

Q2 2020 results

Santiago, Chile | 20 August 2020

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Mañihueico, Chile

Agenda

- Highlights of the quarter
- COVID-19 Update
- Operational review
- Markets
- Sustainability
- Financial review
- Outlook and summary



Q2 2020 Highlights

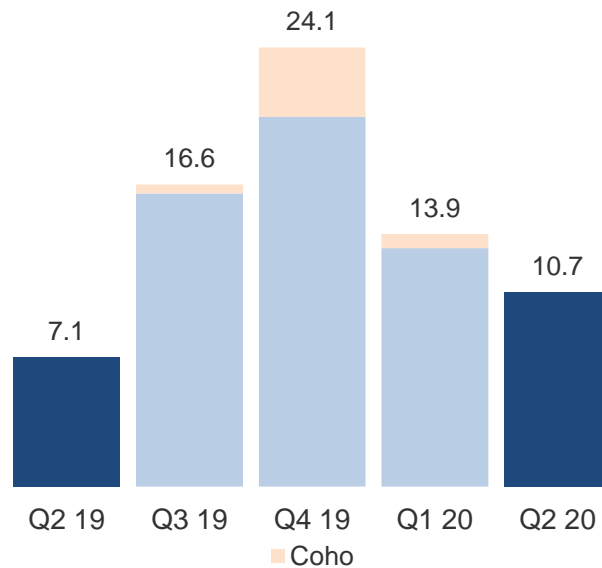
- Harvest volume up 50% from Q2 2019, and revenues with a modest 3.6% growth due to lower prices
- Costs bellow 2Q 2019, but processing cost 13% above long-term target due to covid19 preventive measures; lower scale; and higher share of value-added products
- EBIT down due to 189 US cents lower market prices as FS demand sharply declined and Coho negative contribution
- Islotes site damaged by highly unusual storms resulting in site's 30% biomass loss.
- Trout JV favorable turnaround in H1 2020
- Estimated Atlantic harvest at 51-53,000 tons in 2020, ~ 5% lower
- Covid19 remain under control withing our premises and operation continues. However, the extent of this impact going forward remains uncertain



Financial highlights

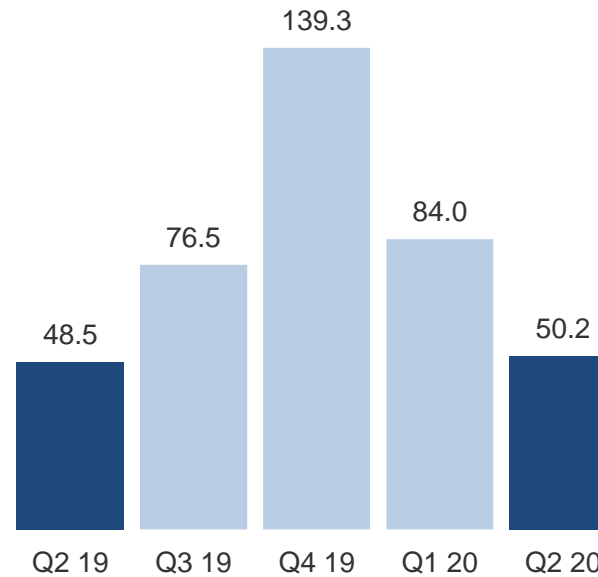
Harvest volume

Thousands tons WFE



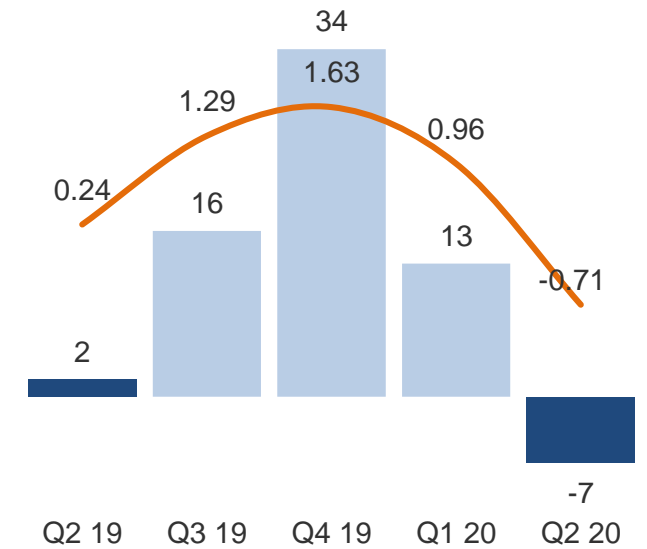
Revenues

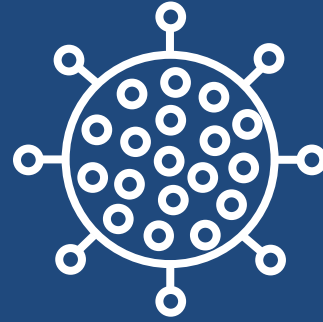
Million USD



EBIT and Atlantic EBIT/kg WFE*

Million USD and USD/kg WFE





COVID-19 Update

COVID-19 Impact

- **People**

- Safety of people is our #1 priority
- Preventive measures across the organisation are proven effective
- Less than 1% of employees positive with > 5.000 tests taken.

- **Farming**

- Some harvest delays due to processing restrictions

- **Processing**

- Lower density and shorter shifts reduced processing capacity by up to 30%
- Focusing on value added products

- **Logistics**

- Normal operations, but air freight more expensive

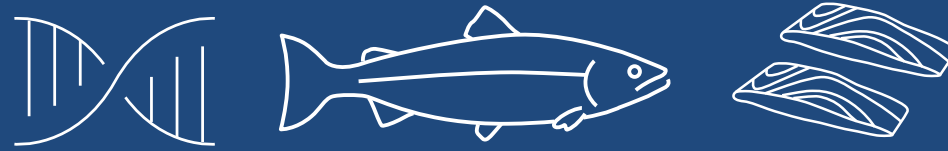
- **Markets & demand**

- Switch from Food Service to Retail in main markets, leveraging stronger value-added capacity
- HON markets (Brazil, China): the least attractive so far
- Uncertainty on how quickly FS demand will recover

- **Financial Position**

- Investment plan April-Dec 20 revised down
 - Capacity investments in value added products maintained
- Cash + available credit lines: ~ USD 38m by quarter end.

