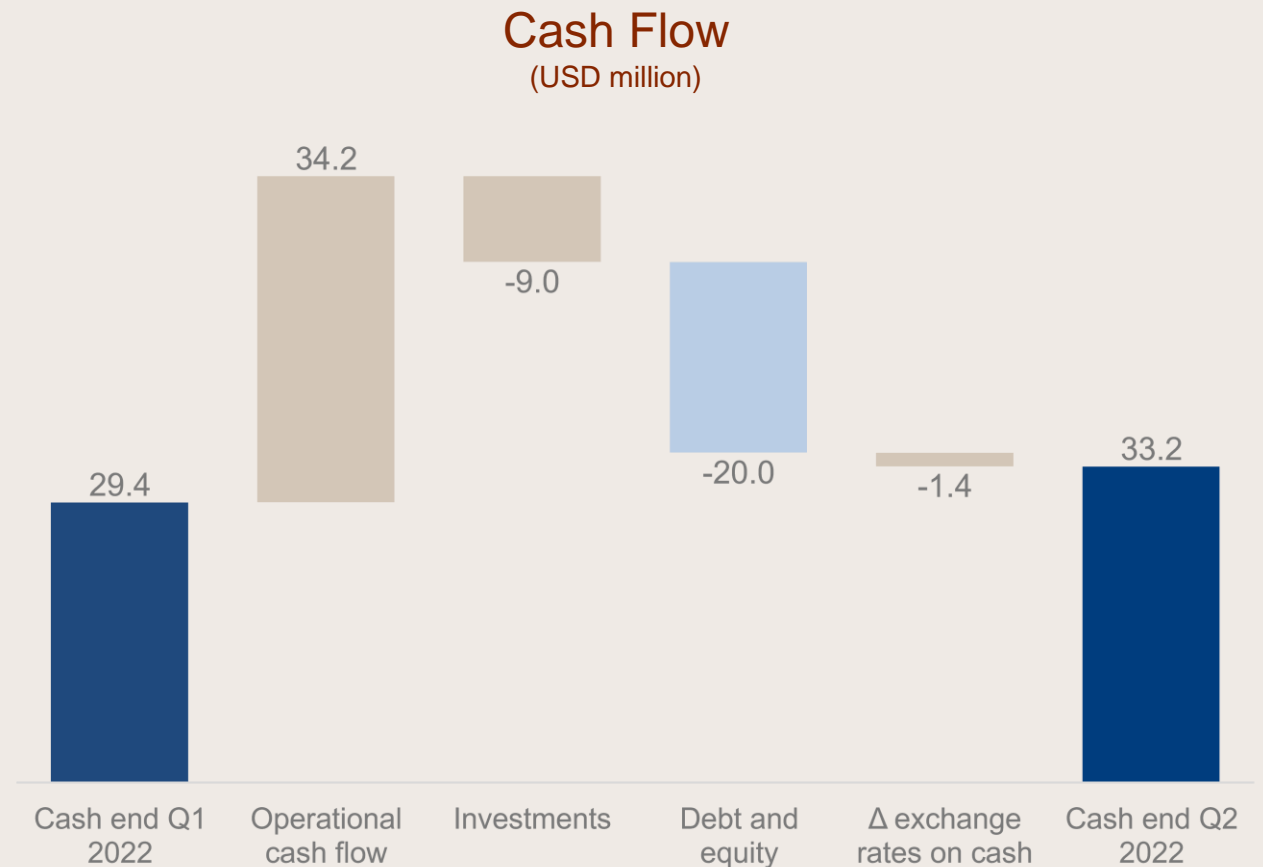
## Condensed profit and loss statement (Thousand USD)

Profit & Loss (USD 1 000)	Q2 2022	Q2 2021	Δ 22 vs 21
Total Revenues	97,446	50,549	46,897
SG&A	-4,365	-4,311	-54
<b>EBITDA</b>	<b>25,692</b>	<b>-10,635</b>	<b>36,327</b>
Depreciation and amortization	4,455	3,995	460
<b>EBIT</b>	<b>21,237</b>	<b>-14,630</b>	<b>35,867</b>
Fair value adjustments	5,369	4,217	1,152
EBIT after fair value	26,606	-10,413	37,019
Non operational items	-3,300	-811	-2,489
<b>Profit before tax</b>	<b>23,306</b>	<b>-11,224</b>	<b>34,530</b>
Estimated taxation	-6,445	2,784	-9,229
<b>Net profit for the period</b>	<b>16,861</b>	<b>-8,440</b>	<b>25,301</b>



