



Q4 and FY 2019 results

Oslo, Norway | 2 March 2020

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Pilpilehue, Chile

Agenda

- Highlights
- Strategic overview
- Operational review
- Markets
- Sustainability
- Financial review
- Outlook and summary



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Highlights

Q4 2019 Highlights

- Record harvest volumes at 24,100 tons WFE, increasing revenues 45% year-over-year
- Live weight cost (ex-cage) at USD 3.02/kg, in line with long term target
- Good farming conditions, explained average harvested weight of 5.6 Kg WFE
- Sea lice load under control with increased treatment frequency and new treatment tools in place
- First Coho harvest & sales. Non-Japanese markets: 30%
- EBIT at USD 34.3 million, up 38% year-over-year driven by higher volumes and lower costs



FY 2019 Highlights

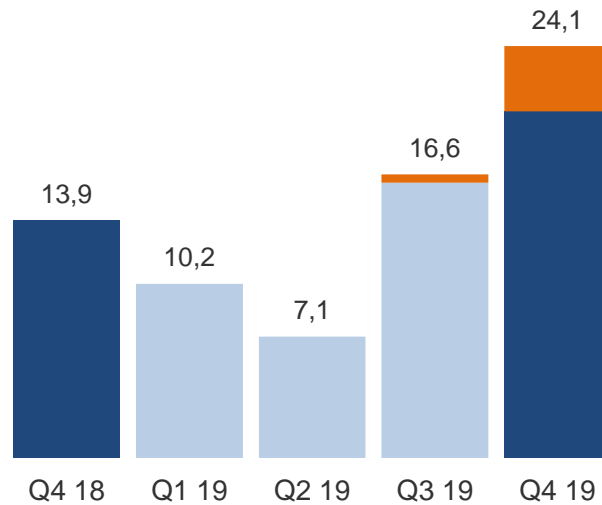
- All-time high harvest volume of 58,000 tons (48,500), expecting 60-62,000 for 2020
- Oceanographic and biological challenges during H1, not present in H2, and costs getting back on track
- Transitioning to new sea lice treatment tools
- Premium price over benchmark driven by new markets and increased share of value added products
- Streamlining the administration and sales organization resulted in savings of USD 2.6 million
- EBITDA kept at USD 80.5 million despite lower market prices



Financial highlights

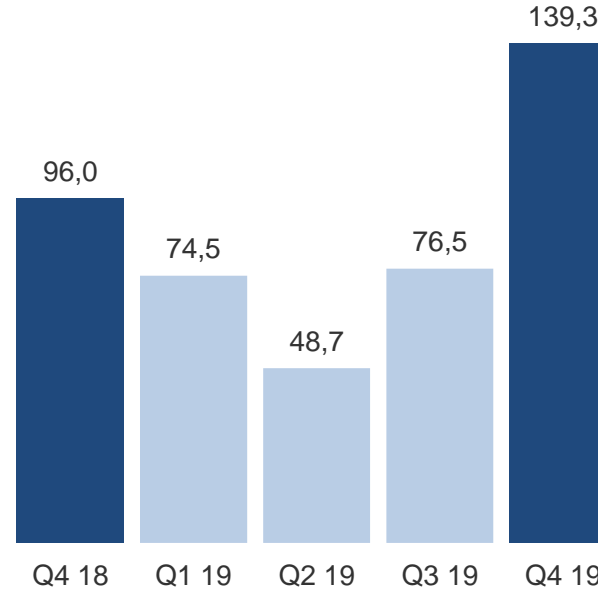
Harvest volume

Thousands tons WFE



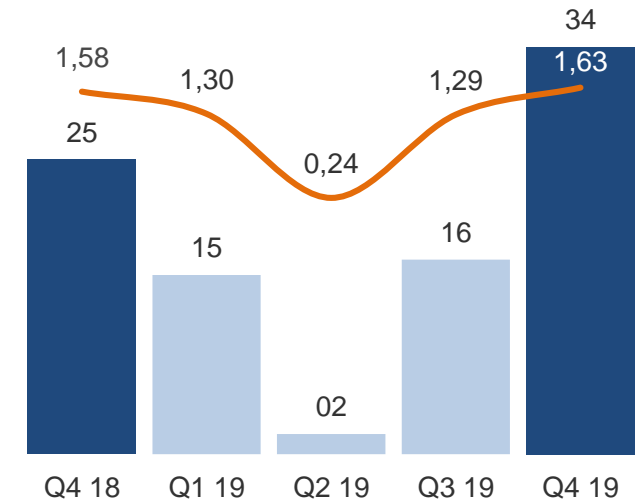
Revenues*

Million USD



EBIT and Atlantic EBIT/Kg WFE**

Million USD and USD/Kg WFE




*ACP Joint Venture no longer included in EBIT under "Other Income" following a change in accounting treatment. All figures have been restated accordingly

** Total EBIT/Kg WFE of Q4 19 was USD \$ 1.44/Kg WFE





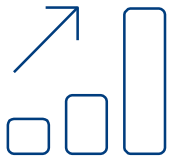
Strategic overview

An aerial photograph of a river with rapids. The water is dark blue and turbulent, with white foam from the rapids. The riverbed is composed of dark, rounded rocks. On the right side, there is a rocky bank with some green vegetation and a fallen log. The text is centered in the middle of the image, enclosed in a white rectangular border.

A sustainable, low-cost
producer with clear growth and
value creation potential



Our value creation plan



Resource efficient growth

Reach 75-80,000 tons by 2023
using existing sites and improve
operational efficiency



Focused market development

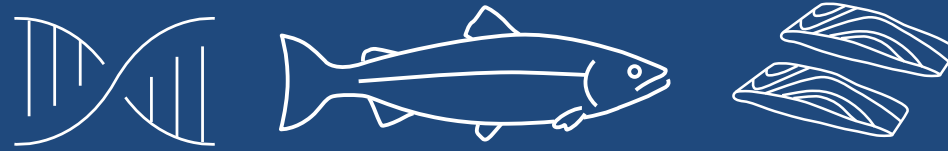
Ensure processing capacity
and flexibility to target
core markets



Progressive sustainability

Become carbon neutral by
2025 and ASC certify
majority of production
by 2021

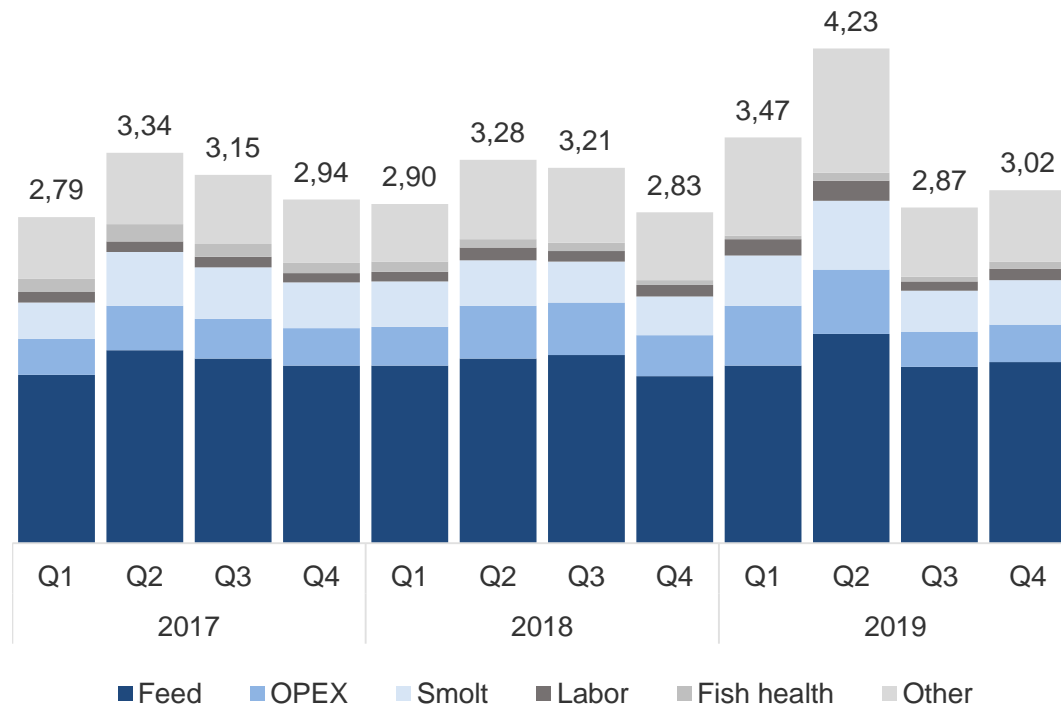




Operational review

Live fish cost in line with long term USD 3/kg target

Atlantic salmon live weight ex-cage cost
(USD/kg)

