

Q3 2020 results

Santiago, Chile | 12 November 2020

Ricardo García, Vice Chairman
Manuel Arriagada, CEO



Mañihueico, Chile

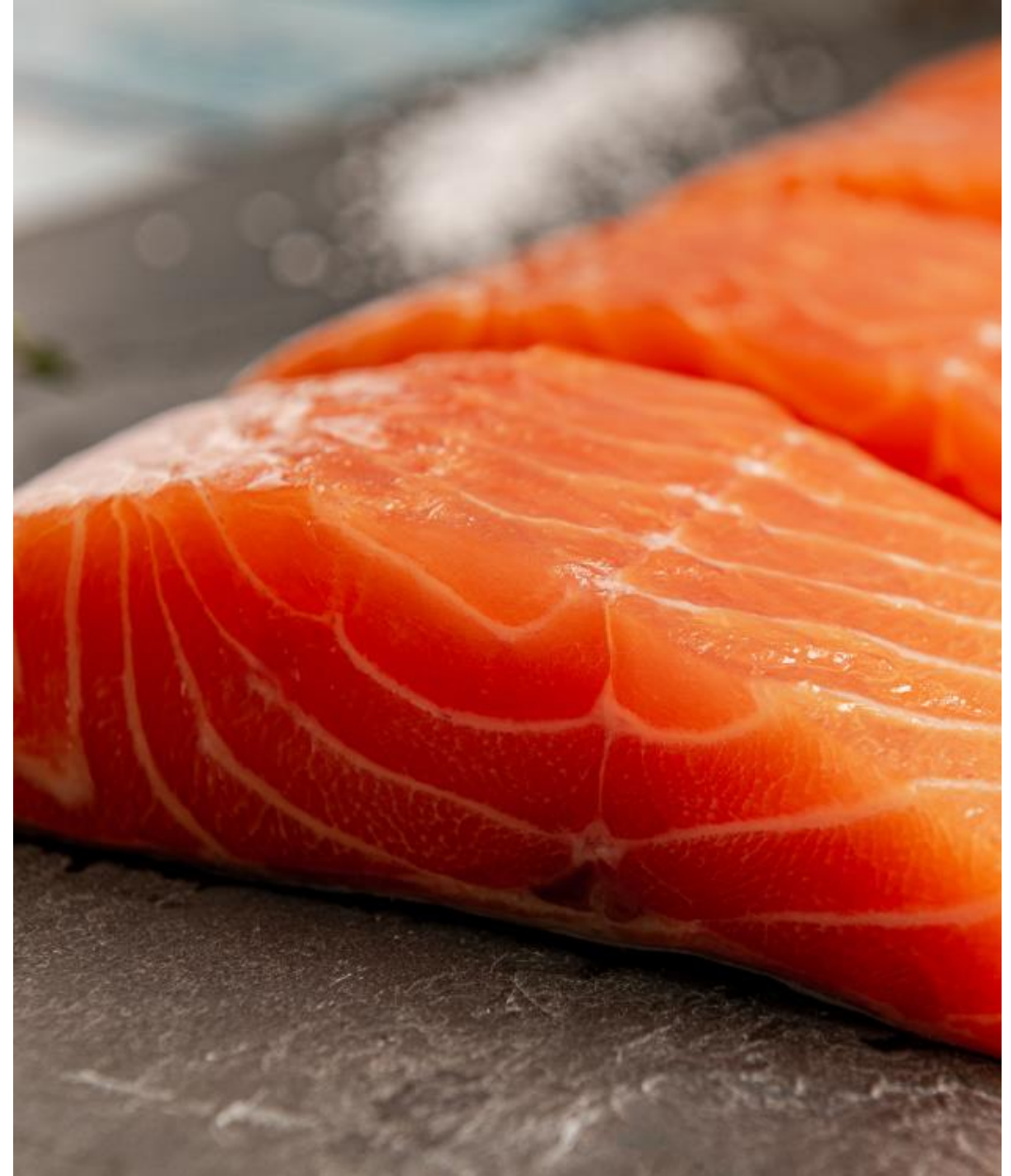
Agenda

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



Q3 2020 Highlights

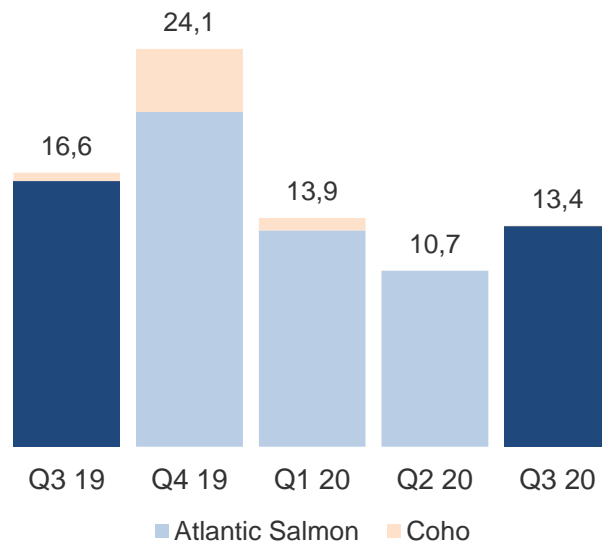
- Financial performance impacted by pandemic affecting market balance, prices down 24% y-o-y
- Addressing market challenges with processed products, highest ever share of value-added products reaching 87%
- Strong operational performance, with ex cage live fish cost down from previous quarters and total processing cost below long-term goal
- Business continuity remains despite COVID-19
- Trout JV turnaround to positive USD 1.5m from negative USD 1.7m YTD 2020
- USD 10m Nov 2020 amortization re-scheduled
- Estimated harvest volume 53,000 MT of Atlantics for 2020 unchanged



