

Salmones Camanchaca – Q3 2023 results

Highlights

- Atlantic salmon harvest volumes for Q3 2023 were 17,760 MT WFE, up 24% compared to Q3 2022, which was aligned with the harvesting plan.
- The higher harvest volume has not been reflected in sales, as September closed with Atlantic salmon sales volumes of 11,311 MT WFE and inventories of more than 9,000 MT WFE.
- Operating revenue for the quarter was USD 82.1 million, a decrease of 14% over Q3 2022. The decrease is mainly due to lower sales prices, which were down 13% and 24% for Atlantic salmon and Coho salmon respectively compared to the same period last year.
- Coho salmon sales volumes totaled 438 MT WFE for the quarter and inventories were over a 1,000 MT WFE. Based on smolt stocking in early 2023, harvest volume for the 2023-2024 season is expected to double from the previous seasons harvest volumes of 5,856 MT. Harvest for 2023-2024 season will begin in Q4 2023.
- Cost of harvested Atlantic salmon (ex-cage live weight) increased 12% to USD 4.69/kg, mainly due to two sites accounting for 70% of harvested volume that were affected by SRS outbreaks and sea lice presence which increased treatments costs.
- Atlantic salmon EBIT/kg WFE was USD 0.05 in Q3 2023, which compares to USD 1.78/kg WFE in Q3 2022. Coho salmon EBIT/kg WFE was negative USD 0.54, down from positive USD 1.16 in Q3 2022.
- Q3 2023 EBITDA was USD 2.9 million compared to USD 25.6 million in Q3 2022. EBITDA for the first nine months was USD 32.6 million, compared to USD 55 million in 2022.
- 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
- Improvement in biological indicators from the last 12 months (LTM) as of September, with a reduction in the use of antibiotics by 52%, antiparasitic use by 38% and an improvement in the biological conversion ratio by 4%, reaching 1.07 compared to LTM as of September 2022.

Santiago, 15 November 2023: Salmones Camanchaca harvested 17,760 MT WFE of Atlantic salmon in Q3 2023, which was 24% higher than the harvest volume in Q3 2022 at 14,326 MT WFE. This increase was aligned with the company's previously announced harvesting plan.

Atlantic salmon sales volumes were 11,311 MT WFE, a decrease of 3.4% over the same period in 2022, as sales of frozen products reduced inventory rotation resulting in a stock of over 9,000 MT WFE as of September. The average selling price of Atlantic salmon was USD 6.86/kg WFE, a decrease of 13% over Q3 2022, as market salmon prices had fallen. Salmones Camanchaca excels in its ability to switch formats and markets in response to changing market conditions, so can successfully capture market opportunities, which has helped to keep its prices above the market despite these downturns.

Coho salmon sales during Q3 2023 were 438 MT WFE, compared to 108 MT WFE in Q3 2022, leaving inventories of over 1,000 MT WFE. Coho salmon harvest volumes for the 2022-2023 season were 5,856 MT WFE, which was higher than the previous season's at 2,504 MT WFE. These harvest volumes are expected to double during the 2023-2024 season, which begins in Q4 2023.

Biological performance (LTM as of September, closed cycle) continues to improve with the biological conversion ratio reaching 1.07. As did the FIFO indicator, which was lower than the Salmones Camanchacas long-term target and lower than the target set by the Sustainability Linked Loan. Smolt productivity, measured as biomass harvested/number of smolts stocked, was up 21% from the previous year, while the average harvest weight was 5.2 kg WFE, 14% higher than in 2022 and 4% higher than in 2021.

Atlantic salmon ex-cage live weight costs were USD 4.69/kg in the quarter, an increase of 12.5% over Q3 2022, mainly due to two sites that accounted for 70% of the volume harvested in Q3 that were extraordinarily affected by SRS outbreaks and sea lice presence, which increased treatment costs. These costs were also affected by higher salmon feed prices.

Quarterly Atlantic salmon processing costs including harvesting were USD 0.98/kg WFE, which was lower than USD 1.03/kg WFE for Q3 2022, mainly due to higher harvest volumes.

Extraordinary mortalities for the quarter were USD 1.0 million, compared to USD 0.6 million in Q3 2022, and were caused by low oxygen events at one farming site.

Quarterly expenses incurred on sovereignty and unused assets, such as fallow farming sites, were USD 2.1 million, which compares to USD 2.9 million in Q3 2022.

EBIT before fair value adjustments for Q3 2023 was negative USD 1.9 million, compared to positive USD 21.0 million in Q3 2022. Thus, EBIT/kg WFE for Atlantic salmon was USD 0.05/kg WFE for Q3 2023, compared to USD 1.78/kg WFE for Q3 2022. For coho salmon, EBIT/kg WFE was negative USD 0.54, down from positive USD 1.16 in Q3 2022.

Commenting on the Q3 performance of Salmones Camanchaca, vice chairman Ricardo García, said:

“This was a very challenging quarter due to the weakness of global demand and its effects on prices, added to costs that absorbed the higher prices of raw material inputs for feed, inflation on services, and SRS outbreaks and sea lice presence that affected harvested fish costs from two sites. Despite this scenario, the productive and commercial flexibility to focus on the most attractive formats and markets allowed us to obtain prices above the spot reference. Besides the challenges we have for the end of 2023, we observe good health performance, somewhat less cost pressure for early 2024 harvests, and better prices for the following months. Possibly the main commercial target is the sale of Coho inventory, which we estimate will be larger at the end of this season in January 2024. And on the production side, target is to verify the mitigating measures benefits to face oceanographic incidents.”

Salmones Camanchaca will present the third quarter 2023 results on Thursday, 16 November 2023 at 13:00 Central European Time (CET). The presentation will be held on-line by CEO Manuel Arrigada and CFO Daniel Bortnik.

To join the webcast use the following link:

[Click here](#)

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.

For more information please contact:

Álvaro Marín, Head of IR, alvaro.marin@camanchaca.cl

Álvaro Morales, IR, alvaro.morales@camanchaca.cl

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, 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 Company's estimated Atlantic and Coho salmon harvest volumes for 2023 are between 54,000 and 58,000 MT WFE and a similar harvest is expected in 2024. 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.