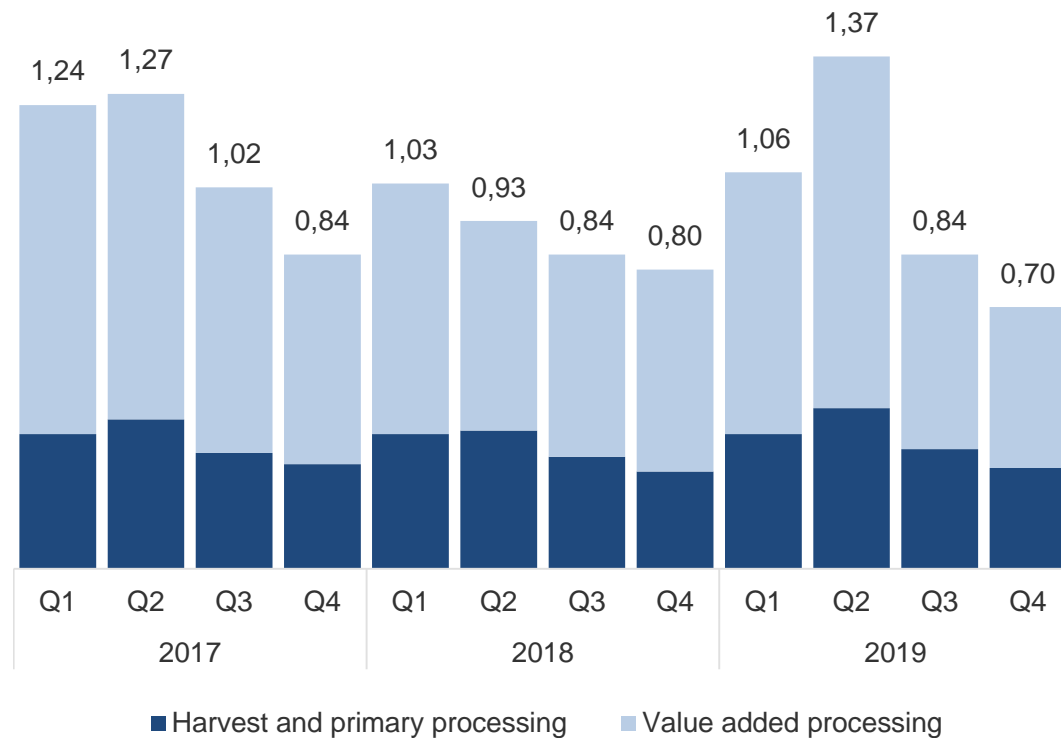


- Regained cost advantage in Q3 & Q4, in line with 2017 levels
- Normal density in sites harvested during second half
- Sea lice situation under control with increased treatment frequency and new tools
- In Q4 2019 feed cost up 12 cents, but unchanged at 51-52% of total
- Smolt costs up 5 cents in Q4 due to new vaccines for SRS and sealice



Processing cost well below long-term USD 1/kg target

Atlantic salmon processing cost
(USD/kg WFE)

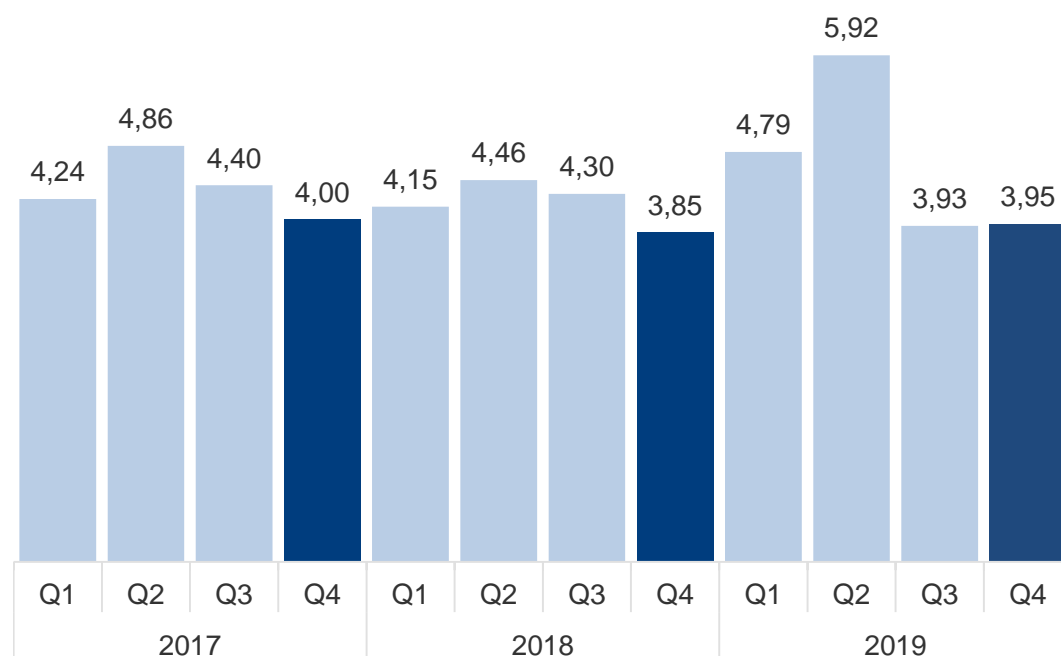


- In Q4, total processing cost of US 70 cents dropped 10 cents or 12%, driven by scale and efficiencies
- Total processing cost well below target USD 1 /kg
- Value added processing cost was USD 0.43/kg WFE, 20% below previous 2 years
- Value added (fillets & portions) represented 69% of total WFE processing, up from 51% in Q4 2018



Finished product cost

Atlantic Finished Product Cost
(USD/kg WFE)



- Stable and on target (\$4.23/Kg) FY cost during the last 3 years
 - 2017: \$4,26 /Kg +US 3 ctvs
 - 2018: \$4.17 /Kg -US 6 ctvs
 - 2019: \$4.35 /Kg +US 12 ctvs
- FY 2019 Atlantic finished product cost up US 18 cents /kg or 4% due mainly to 2 effects:
 - Oxygen & algae during 1H2019: US 9 cents /Kg.
 - Lower density in 1H2019: US 9 cents /kg
- Only 2% higher total cost compared to FY 2017 in same sites, but with US 9 ctvs non-recurrent
- Q4 2019 impacted by higher feed cost; smolt new vaccines costs (Livac+Lufenuron); and risk mitigation measures (algae and oxygen)