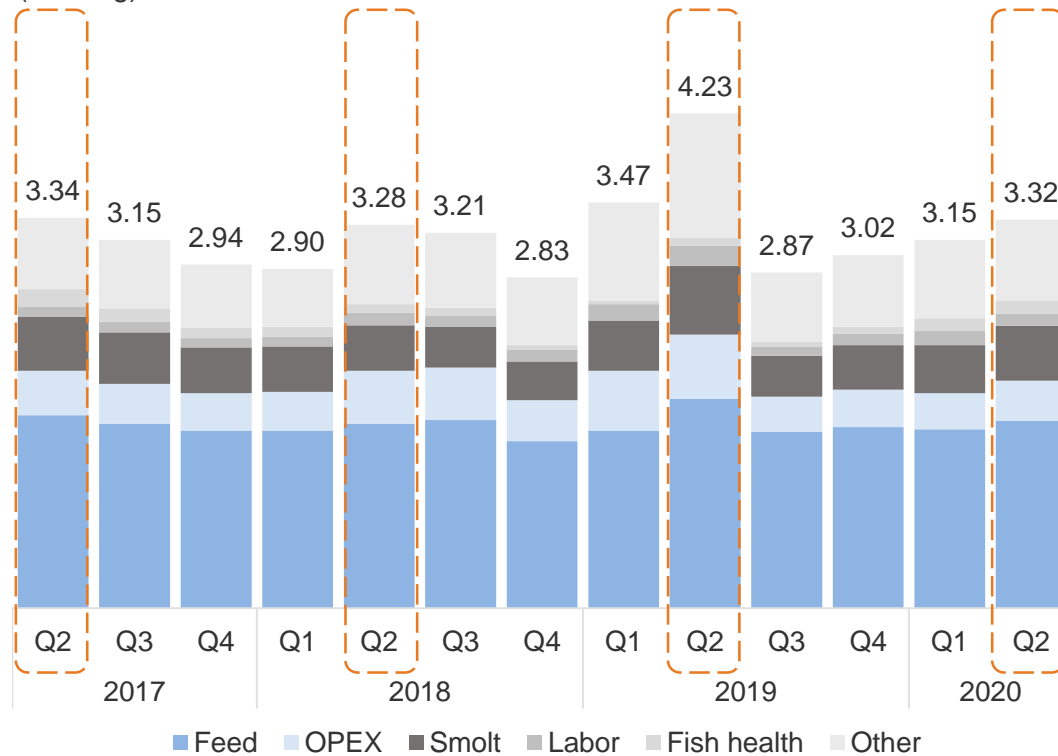




Operational review

Live weight cost 22% lower than Q2 2019

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

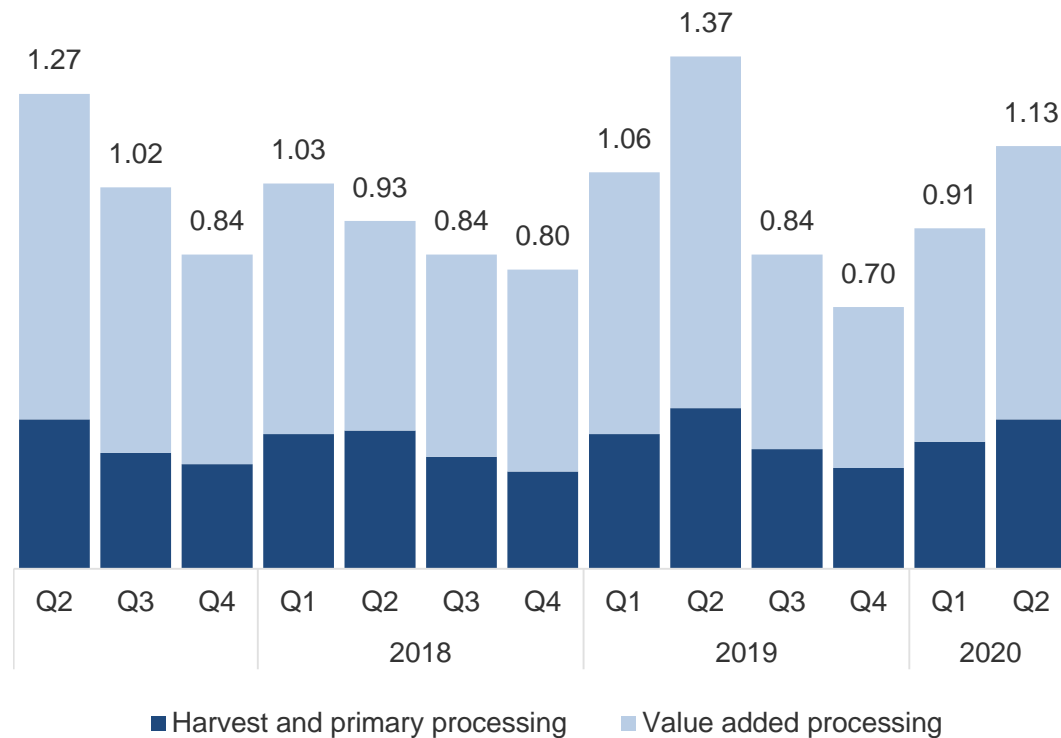


- Q2 2020 live weight cost at USD 3.32/kg,
 - 4 cents higher than previous cycle
 - 11% above \$3 target due to higher mortality caused by one site's SRS outbreak
 - 22% lower than Q2 2019 due to higher production yield
- Sea lice situation under control with increased treatment frequency and new pharma tools



Processing cost impacted by lower volume

Atlantic salmon processing cost
(USD/kg WFE)



- Q2 2020 total processing cost at US\$ 1.13/kg
 - Above long-term target of US\$ 1.00/kg due to Covid19
 - Down 24 US cents from Q2 2019 due to larger scale and new secondary plant efficiencies
- Value added processing cost impacted by
 - Lower volumes than previously anticipated
 - Change in product mix: more fillets & portions, which now account for 90% of total volume processed
 - COVID-19 additional cost of 7 cents/kg WFE



Finished product cost at long-term target

Atlantic Finished Product Cost LTM
(USD/kg WFE)



- US\$ 4.15/Kg in line with long term target
- 4th consecutive quarters with decline
- Down 2% from comparable farms (Q2 2018) despite:
 - Additional vaccines for SRS and sea lice included in smolt-cost
 - New devices to prevent oxygen shortage and algae blooms at ocean sites