Financial highlights

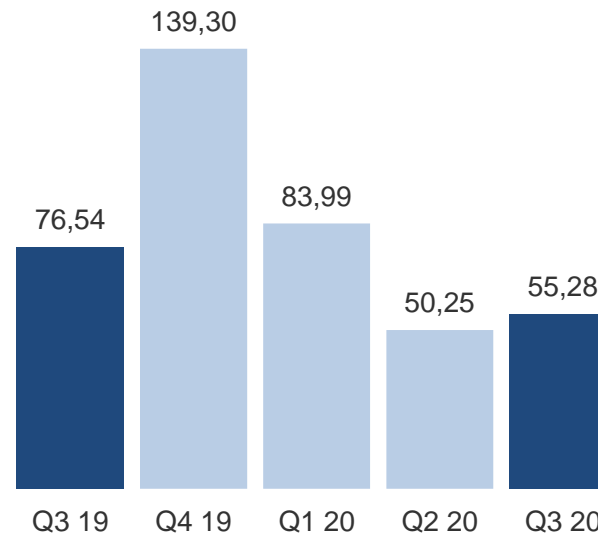
Harvest volume

Thousands tons WFE



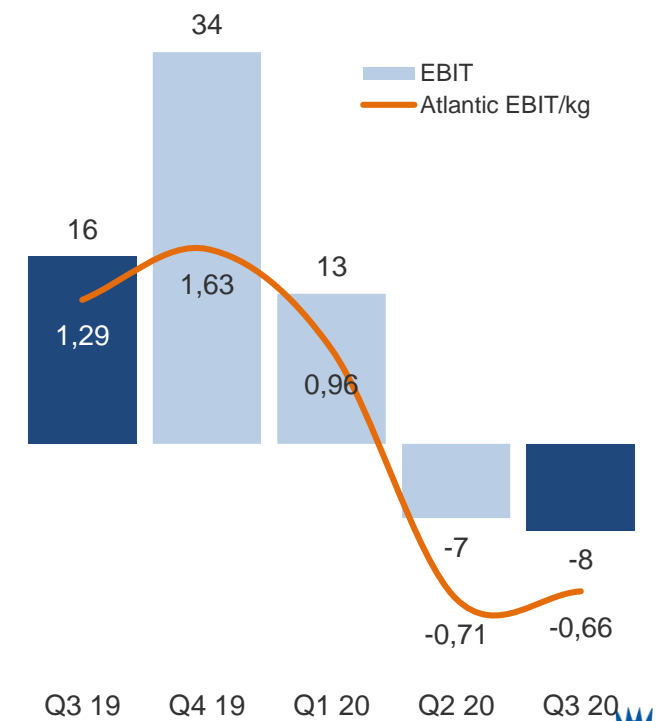
Revenues

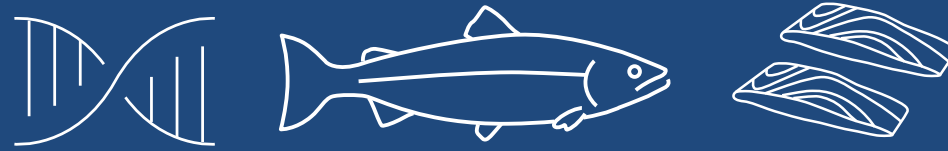
Million USD



EBIT and Atlantic EBIT/kg WFE

Million USD and USD/kg WFE

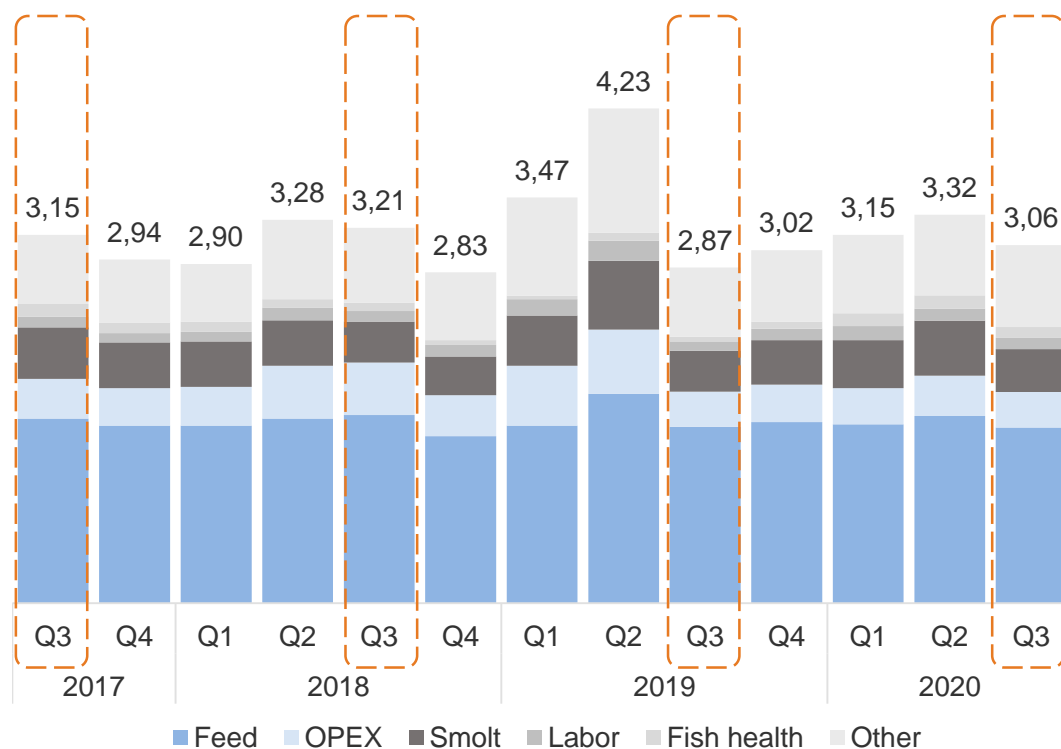




Operational review

Live weight cost in line with long-term target

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

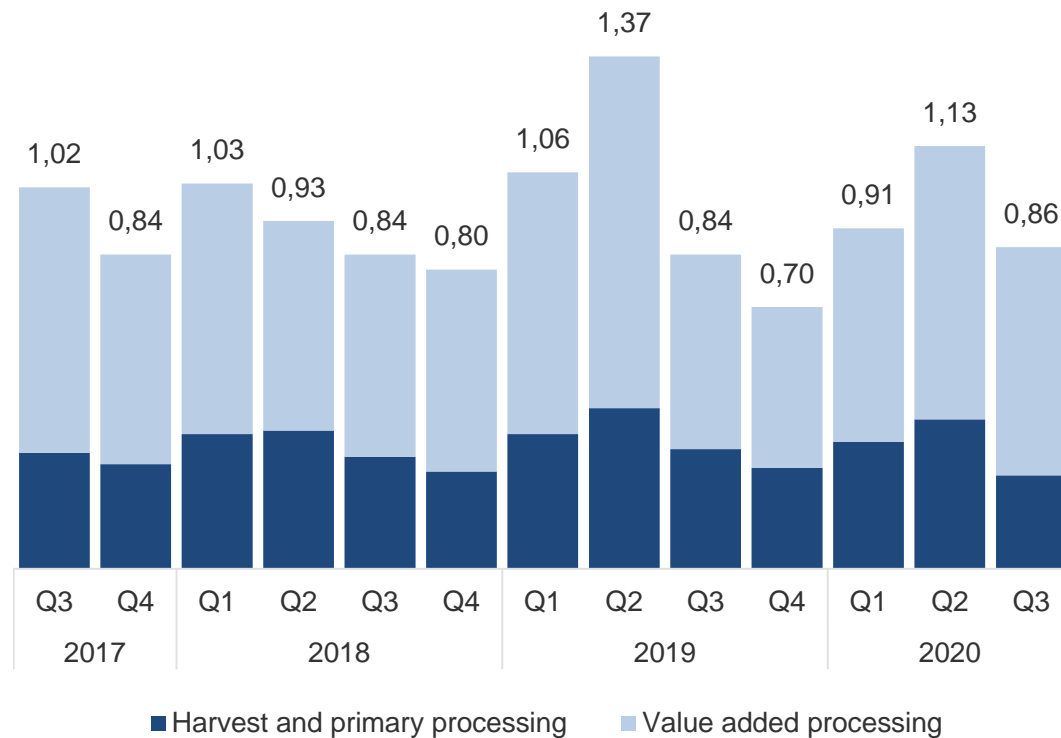


- Q3 2020 live weight cost at USD 3.06/kg,
 - 15 cents decrease from corresponding/comparable cycle (2 years) driven by good growth
 - 6.7% increase from Q3 2019 due to higher number of sea lice treatments and one site harvested impacted by SRS
- Average harvest weight at 6.4 kg LWE vs 5.8 kg last year



Processing cost below long-term target

Atlantic salmon processing cost
(USD/kg WFE)



- Q3 2020 total processing cost at USD 0.86/kg WFE
 - 14% below long-term target of USD 1.00/kg
 - 2 cents increase from Q3 2019 & Q3 2018, mainly due to COVID-19 measures and lower volumes
- Value added processing cost stable q-o-q, this despite
 - Change in product mix
 - increased share of fillets and portions
 - accounting for 87% of total volume processed
 - COVID-19 related costs increase of 5 cents/kg WFE



New value added line in secondary processing

- Fully operational in Q4 2020
- Doubled production capacity for portions, accounting for 55% of our total value added capacity
- Main investments:
 - Portions grader
 - Fresh filet grader
 - Packaging & labelling
 - Portioning & slicing equipment
 - Innova process control



Finished product cost at long-term target

Atlantic Finished Product Cost LTM
(USD/kg WFE)