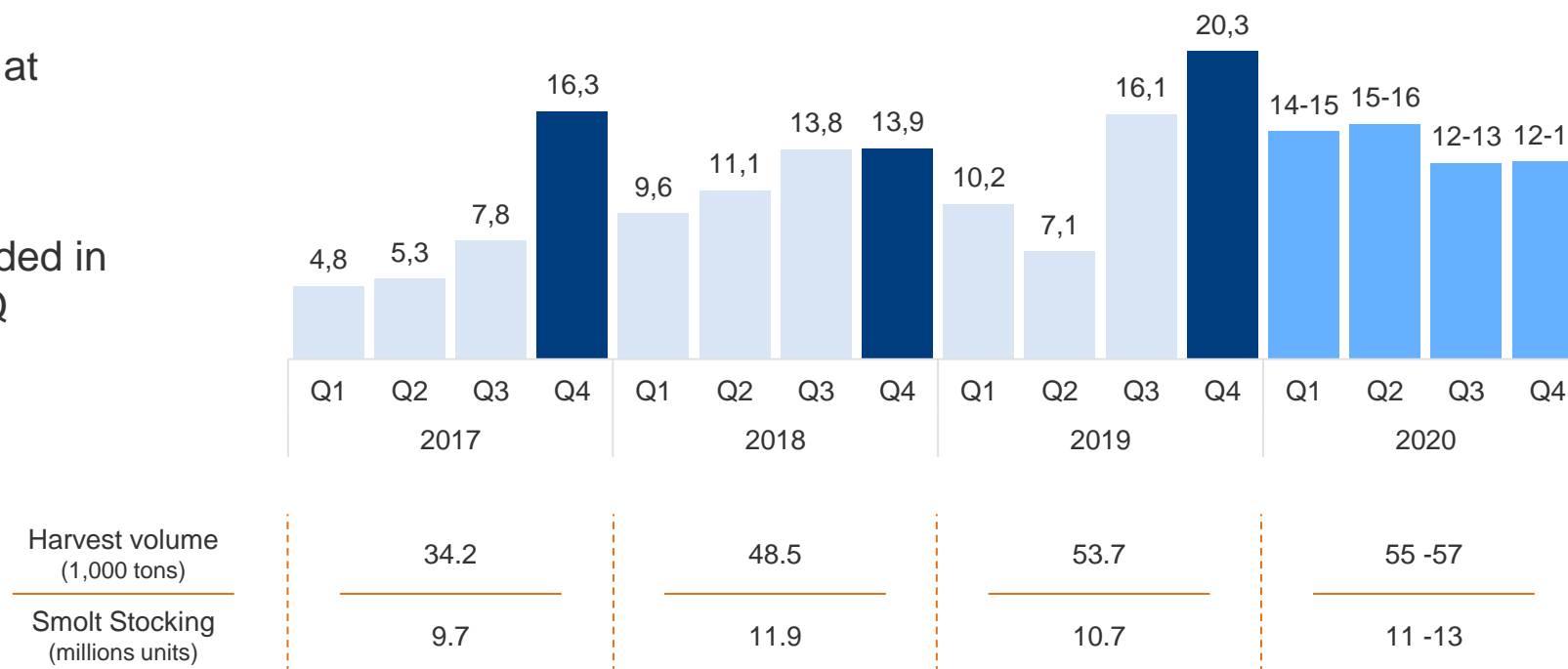


Atlantic annual harvest up ~60% cycle on cycle

- 2019 harvest up 57% from 2017 (same zones harvested)
- 20% of 2019 sites stocked at lower density (9 kg/m³)
 - Temporary for one cycle
- Similar harvest volume guided in 2020, but more stable QoQ

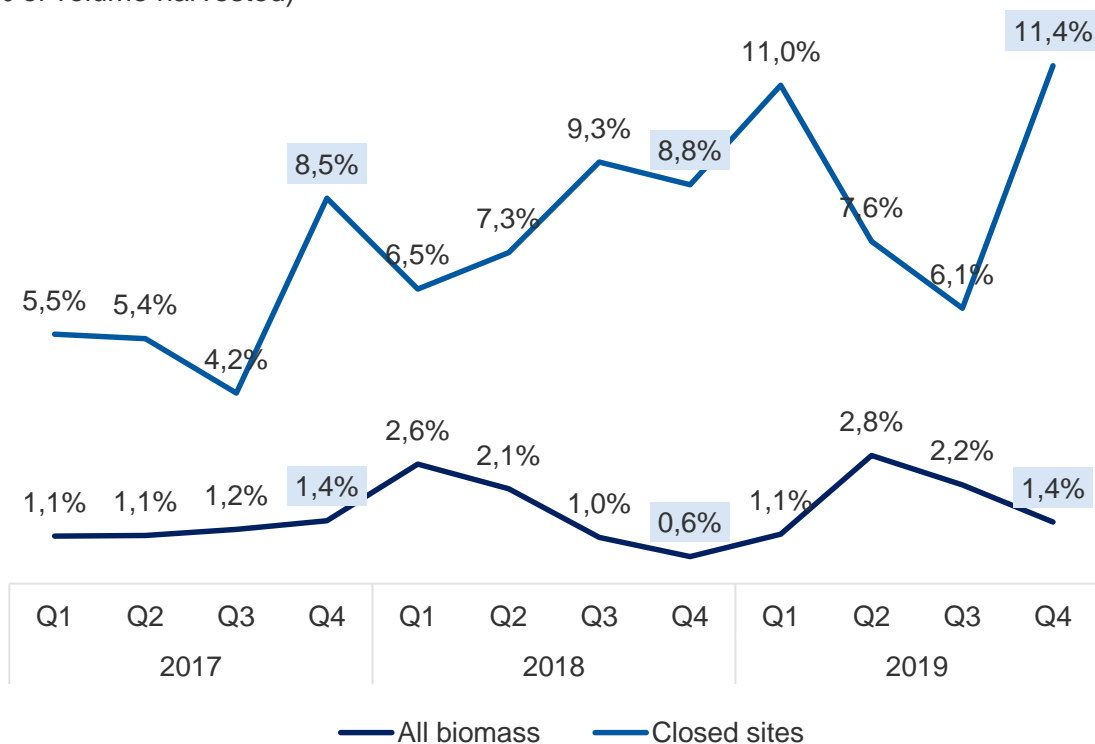
Atlantic harvest and smolt stocking

Thousand tons WFE and million units



Atlantic salmon biology

Mortality rate (% of volume harvested)



Biology indicators

	Q4 2016	Q4 2017	Q4 2018	Q4 2019
FCRb* (live weight)	1.17	1.14	1.12	1.15
Yield (kg WFE/smolt)	5.7	4.7	4.9	5.1
Average harvest weight (kg WFE)	5.9	5.3	5.3	5.6

* FCRb = Biological Feed conversion ratio

Improvement measures

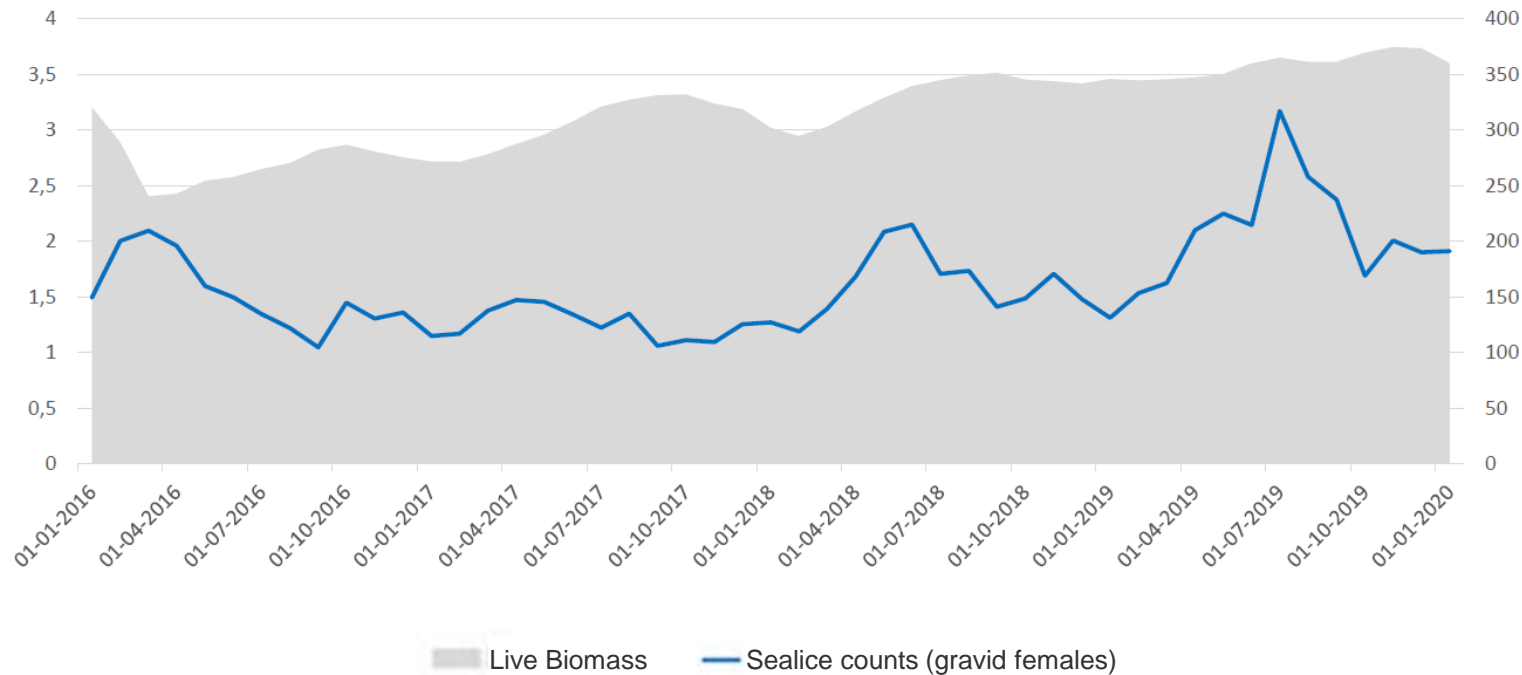
- Increase # of feed lines, remote feeding and use of high-energy & micro diets.
- Photoperiod light use
- Use of Live SRS vaccines and Lufenuron.
- Genetic and male selection.