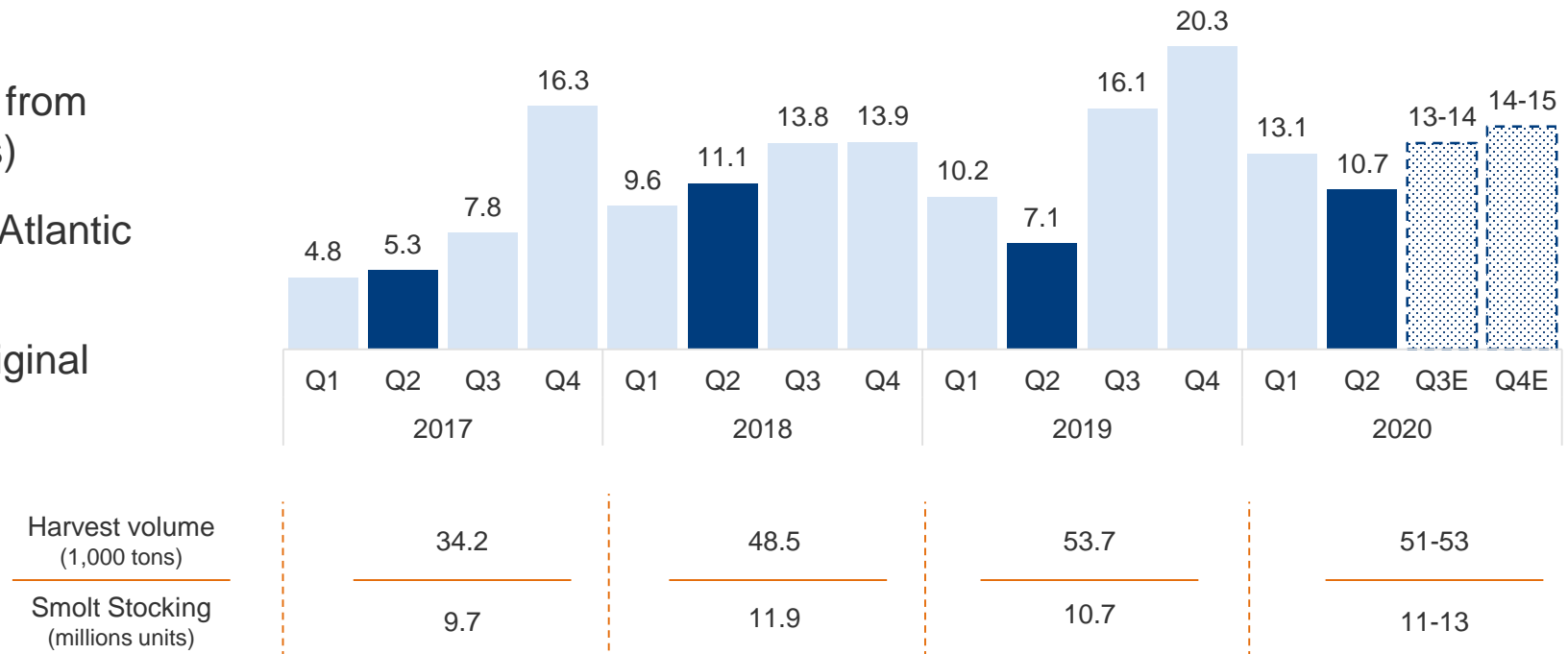


Atlantic salmon 37% volume growth cycle-on-cycle

Atlantic harvest and smolt stocking

Thousand tons WFE and million units

- Q2 2020 harvest down 4% from Q2 2018 (comparable sites)
- Industry smolt stocking for Atlantic down 11%*
- Salmones Camanchaca original stocking plan maintained

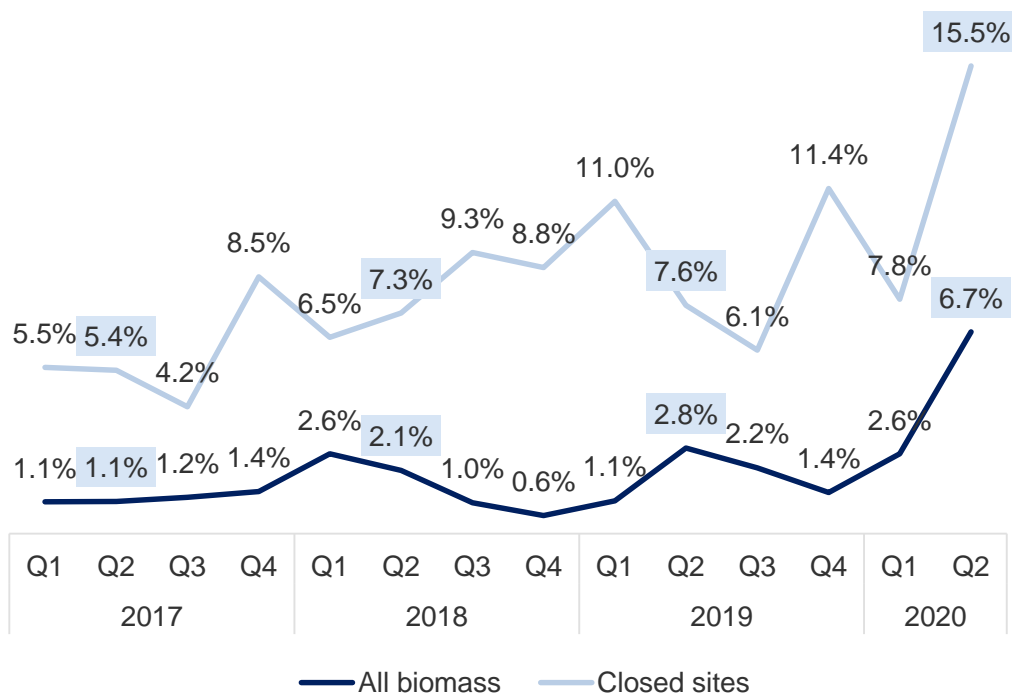


* Source: Aquabench Jul 2020



Atlantic salmon biology

Mortality rate (% of number of fish)



Biology indicators

	Q2 2017	Q2 2018	Q2 2019	Q2 2020
FCRb* (live weight)	1.17	1.23	1.30	1.18
Yield (kg WFE/smolt)	4.8	4.4	4.1	4.5
Average harvest weight (kg WFE)	5.0	4.8	4.4	5.2

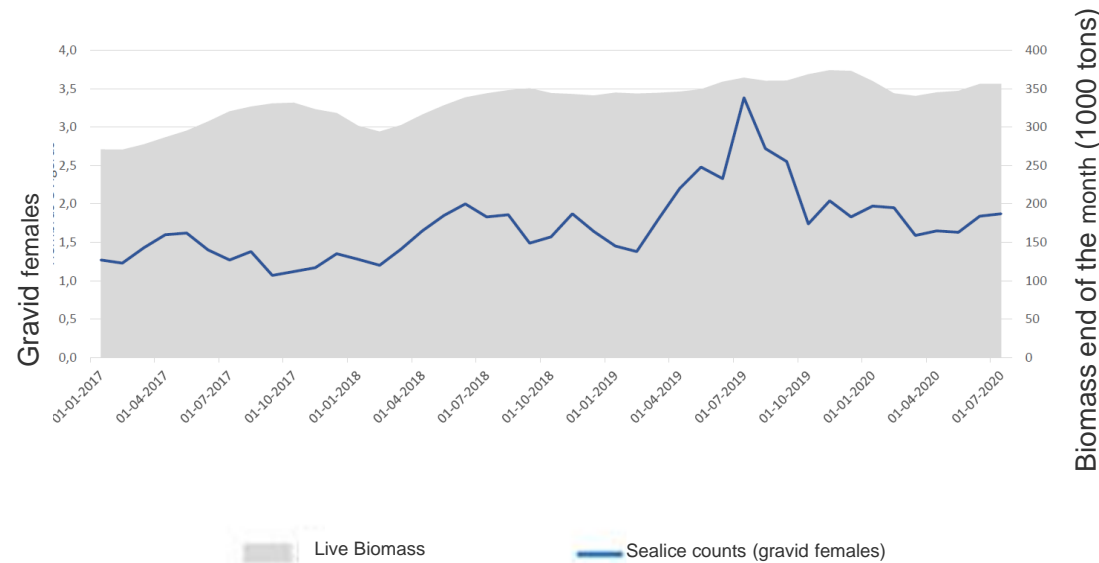
* FCRb = Biological Feed conversion ratio

- Q2 2020 mortality increased due to Islotes site event, losing close to 30% of the initial site's stock
- Q2 2020 mortality of closed cycles high due to the low performance of two sites due to SRS



