

Salmones Camanchaca – Q1 2023 results

Highlights

- Strong financial performance during the quarter with EBITDA of USD 25.4, driven by high salmon prices, good biological performance and favorable product formats and markets allocation.
- Harvest volume of Atlantic salmon at 11,089 MT WFE, up 37 % from Q1 2022 and with good operational performance.
- Coho salmon harvest volumes were 2,491 MT WFE, compared to 663 MT WFE in Q1 2022, leaving the entire 2022-2023 season with 5,856 MT WFE, aligned with the Company's Coho salmon growth plan.
- Cost of harvested Atlantic salmon (ex-cage live weight) was USD 4.27/kg, driven by higher feed costs, environmental risk mitigation measures to mitigate harmful algal blooms (HAB) and oxygen deficiency risks, and inflationary pressures from other services and consumables. Despite these pressures, cost was down 2% from Q1 2022.
- Total processing and harvesting costs were USD 1.24/kg WFE, compared to USD 1.29/kg WFE for Q1 2022, due to higher production volumes (+17%), offsetting inflationary pressures on consumables and services.
- Atlantic salmon EBIT/kg WFE was USD 1.68, an improvement of USD 1.93 compared to the same quarter last year. Coho salmon EBIT/kg WFE was USD 0.36 for the 2,683 MT WFE sold, compared to USD 1.82 the previous year with sales of 1,207 MT WFE, due to increases in feed costs, inflationary pressures and jaundice and maladaptation events.
- Cash balance on March 31, 2023, was USD 11.1 million, down from USD 20.8 million as of end-2022, and net financial debt increased by 16% to USD 87 million.
- Net Financial Debt over EBITDA ratio for the last 12 months was 0.88, well below the 4.00 limit required by lending contracts with banks.
- Atlantic salmon harvest volumes for 2023 are expected to be between 44,000 and 46,000 MT WFE, while Coho salmon harvest volumes are expected to be 10,000 to 12,000 MT WFE.

Santiago, 15 May 2023: The average sales price of Atlantic salmon was USD 7.80/kg WFE, which was 15% or USD 1.03/kg WFE higher than Q1 2022, mainly driven by limited global supply and better achieved price from the Company's main markets. Salmones Camanchaca's flexible ability to change formats and markets helped capturing higher prices and better commercial opportunities. Operating revenue was USD 113.8 million, which was 41% higher than in Q1 2022. The increase is due to higher sales volumes at higher prices.

Atlantic biological performance continues to improve with the feed conversion ratio (biological) reaching 1.08, its lowest ever. As did the FIFO ratio, which was 0.45, well below 1. Smolt productivity, measured as biomass harvested/number of smolts stocked was 42% higher than the previous year, while the average closed-cycle harvest weight was 5.0kg up 25% from Q1 2022.

Atlantic ex-cage costs were USD 4.27/kg for the quarter, a decrease of 2% compared to Q1 2022, despite costs reaching record heights driven by an increase in feed costs, additional environmental risk mitigation measures to mitigate oxygen/algae bloom risks, and inflation on services and other consumables.

Total Atlantic processing costs were USD 1.24/kg WFE, higher than long-term target, but lower than Q1 2022 (USD 1.29/kg WFE) influenced by higher production volumes during the quarter, offset by inflationary pressures on consumables.

There were no extraordinary mortalities during the quarter compared to USD 3.7 million in Q1 2022. This was the result of benign oceanographic conditions in southern Chile, good performance from the Company's geographical risk diversification strategy and the HAB impact mitigation technologies implemented in exposed farming sites.

Salmones Camanchaca has an opportunistic approach to market and product diversification, adapting to requirements and targeting markets with the best conditions. The objective is to focus on the markets and formats that offer the best return on its raw materials over the medium term, while preserving stable relationships with customers in these markets.

By adding further value within the Company's products and associating sales with medium-term commercial agreements that attenuate volatility, Salmones Camanchaca has continued to improve price stability during the first quarter of 2023. Prices steadily increased in January and February 2023, so the raw material return (RMR) on products sold lagged USD 0.1/kg behind the Salmonex market reference used by the Company but exceeded it by USD 0.07/kg in March when it fell.

EBIT before fair value adjustments was USD 20.9 million in the first quarter, compared to negative USD 0.4 million in Q1 2022, which was due to higher sales volumes and prices for Atlantic salmon. Thus, EBIT/kg WFE for Atlantic salmon was USD 1.68, a substantial improvement year-over-year (USD 0.25 negative). The good production performance of Coho salmon at the end of 2022 meant harvests could be extended until January 2023, which resulted in sales of 2,683 MT WFE for the first quarter, which double the sales for Q1 2022. However, EBIT/kg WFE was USD 0.36, which was lower than the USD 1.82 in Q1 2022, due to higher ex-cage costs attributable to increases in the cost of feed, inflationary pressures and an incident of jaundice and maladaptation at one farming site.

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

"Having had a more normal summer, without important oceanographic incidents, allowed a high fish survival that was supported by our risk reduction strategy, which added to an increase in Coho and Atlantic harvests and a strong global demand, resulted in a good start of the year".

Salmones Camanchaca will present the first quarter 2023 results on Tuesday, 16 May 2023 at 15:00 Central European Summer Time (CEST). 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 and trout, 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 production target is 54,000 to 58,000 MT WFE for 2023 and 65,000 to 70,000 MT WFE for 2024, which is aligned with the Company's total Atlantic and Coho salmon production capacity. 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 are currently the USA and Mexico.