- Total cost at USD 4.21/kg WFE slightly below long term target of USD 4.23/kg WFE
- Aligned with comparable sites (Q3 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
 - Preventive COVID 19 additional cost and larger value added products

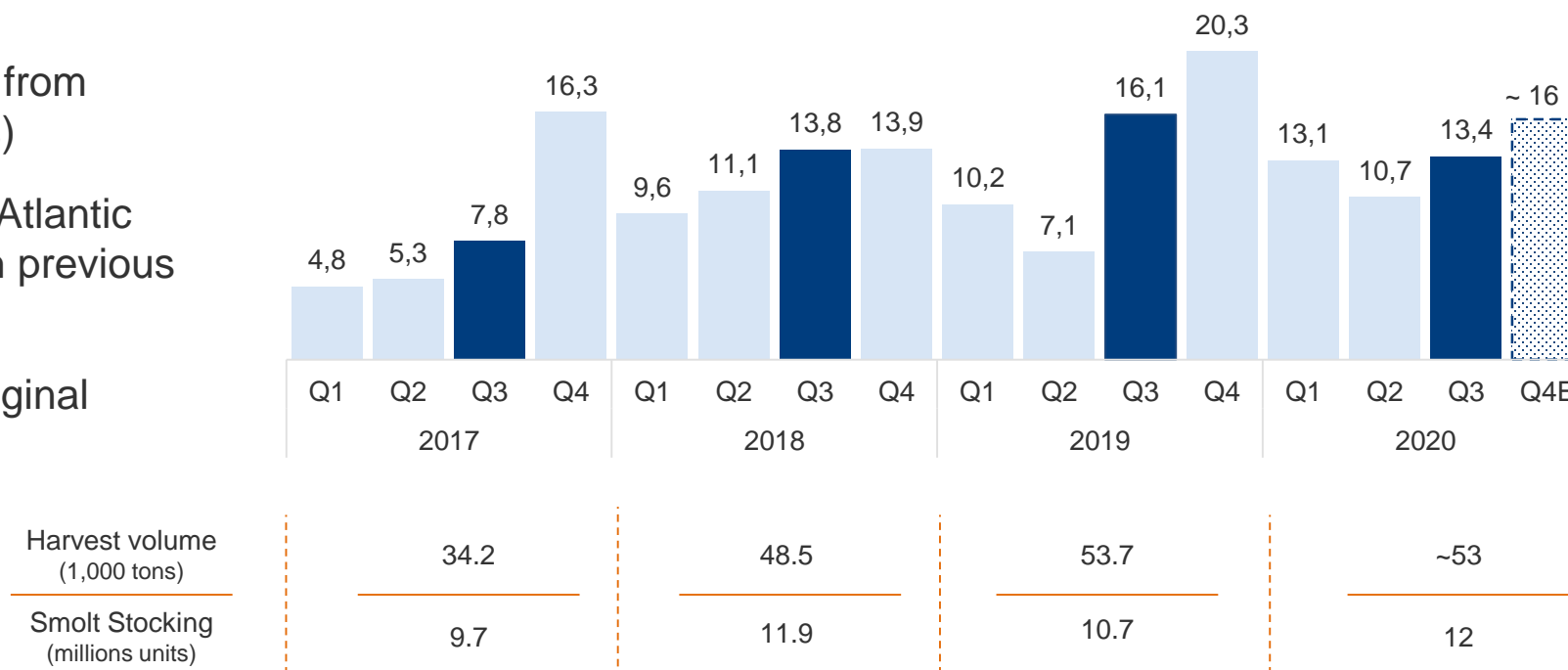


Atlantic salmon 3% lower volume cycle-over-cycle

Atlantic harvest and smolt stocking

Thousand tons WFE and million units

- Q3 2020 harvest down 3% from Q3 2018 (comparable sites)
- Industry smolt stocking for Atlantic down 3.4%* compared with previous year
- Salmenes Camanchaca original stocking plan maintained