Sea lice situation

of sea lice & industry biomass (Atlantic and Trout)

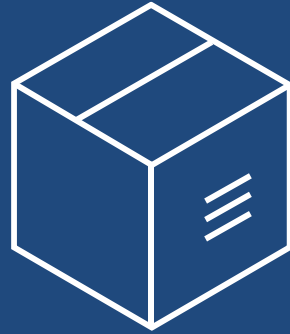


Recent development

- Stable biomass
- Sea lice decreased in 2020 compared with same sites, pharmacological products still efficient
- Operating peroxide barge, alfaflux and azametifos
- Currently 1 site with high loads, representing 7.5% of total biomass, but harvesting at 5kg

* Source: Aquabench

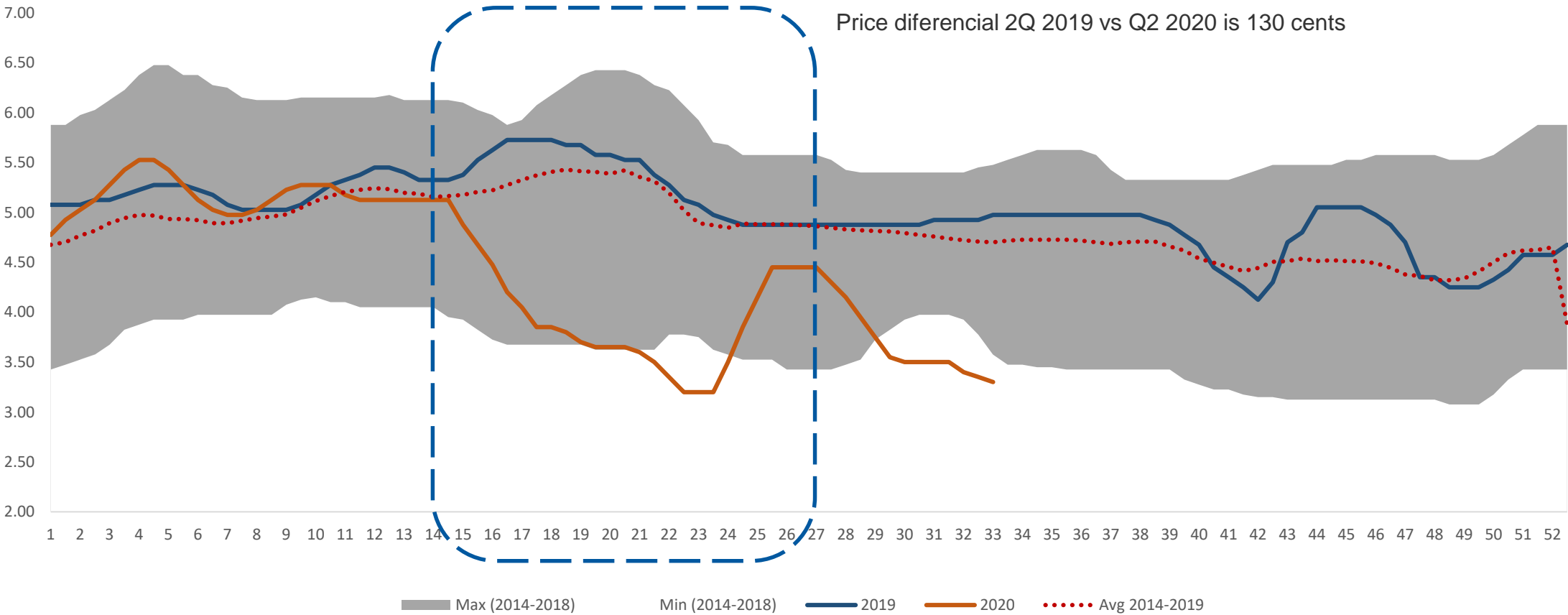




Markets

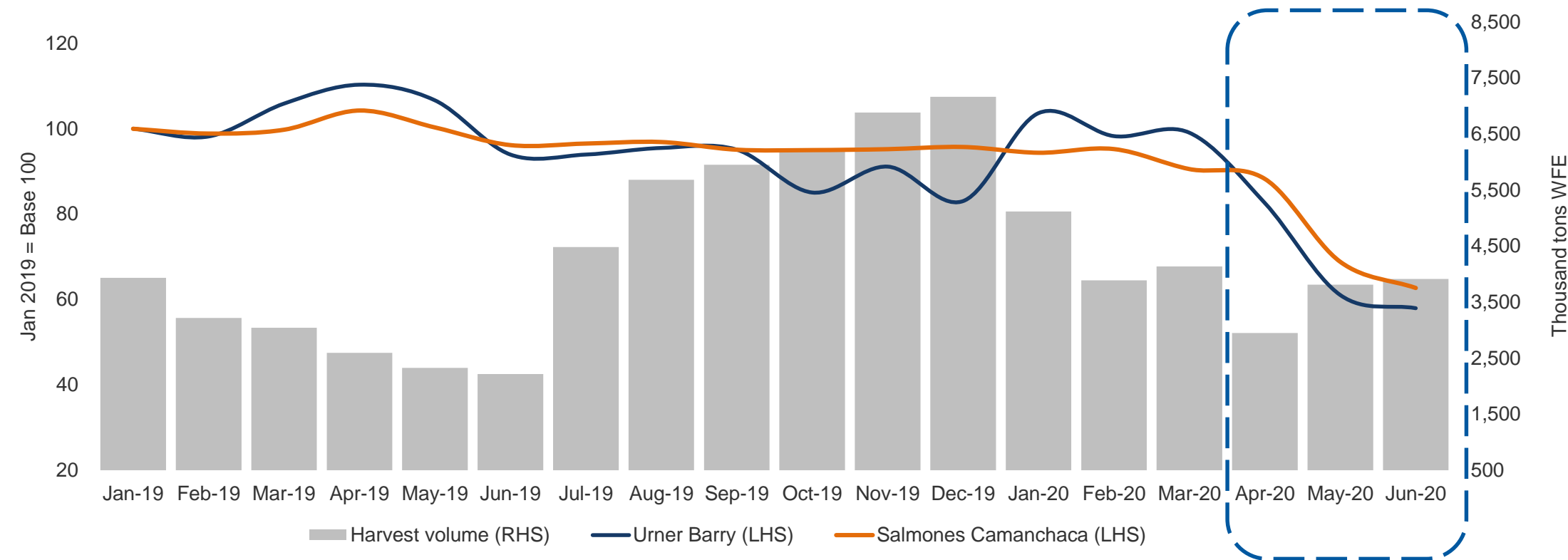
Market Price Evolution

UB 3-4 Mid Trim D



Salmones Camanchaca price achievement