Sea lice situation

Number of sea lice on standing industry biomass

(Atlantic and Trout)



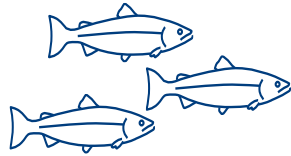
Recent development

- Biomass recovered after 2016 algae bloom
- Sea lice levels increased due to lower efficacy of AZM
- Increased # of treatments to regain control of sea lice
 - 140 treatments vs 66 in 2018
- Introducing new measures and tools



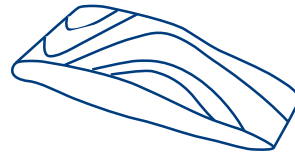
Coho initiative

The goal is to learn the business in 2019 and 2020, to be an EBIT contributor from 2021 and scale up in 2023-2024.



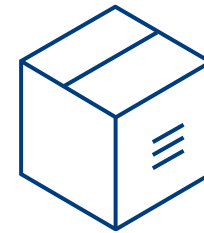
Farming

- Harvested volume 4,302 tons WFE.
- As planned, high cost from low density stocking.
- Mortality < 7%
- No antibiotic or antiparasite use.



Processing

- Good quality results in value added processing
- 85% premium quality
- New value added processing capacity for Coho in 2020



Sales & Marketing

- New markets: 40% sold to markets other than Japan
- 15% sold as fillets



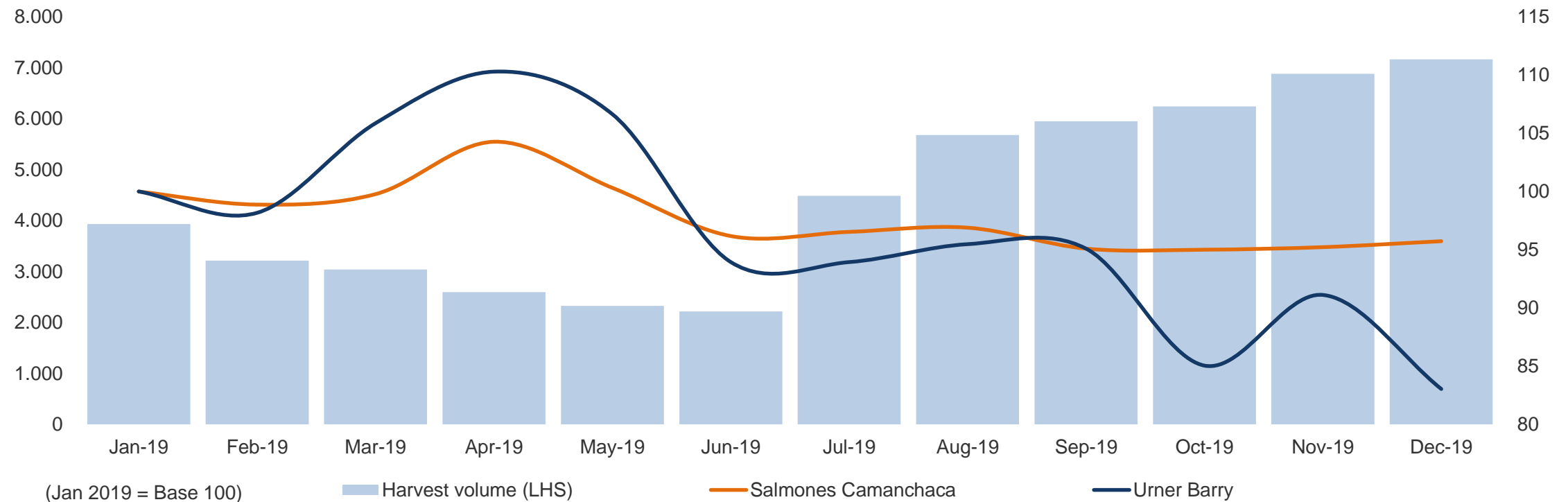


Markets

Salmones Camanchaca vs Urner Barry

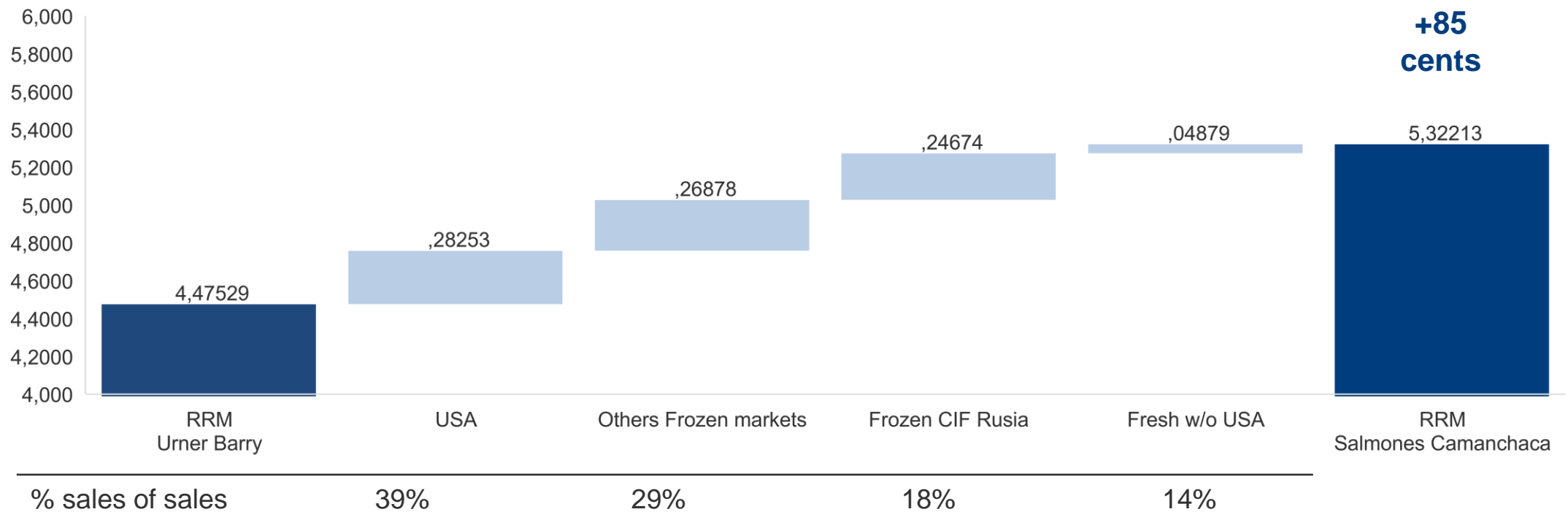
Return on Raw Material (RRM)*

(Thousand tons WFE, USD/Kg base 100 Jan 2019)



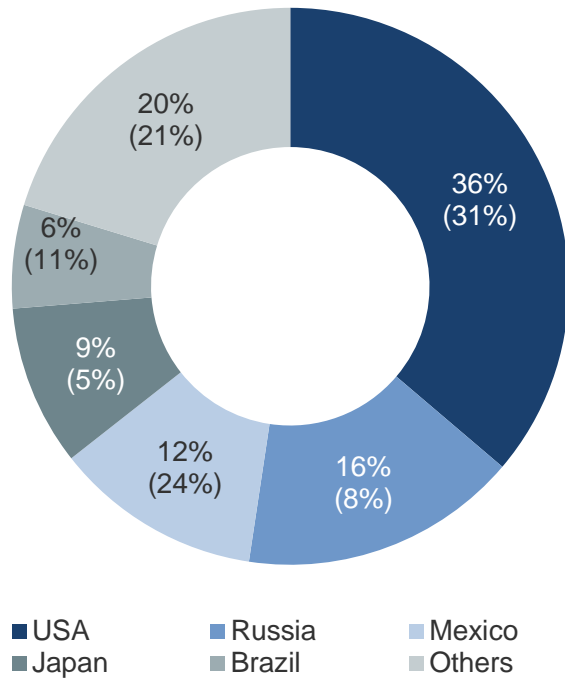
Salmones Camanchaca vs Urner Barry Q4 2019

RRM-bridge Urner Barry Salmones Camanchaca
(USD/kg WFE)