# Cash Flow Q2 2022

- Positive net cash flow of USD 3.8m in Q2 22
- USD 34.2 million positive operating cash flow (prices and volume)
- Use of cash flow for investments at USD 9 million as Company deploys mitigating farming risk plans (geographies and species)
- Reduce the use of credit facilities of USD 20m

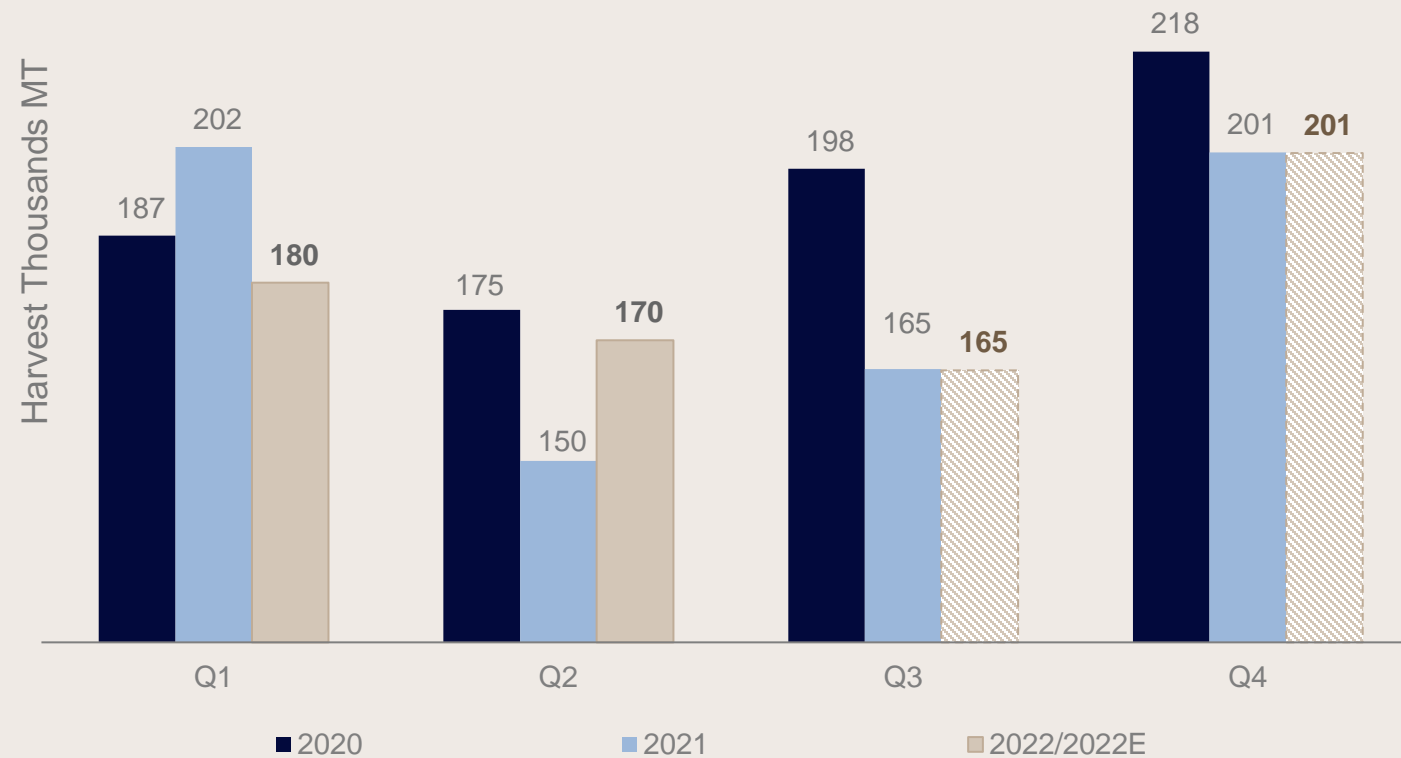


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## Summary

# Chile: Atlantic Estimates

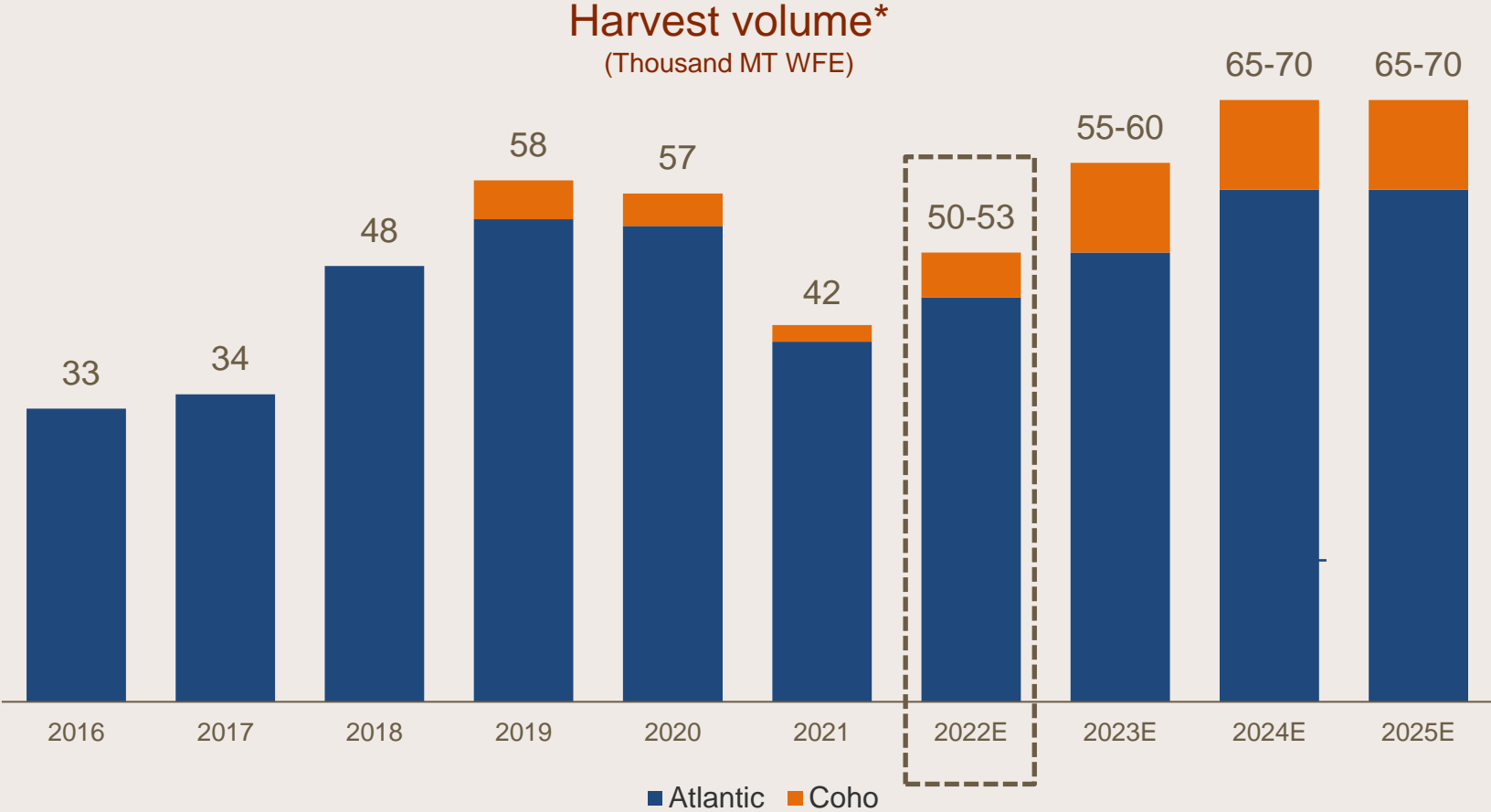


- Industry harvest volume for Q2 2022: 170k MT, 20k higher than Q2 2021
- H1 2022: 1% decline
- Year 2022E: annual production in line with 2021





# Salmones Camanchaca's growth plan



**55-60,000  
MT  
ATLANTIC**

**10-12,000  
MT  
COHO**

- DECLINE IN 2021 DUE TO ALGAE BLOOMS
- RECOVERED BY 2022-2023
- GROWTH IN 2024-2025
- COHO STOCKINGS INCREASE IN THE X REGION.

\*Figures do not include trout joint venture volumes from 2016-2022. The JV has an estimated average annual capacity for 12,000 MT 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.



# Summary

1. Prices at record high and more than cover cost pressures from feed and services
2. Back to normal on mortality and sales volume
3. Coho's positive contribution: EBIT/Kg USD 1.62
4. Profitability: a lot better than the previous quarters
5. Total harvest 2022 at 50-53.000 MT. Harvest plan for 2024-25 remains at 65-70.000 MT
6. Good performance in Q2 could go into coming quarter as good biological conditions remains as of mid August





Q&A