Return on Raw Material (RRM)*



*RRM = Return or Price obtained for WFE primary processed fish

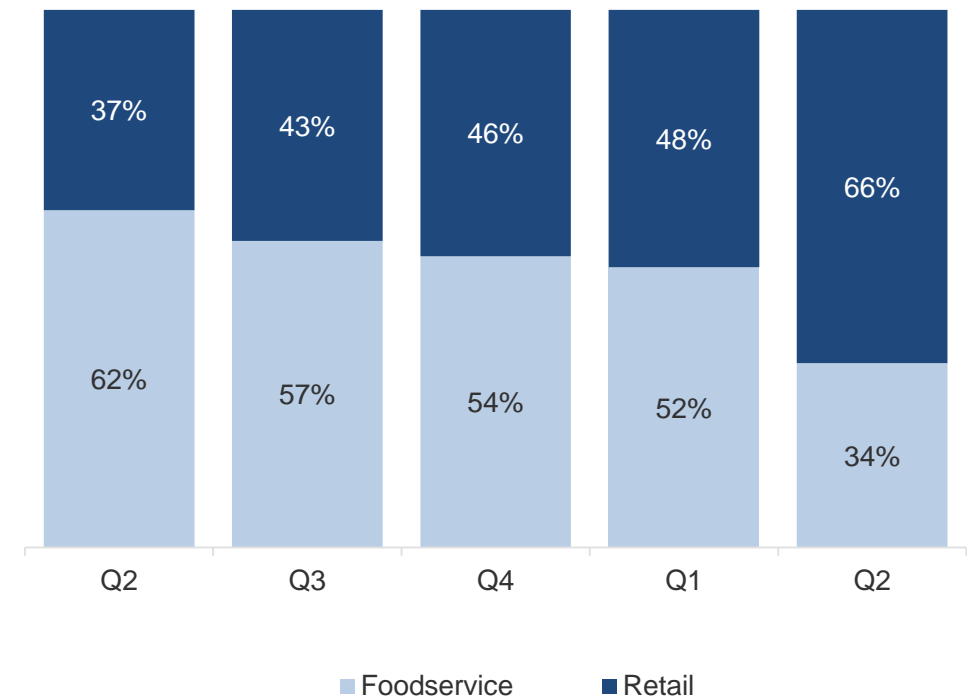


Sales distribution channel USA market

(% of Q2 2020 Volume WFE)

- Shift in the demand from Food Service to Retail in the main market, USA
- The increase in the retail does not fully compensate for the drop of foodservice
- Same pattern in the other key markets Mexico and Japan

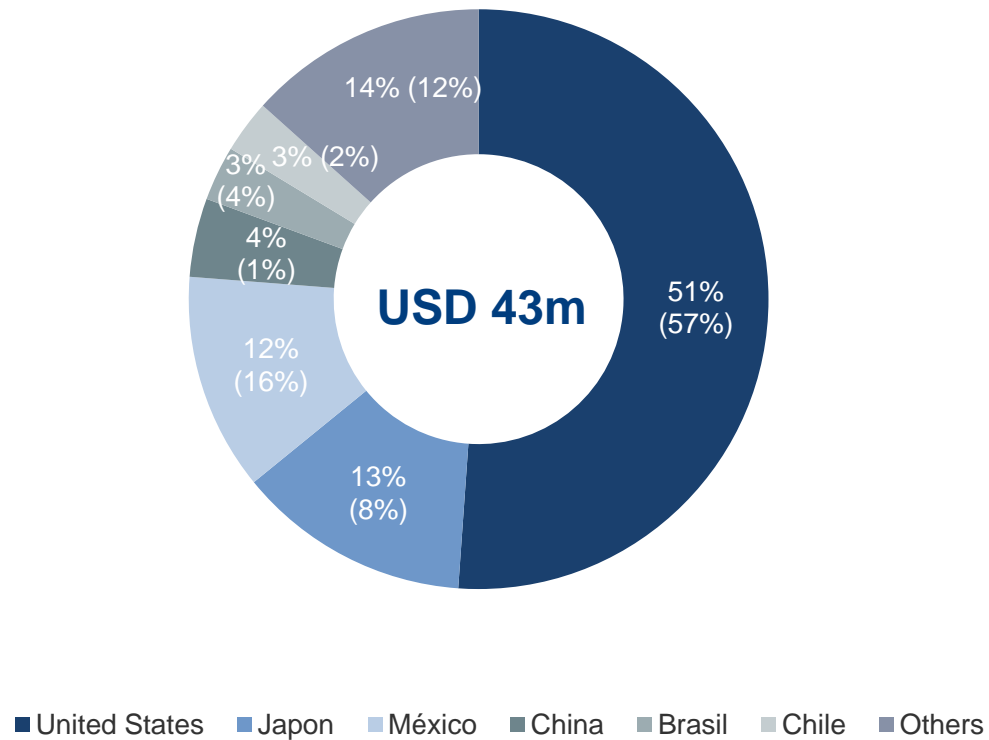
Quarterly distribution of sale by segment



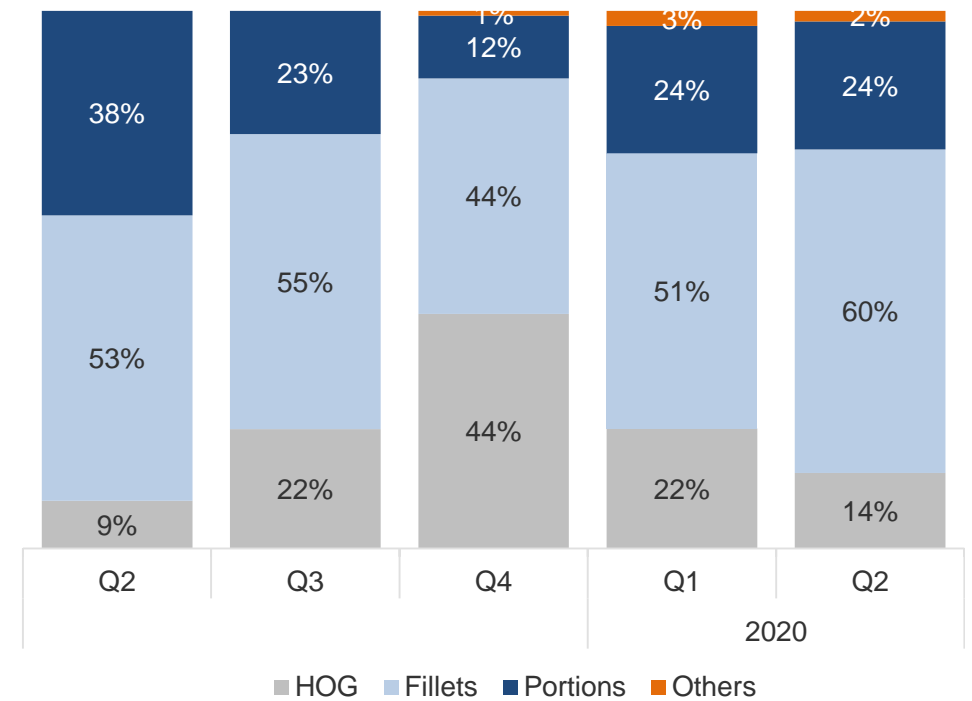
Atlantic Sales Mix

(% of Q2 2020 Volume WFE)

Total 2020 (2019)