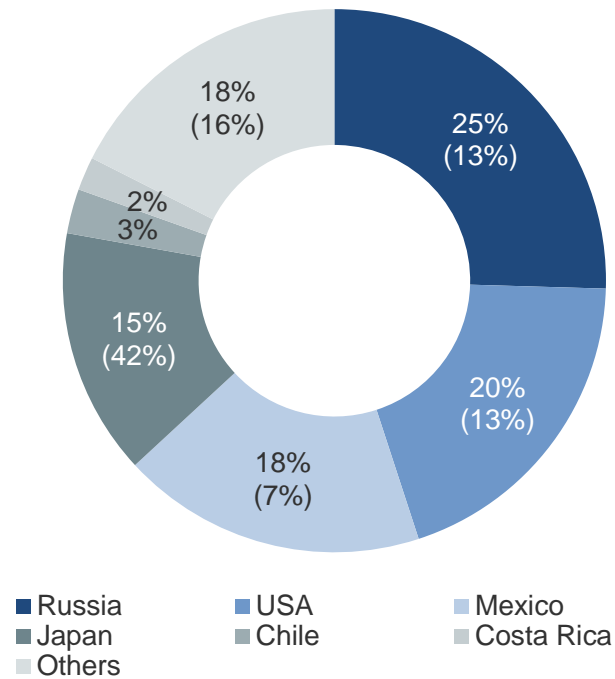


Sales distribution of Atlantic salmon

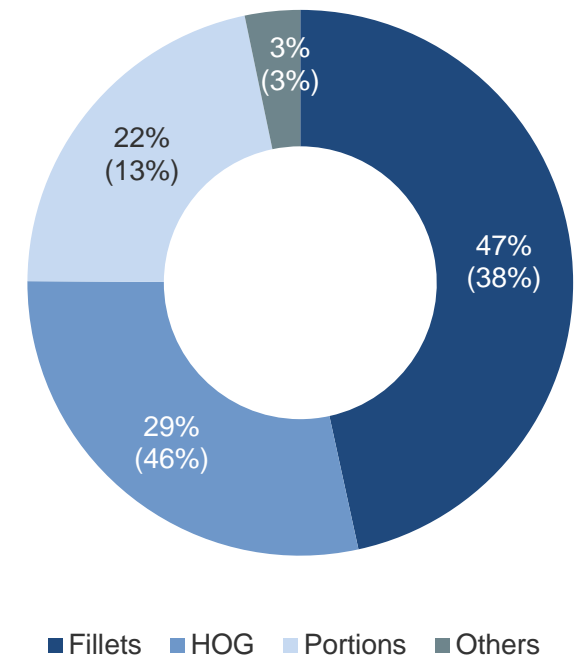
Total



Frozen 63% (61%)



By product type



An advocator for sustainable salmon farming

Sustainability indicators

(closed sites)

	Q4 2016	Q4 2017	Q4 2018	Q4 2019
FIFO Ratio	0.68	0.65	0.61	0.57
Length of cycle/Fallow period [months]	17/7	17/7	16/8	16/8
# Escape incidents	0	0	0	0
# of antibiotic treatments	2.3	2.4	2.4	1.9
Antibiotic usage (g/ton)	455.3	568.8	462.3	511.1
Antiparasitic usage (g/ton)	0.5	4.0	0.5	7.8

- 1st Chilean salmon farmer to measure carbon footprint and to set carbon neutral production target
- Member of Chilean Salmon Antibiotic Reduction Program (“CSARP”), agreed with MBA: 50% cut by 2025
- Participation in Pincoy Project, a Chilean salmon industry collaboration initiative to reduce its antibiotic use
- 100% of our fish vaccinated to control of SRS; 20% reduction in # of AB treatments in 2019.
- API/ton increased to 7.75 in 2019 due to lower efficacy of existing AZ treatments.
- Committed to have majority of ASC sites certified by 2021





Financial review

Profit & Loss

- Higher scale offset by somewhat lower prices
- Q4 farming cost in line with long term target of USD 3 /kg. Full year cost impacted by oceanographic challenges and low density sites during 1H (50/50)
- Depreciation increased due to
 - USD 40 million increase from investments supporting growth strategy
 - USD 0,9 million increase from adopting IFRS 16
- Adopting to Norwegian fair value adjustment practice, and trout business is now non-operational
- Distributable income per share dropped US 8 cents equivalent to the trout business variance

Condensed profit and loss statement

(Thousand USD)

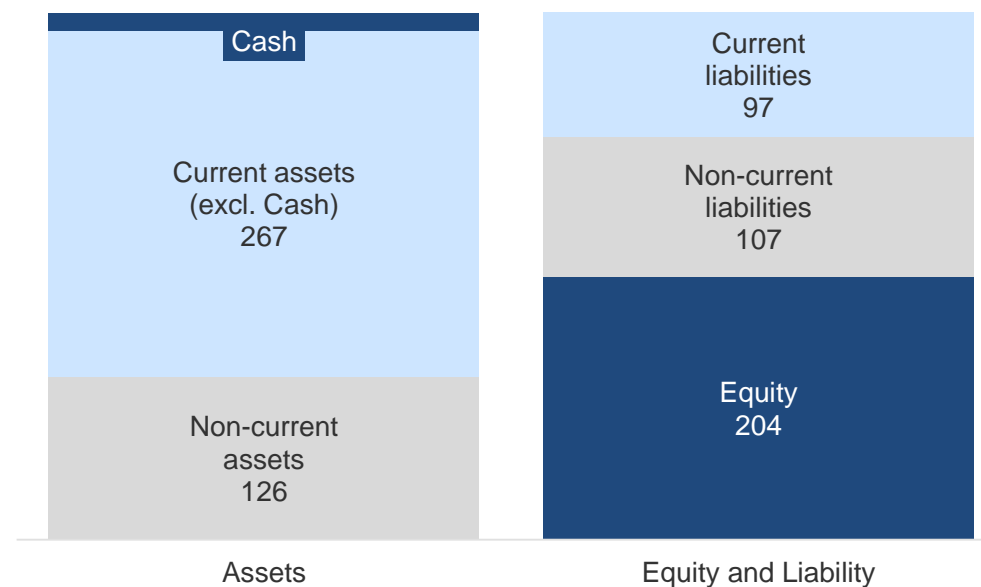
	Q4 2 019	Q4 2 018	FY 2 019	FY 2 018
Total Revenues	139,250	96,017	338,959	329,411
EBITDA	37,527	27,798	80,517	80,464
Depreciation and amortization	3,243	2,971	13,031	11,269
EBIT	34,284	24,827	67,486	69,195
Fair value adjustments	9,434	2,727	311	2,327
Non operational items	1,105	1,968	3,843	6,599
Profit before tax	21,660	24,430	57,215	67,041
Estimated taxation	5,539	7,158	14,863	17,803
Net profit for the period	16,121	17,272	42,352	49,238
Net distributable income (USD/share)			0.638	0.720



Financial Position

- Total assets up 20.1% to USD 408 million
 - Driven by receivables increase due to strong quarter sales and investments
- Net debt up USD 47.4 million
 - Funding of growth and investment plans
- Equity increased 10.8% to USD 204 million, with an Equity ratio at 50.0% above target of >40%

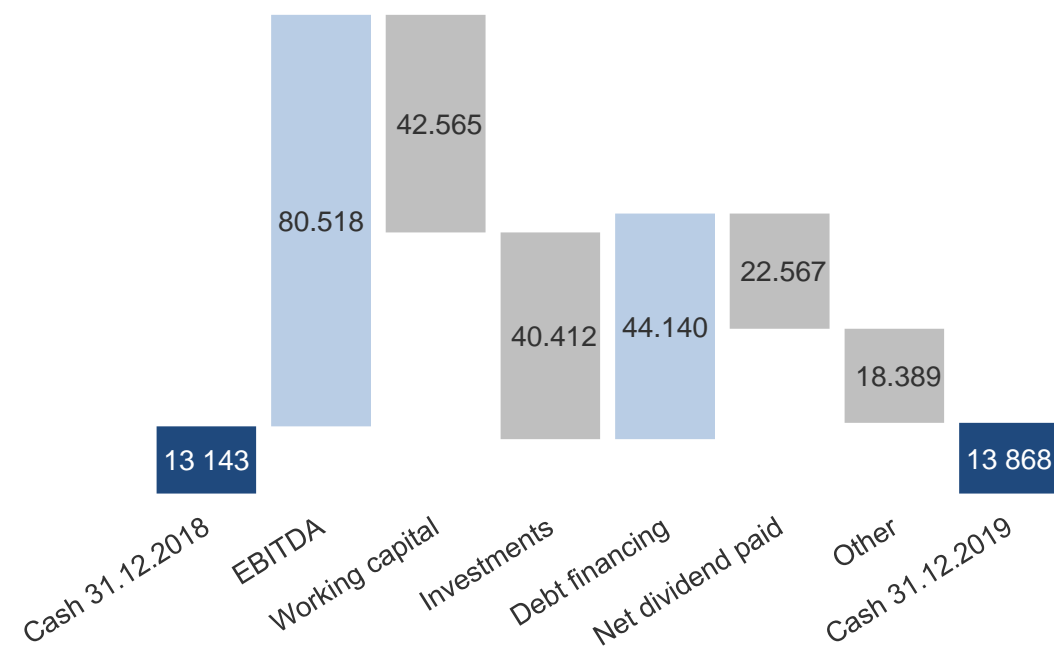
Balance sheet as of 31 December 2019 (USD million)