Quarterly distribution by product type



Salmones Camanchaca 2019 Sustainability report



Be the industry leader in sustainable operations

Maintain the highest level of transparency

Be a driving force within the industry

Addressing UN Sustainable Development Goals*



 **SUSTAINABLE
DEVELOPMENT GOALS**



Sustainability performance matrix



Healthy and Nutritious food

Atlantic mortality	4.9%
BAP Certified Biomass	100%
ASC Certified Biomass	17%
LIVAC vaccine # fish	98%



Healthy Ecosystems

# Escapes	0
Interaction with wildlife (# of incidents)	0
Feed conversion ratio	1.19
Fish in / Fish out ratio	0.61
Antibiotics use	519.9 gr/ton LWE
Anti parasite use	12.6 gr/ton LWE
Solio wastes / biomass produced	0.11



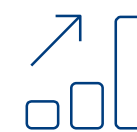
Prosperous communities

Employees trained on relation with communities	8.8%
Community engagement activities	189



Meaningful jobs

Number of employees	1,569
Gender distribution	25% woman
Employee rotation	2.93%
# Of accidents	0.4
Absent	0.127
Absent du to accidents	13.9
Trained employees	71.69%



Profitable and responsible business

Compliance policies and training	85%
EBITDA/Net assets	21.5%
EBIT/Kg WFE	1.3



An advocator for sustainable salmon farming

Sustainability indicators

(closed sites)

	Q2 2017	Q2 2018	Q2 2019	Q2 2020
FIFO Ratio	0.69	0.58	0.65	0.60
Length of cycle/Fallow period [months]	17/7	17/7	16/8	17/7
# Escape incidents	0	0	0	37,150
# of antibiotic treatments	3.1	2.9	1.6	2.5
Antibiotic usage (g/ton)	514.6	515.5	517.3	579.3
Antiparasitic usage (g/ton)	11.6	13.1	19.2	18.9

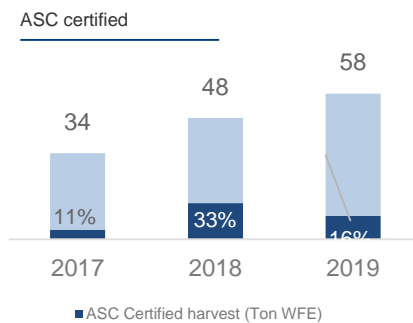
- 14% reduction of number of antibiotic treatment cycle-on-cycle but with an increase in the antibiotic usage (g/ton)
- Increased use of anti-parasite pharma solutions to keep sea lice under control
- Escape incident related to Islotes event
- Sustainability embedded in management performance assessment



Progress towards our ambitions

ASC

majority of production
certified by 2021



Carbon neutral

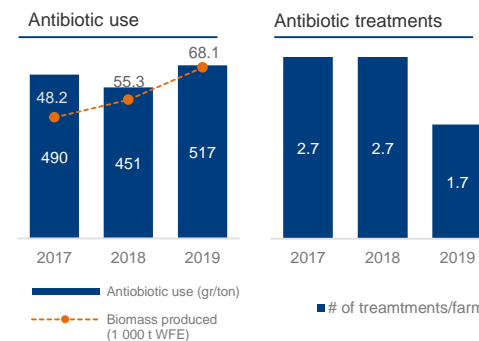
by 2025

	2016	2017	2018	2019
Intensity tCO ₂ eq/tWFE	0.5	0.7	0.6	0.6

- Renewable energy contract with Colbun 2 years ahead of target

50% reduction

in the use of antibiotics
by 2025



Communities

Be an increasingly
valuable member of
our communities

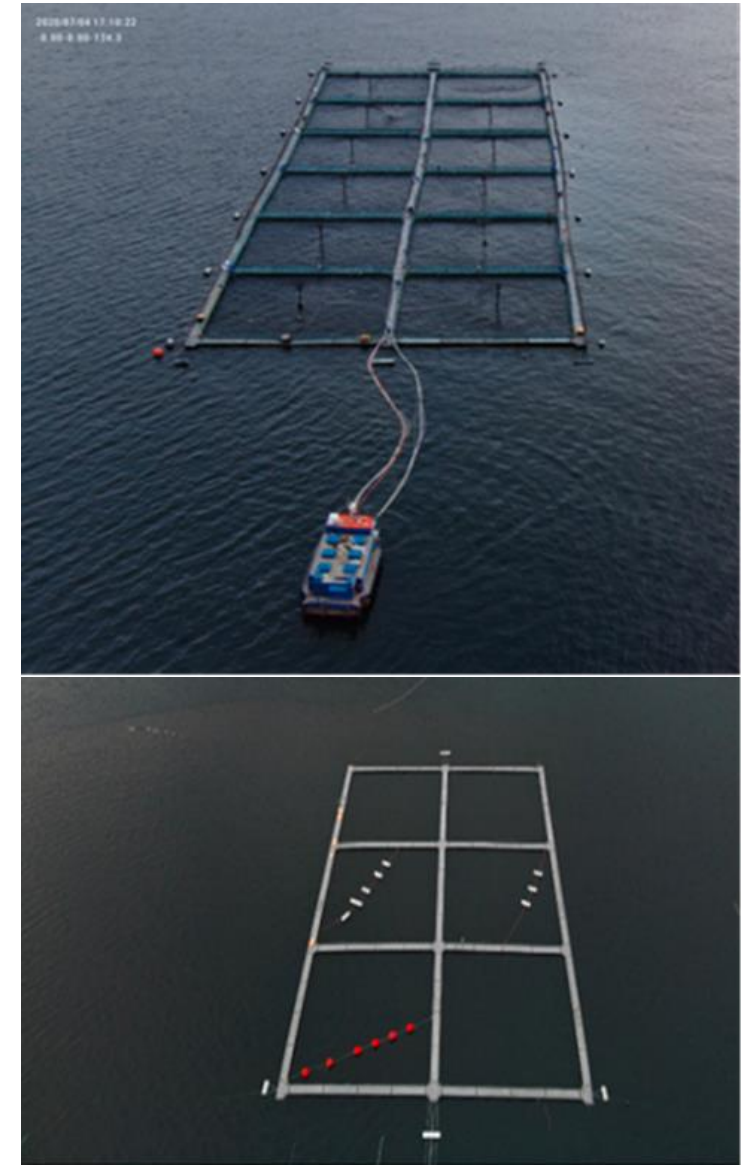
New strategy based on:

- Risk analysis
- Active stakeholder management
- Communication and transparency
- Contributions to local communities
- Measurement



Islotes event

- Most unusual weather conditions impacted on mid May 2020
- Total fish lost: 530,000 fish, 30% of the site's count. Recapture strategy mitigated reputational damage.
- Total financial impact net of insurance of approximately USD 4.1 million.