Cash bridge 2018-2019

- Negative effect working capital followed strong sales in the last quarter and increased biomass
- Debt used for financing the investments in line with plans 2019 -20121
- Net cash from Financing includes dividend payment of USD 22.3 million

Cash bridge
(USD million)

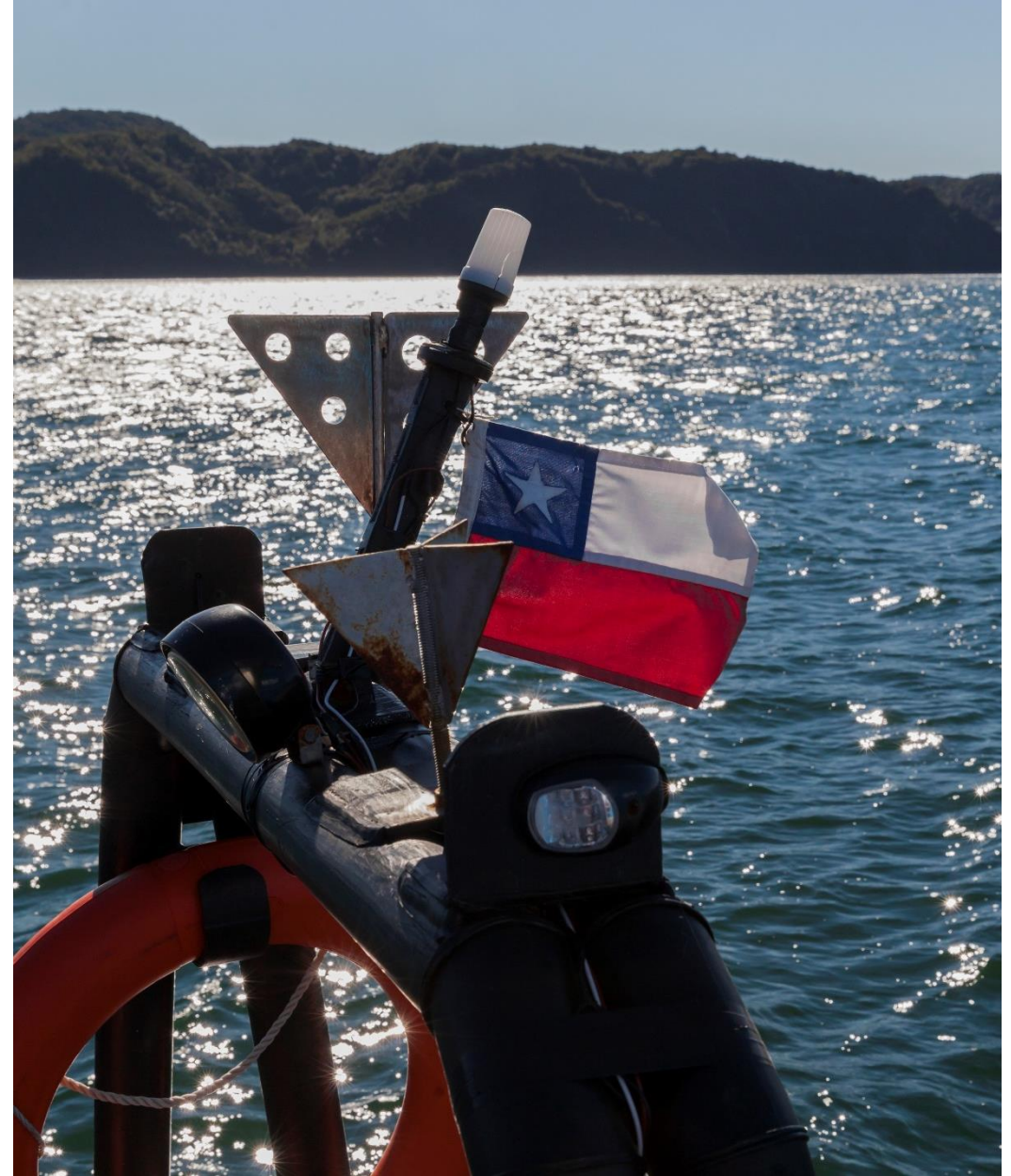


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Summary and outlook

Summary

- All-time high harvest volume of 58,000 tons in 2019
- Strong operational performance and favourable biological development
- Solid earnings despite unfavourable harvest distribution and 1H issues
- Premium from improved mix in value added products and rapid market reallocations
- Coho initiative on track
- Cost targets remain
- Expect harvest of 60-62,000 tons in 2020
- Sustainability improving - working to be Carbon neutral by 2025

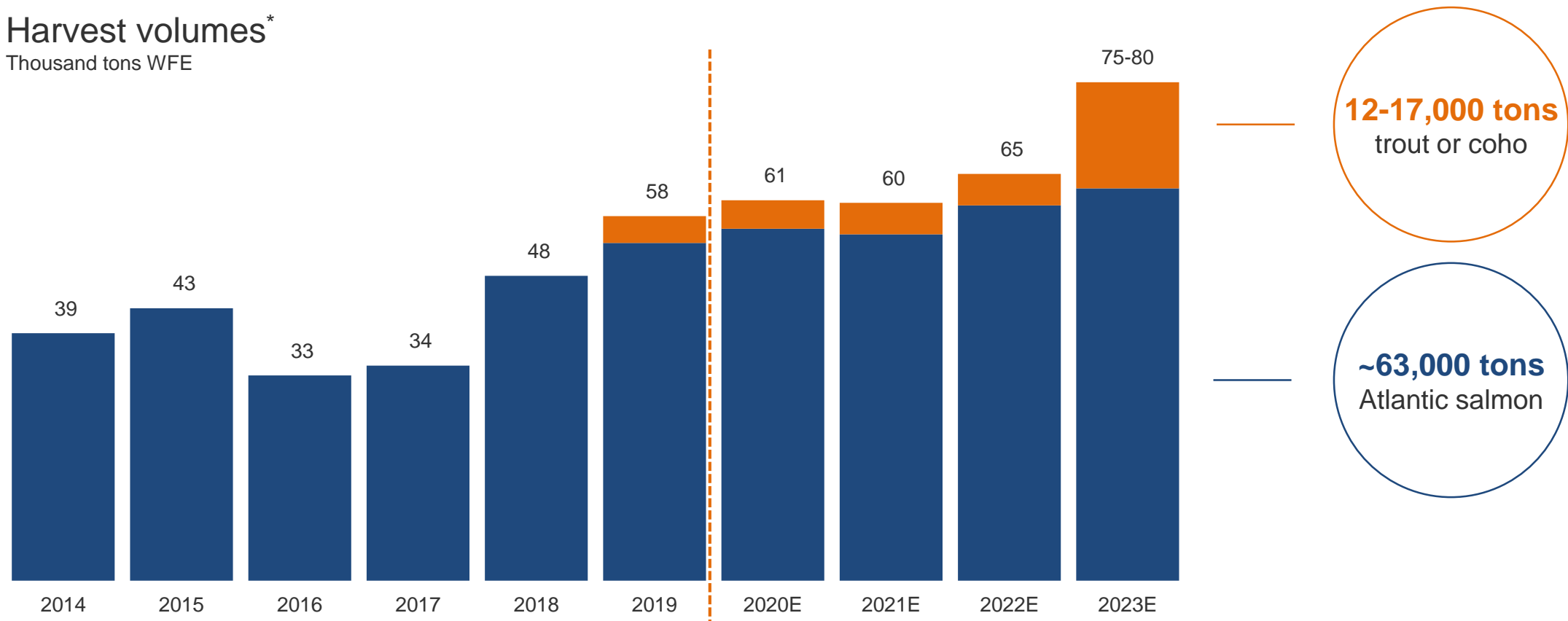




Q&A

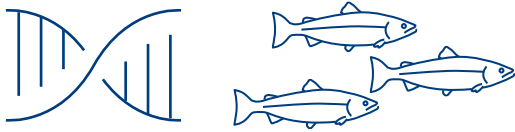
Ambitious targets within Atlantic salmon and Coho

Harvest volumes*
Thousand tons WFE



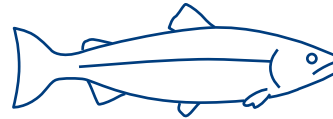
Improvements throughout the value chain ensure cost-efficient growth

Freshwater



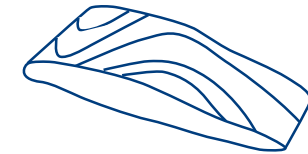
- Expand freshwater RAS capacity for both Atlantic and Coho, consistent with 75-80k ton target
- Develop post-smolt capacity