Financial review

Profit & Loss

- EBIT down by USD 11.2m versus 2Q 2019
 - Entirely explained by low prices: 188 US cents lower
 - Partly offset by lower costs and higher volume
 - Negative contribution from Coho of USD 2.9m
- Prices also impacted FV: negative USD 10.3 million
- Non-operational items: USD -3.0m
 - Mainly due to Islotes event USD -4.1m
 - Positive Trout JV contribution of US\$ 1.3m
- With negative FV, Net Loss was USD 16.4m, down USD 13.8m

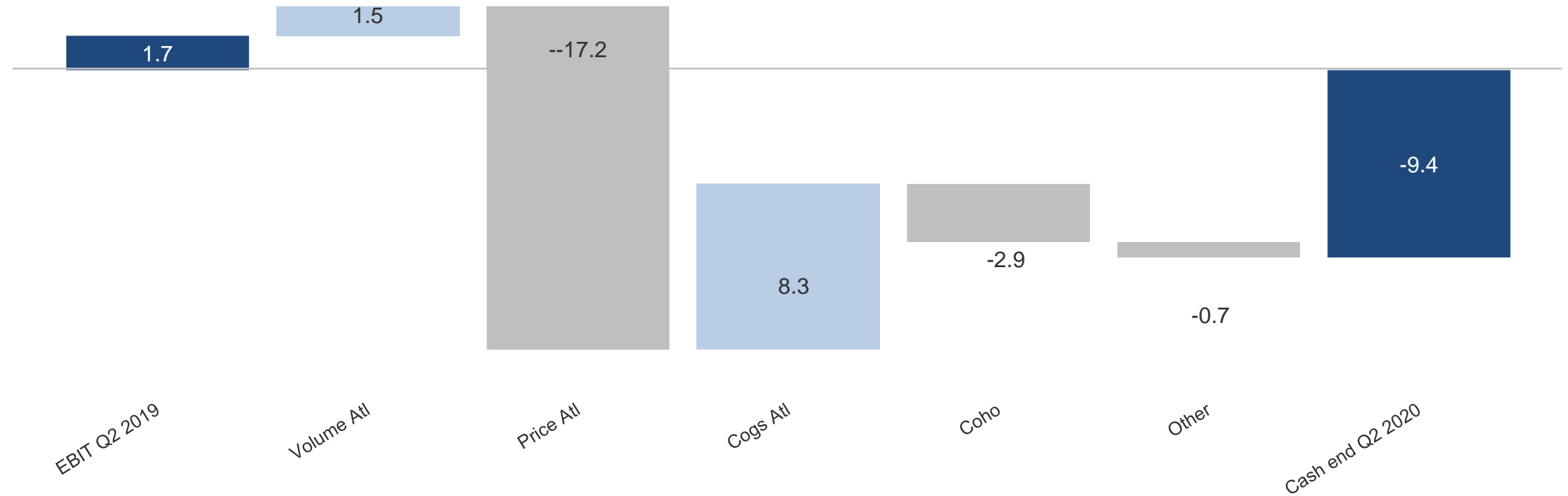
Condensed profit and loss statement (Thousand USD)

Profit & Loss (USD Thousand)	Q2 2 020	Q2 2 019	Δ 20 vs 19
Total Revenues	50,248	48,503	1,745
SG&A	-4,307	-3,645	-662
EBITDA	-5,816	4,679	-10,495
Depreciation and amortization	2,817	2,577	240
EBIT	-9,439	1,737	-11,176
Fair value adjustments	-10,250	-1,701	-8,549
EBIT after fair value	-19,689	36	-19,725
Non operational items	-2,969	-3706	737
Profit before tax	-22,658	-3,670	-18,988
Estimated taxation	6,285	1,142	5,143
Net profit for the period	-16,373	-2,528	-13,845



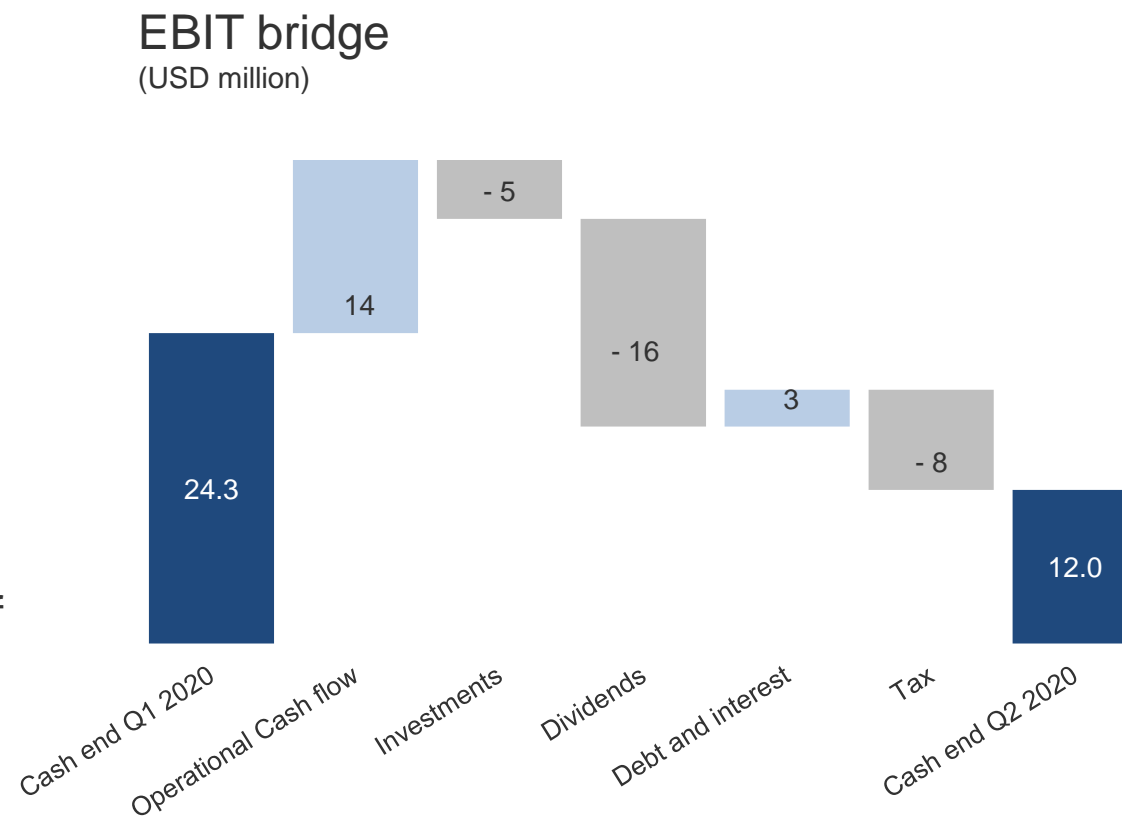
Strong Price effect on EBIT Q2 2020

EBIT USD 11m bridge
(USD million)



Cash Flow Q2 2020

- Net cash decreased by USD 12.3m in Q2
- Positive operational cash flow as working capital need is reduced from collecting receivables and selling inventory
- Investments at USD 5m focusing value-added processing capacity
- Additional USD 5m debt in Q2 2020 to strengthen cash position
- Cash and available credit lines total liquidity of USD 38m as of June 30th.