Seawater



- Improve technology to mitigate environmental risks and enhance existing capacity
- Take over production at expired leases (JV Trout)
- Invest in equipment related to biosecurity

Processing



- Increase processing capacity and value added product lines to add further flexibility to access markets and segments



Strategic focus areas to improve flexibility and strengthen market position

Improving capacity to exploit market opportunities

- Improve efficiencies of fresh HOG lines
- Expand freezing and portioning capacity
- Improve logistics, increasing market flexibility and speed
- Building processing expertise for coho

Focused efforts to enhance reputation and position in core markets

- Ensure sustainable processes and strong biosecurity
- CSMC: Increasing reputational initiatives in the US, Brazil and other core markets
- Reduce US price differential to 30-40 US cents from 80-90 US cents



Sea lice control: key operational control

Industry situation

- Regulations forces action with 3 female sea lice per fish
- Mandatory harvest of 25-100% at sites with more than 3 CAD situations*
- New regulation allows consecutive voluntary harvest (25% site and 3 weeks) without impact in next cycle scoring
- New regulation allows more flexibility for non chemical treatments

Camanchaca treatments /tools

- Lufenuron: Effective protection in seawater during the first 4-5 months
- Introduced Alfaflux Nov 2019 with good preliminary results
- Hydrogen Peroxide treatment introduced in Q4 2019 and new barge in place from March 2020
- New initiatives tested: FLS, Optiliser . Next Salmoclinic

Salmones Camanchaca's medium- and high-risk areas

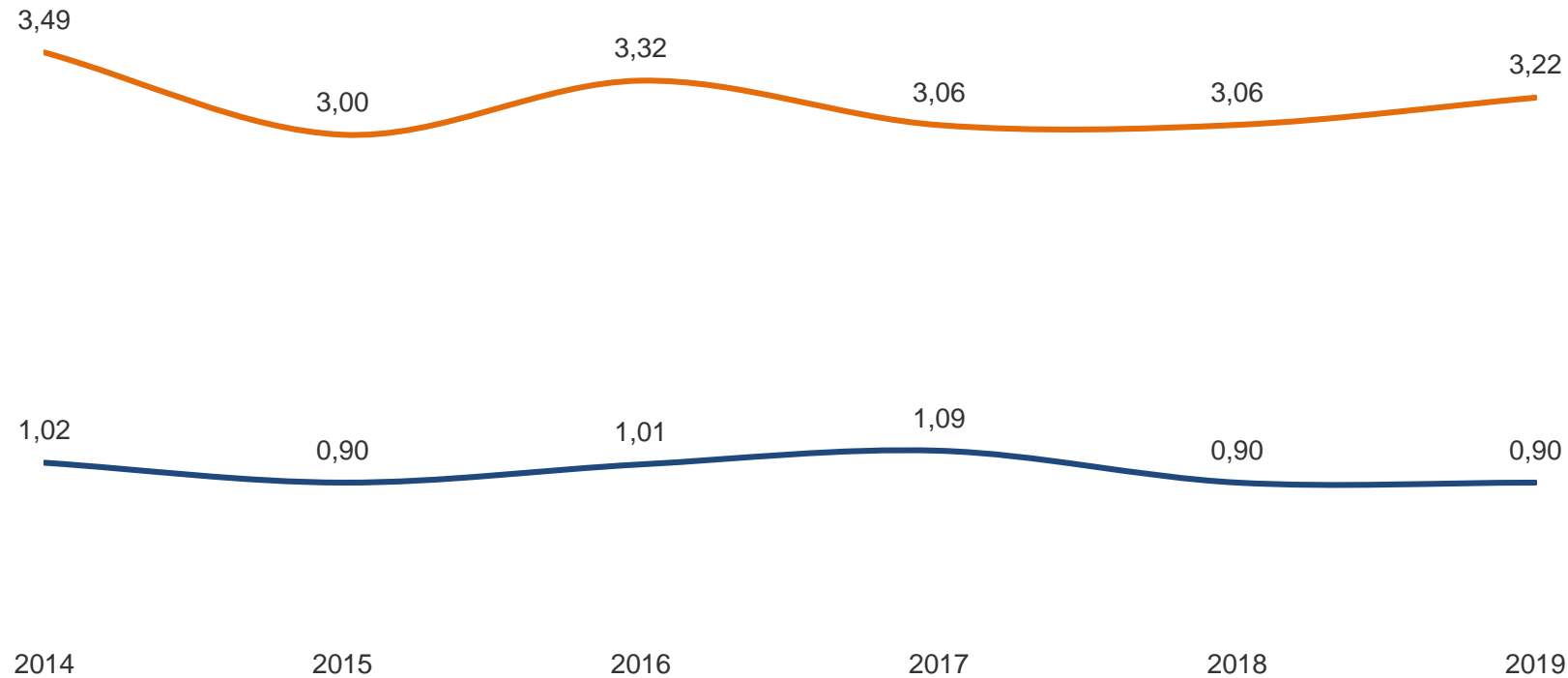
- Areas are classified as medium- or high-risk due to increased sea lice pressure
- Currently 25% active sites were located in medium- or high-risk areas
- As of now, we see no risk on harvest volumes or anticipated harvest required

* Instances with more than 3 gravid female sea lice per fish on average



Maintaining costs at low levels

Cost per kg
USD



Long-term targets

~ **\$3.0/kg**
Ex-cage cost
(LW)

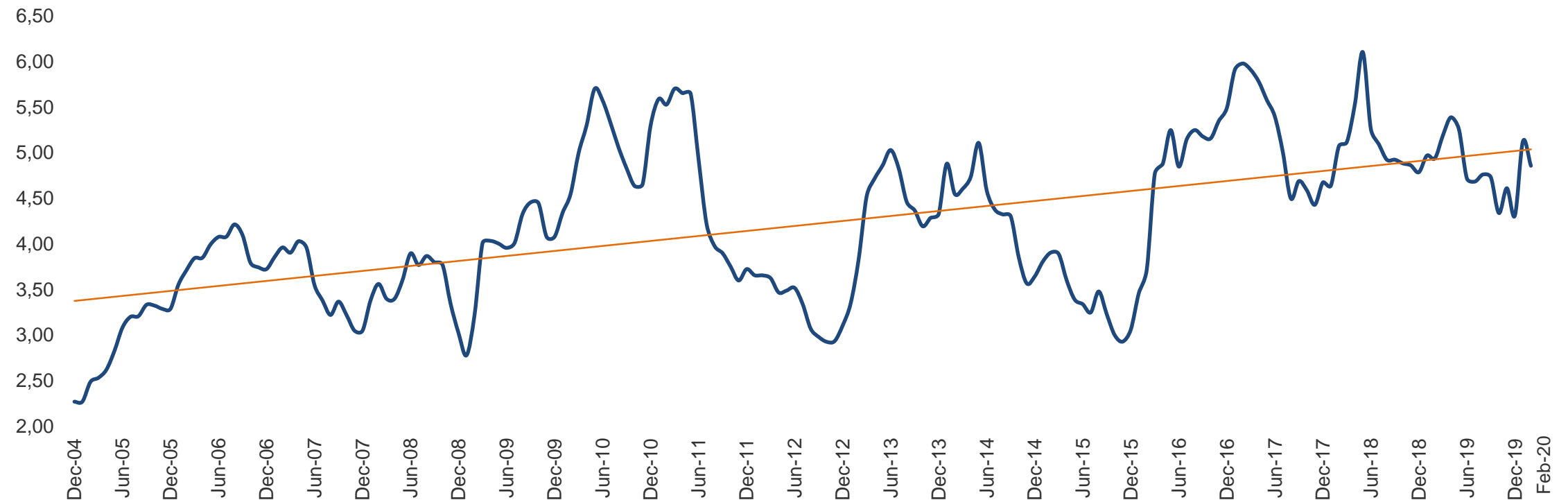
< **\$1.0/kg**
Processing
cost (WFE)



Atlantic salmon price

US market price long-term trend

(Urner Barry, USD/lb)