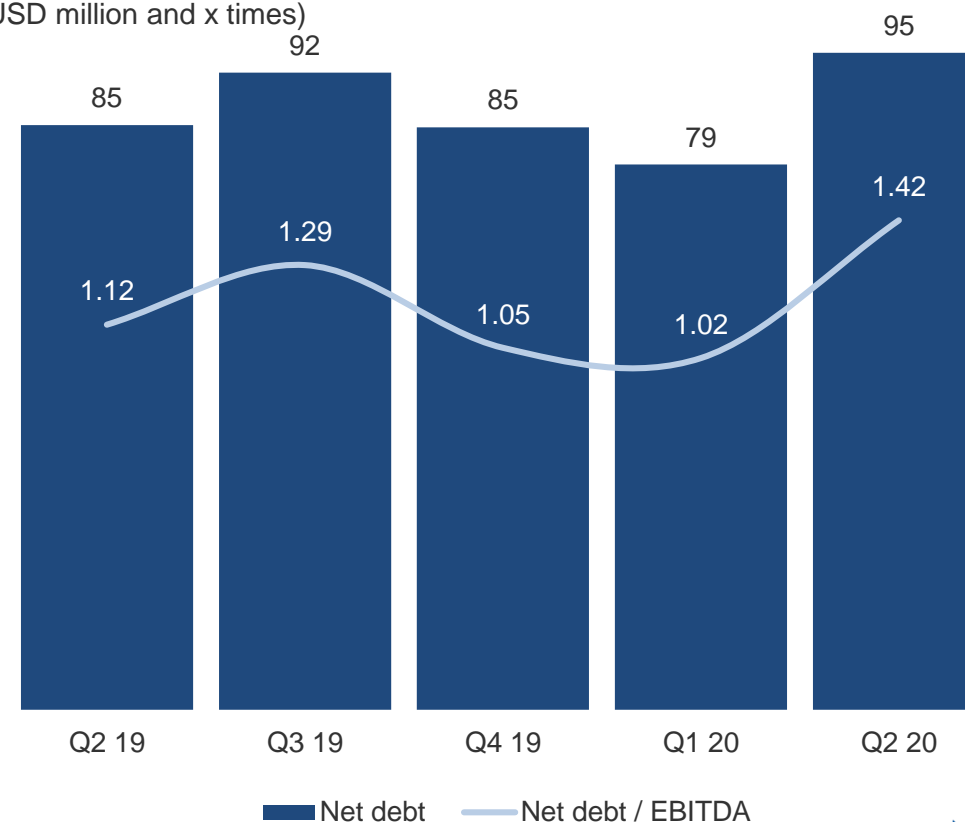


Financial Debt Position

- Net financial debt increased by USD 5m in short term credit facility
- Total cash of USD 12m at 30 June 2020
- Committed long term credit line of USD 100m, 94% utilization
- Short-term credit lines totalling USD 33m, 39% utilization
- NIBD/EBITDA-LTM ratio well below covenant of 4.0x
- Equity ratio at 49.7% well above target of >40%

NIBD and NIBD/EBITDA ratio

(USD million and x times)

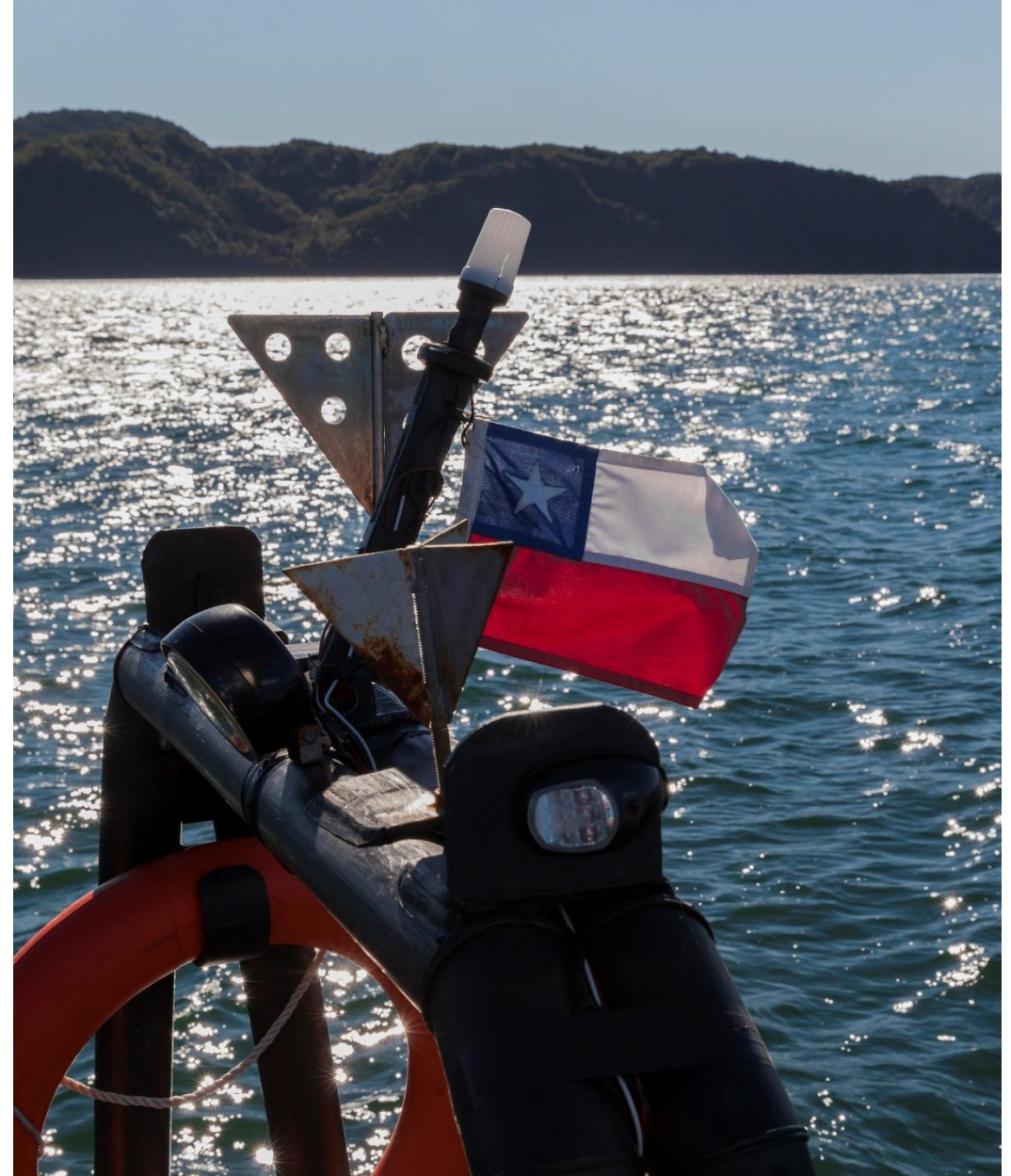


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Summary and outlook

Summary

1. Pandemic with very limited number of cases in workers, no fatality, and business continuity yet reduced
2. Atlantic harvest volume up 50% from Q2 2019 and estimate for the year remain at 51-53k ton.
3. Market price reduction impact of USD 17 million, explains in excess the sharp reduction in EBIT of USD 11 million
4. Company confronted Horeca demand collapse by substantially increasing value-added product: portions and fillets, reallocating target markets
5. Coho 2020 plan and investments cut by half, to strengthened financial position
6. Severe impact of unusual weather in Islotes: negative financial impact of USD 4.1 million
7. Favorable turnaround of Trout JV





Q&A