All based in our sustainability framework

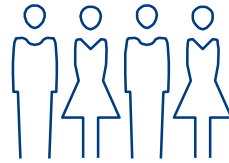
Healthy and
Nutritious food



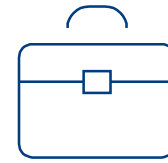
Healthy
Ecosystems



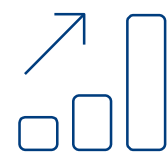
Prosperous
communities



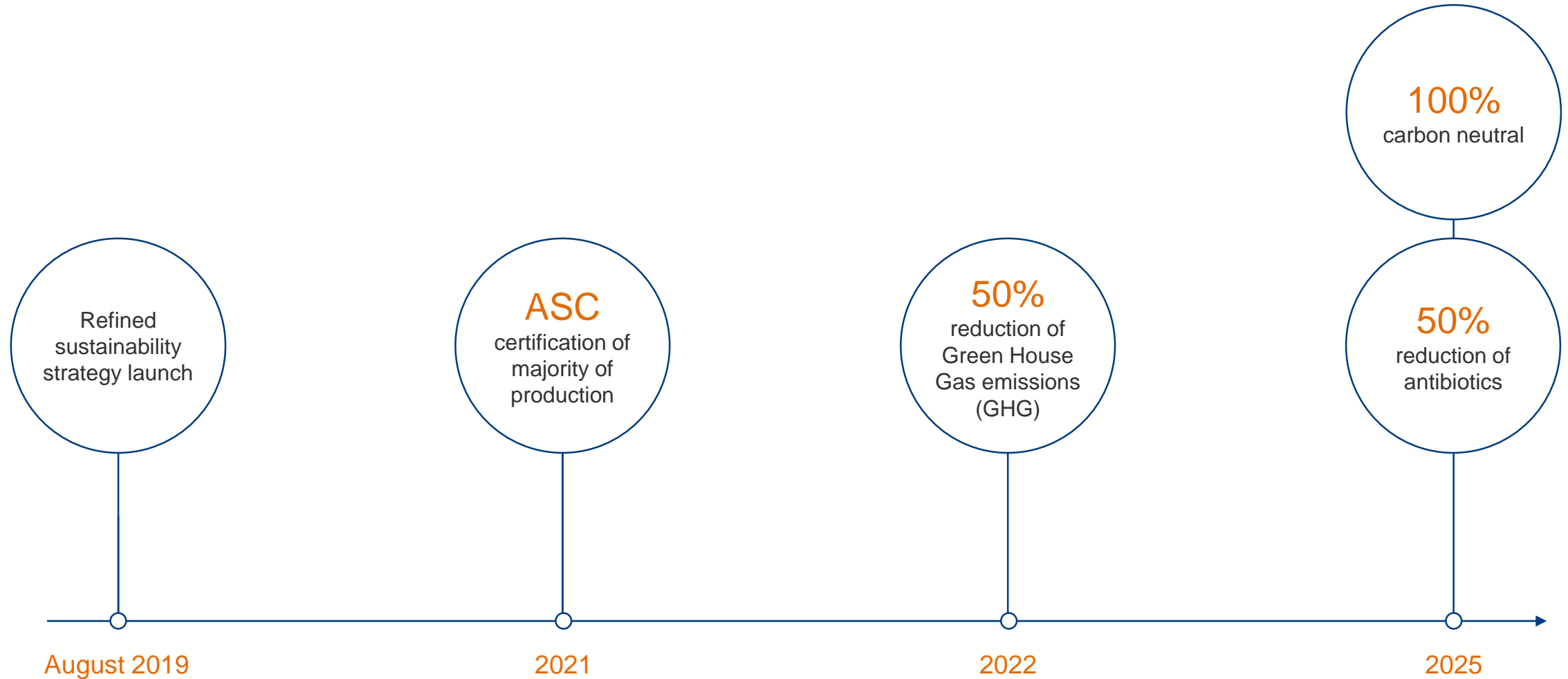
Meaningful
jobs



Profitable and
responsible
business



100% carbon neutral by 2025



Q4 2019 financial figures

(USD 1 000)	Q4 2019	Q4 2018	Δ%	2019	2018	Δ%
Operating revenue	139,250	96,017	45.0%	338,959	329,411	2.9%
EBITDA before fair value	37,527	27,798	35.0%	80,517	80,464	0.1%
EBIT before fair value	34,284	24,827	38.1%	67,486	69,195	(-2.5%)
EBIT margin %	24.6%	25.9%	(4.8%)	19.9%	21.0%	(-5.2%)
Net profit (loss) for the period	16,121	17,272	(6.7%)	42,352	49,238	(-14.0%)
Earnings per share*	0.244	0.262	(6.7%)	0.642	0.746	(-14.0%)
Harvests (ton WFE)	24,101	13,944	72.8%	58,033	48,496	19.7%
Sales (ton WFE Company-farmed)	23,838	15,730	51.5%	55,411	50,032	10.8%
Ex-cage cost (US\$/Kg live weight)	3.02	2.83	6.7%	3.22	3.06	5.4%
Ex-cage cost (US\$/Kg WFE)	3.25	3.04	6.7%	3.46	3.29	5.4%
Process cost (US\$/Kg WFE)	0.70	0.80	(12.5%)	0.90	0.89	1.2%
Price (US\$/Kg WFE)*	5.82	5.90	(1.3%)	5.96	6.12	(-2.6%)
Atlantic EBIT/Kg WFE (US\$)**	1.63	1.58	3.2%	1.22	1.38	(-11.8%)
Coho EBIT/Kg WFE (US\$)**	(0.26)	0.00	-	(0.33)	0.00	-
Financial debt				98,391	50,243	95.8%
NIBD				84,524	37,100	127.8%
Equity/Assets ratio				50%	54%	(-7.7%)
NIBD/EBITDA LTM				1.05	0.46	127.7%

*Billing in US\$ divided by tons sold excluding operations with third-party raw materials

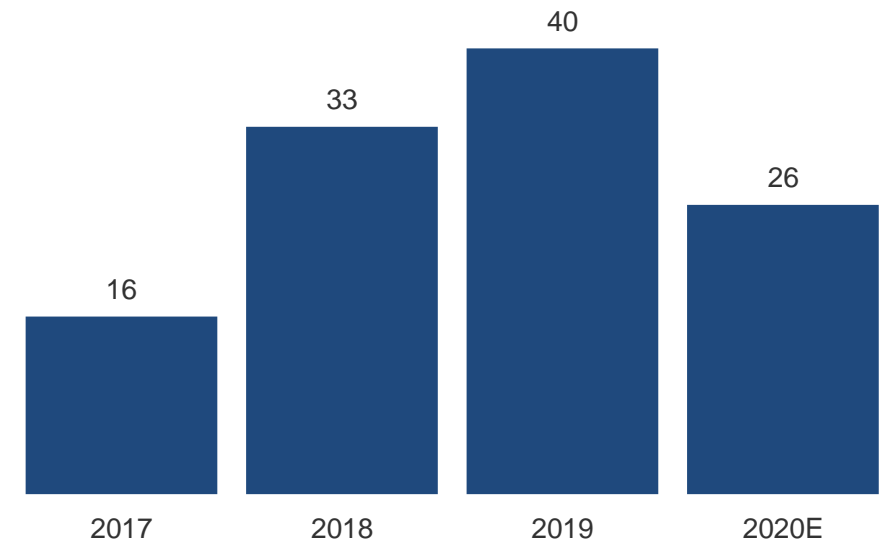
**Excludes the net profit/loss from the trout Joint Venture and operations with third-party raw materials



Investments

USD million	2017	2018	2019	2020E	Status
Expansion of RAS hatchery	3.2	3.6	0.3		100% Completed
New Atlantic Farming Sites	3.5	15.1	2.3	1	100% Completed
Pacific salmon (coho)		2.7	10.9	0	100% Completed
Primary Process Expansion	1.4	1.8	3.8	1	85% Completed
Capacity & efficiency of VA plant	1.5	4.0	4.7	4.5	70% Completed
Maintenance & other regular investments	4.7	5.0	18.2	13.5	
Regulatory requirements	1.7	0.8	2.8	6.0	
Total	16.0	33.0	43.0	26.0	

Total annual investments 2017-2020E
USD million



Our targets

	Subject	Ambitions and targets	FY 2019 Status
Dividend	Competitive long-term shareholder returns	50% of net distributable profit	50% in 2018
Capital structure and funding	Net debt/EBITDA	< 1.5x	1.05x
	Equity/Total assets	> 40%	50%
Harvest volume	Atlantic Salmon	63,000 tons WFE by 2023	On track
	Other species	12,000-17,000 tons by 2023	On track
Cost development	Ex-cage cost (live weight)	FY: ~ USD 3/kg	On track
	Processing cost (WFE)	FY: < USD 1/kg	On track



Solid Funding

- Revolving credit line USD 100 million
 - 94% utilisation at 31 December 2019 to finance working capital increase
- Short term credit lines totalling USD 44m
 - 9% utilisation at 31 December 2019
- NIBD/EBITDA ratio below covenant of 4

NIBD and NIBD/EBITDA ratio

(USD million and x times)