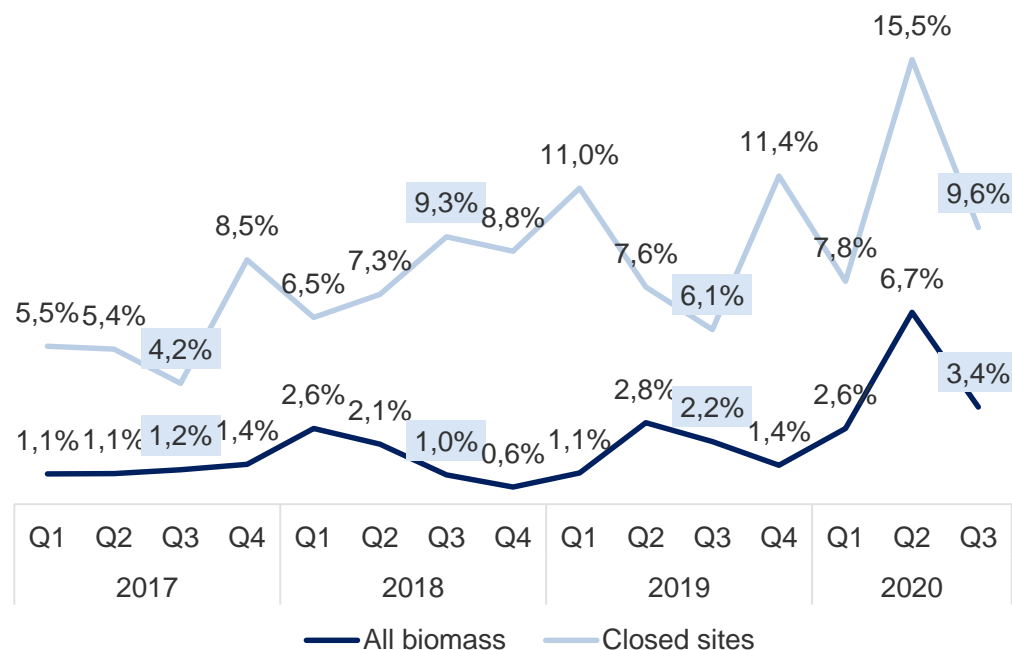


* Source: Aquabench September 2020



Atlantic salmon biology

Mortality rate (% of number of fish)



Biology indicators

	Q3 2017	Q3 2018	Q3 2019	Q3 2020
FCRb* (live weight)	1.35	1.18	1.14	1.17
Yield (kg WFE/smolt)	4.6	5.0	4.8	5.1
Average harvest weight (kg WFE)	4.7	5.6	5.1	5.6

* FCRb = Biological Feed conversion ratio

- Q3 2020 all biomass mortality increased mainly due to SRS (32%), and sealions (34%)
- Q3 2020 mortality of closed cycles high due to high sealions mortality in one site



An advocator for sustainable salmon farming

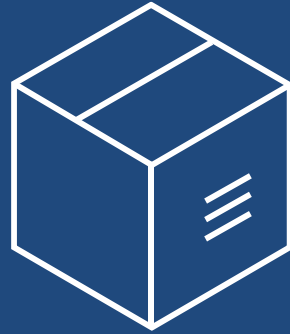
Sustainability indicators - Atlantic

(closed sites)

	Q3 2017	Q3 2018	Q3 2019	Q3 2020
FIFO Ratio	0.71	0.60	0.46	0.66
Length of cycle/Fallow period (months)	17/7	16/8	16/8	18/6
# Escape incidents	0	0	0	0
# of antibiotic treatments	3.3	3.2	3.0	1.3
Antibiotic usage (g/ton)	739.7	663.0	968.7	288.5
Antiparasitic usage (g/ton)	11.2	6.3	6.5	15.4

- Increased length of cycle due to delays in harvest
- 59% reduction of number of antibiotic treatments cycle-on-cycle
- 57% decrease in the antibiotic usage (g/ton)
- Increased use of anti-parasite pharma solutions to keep sea lice under control

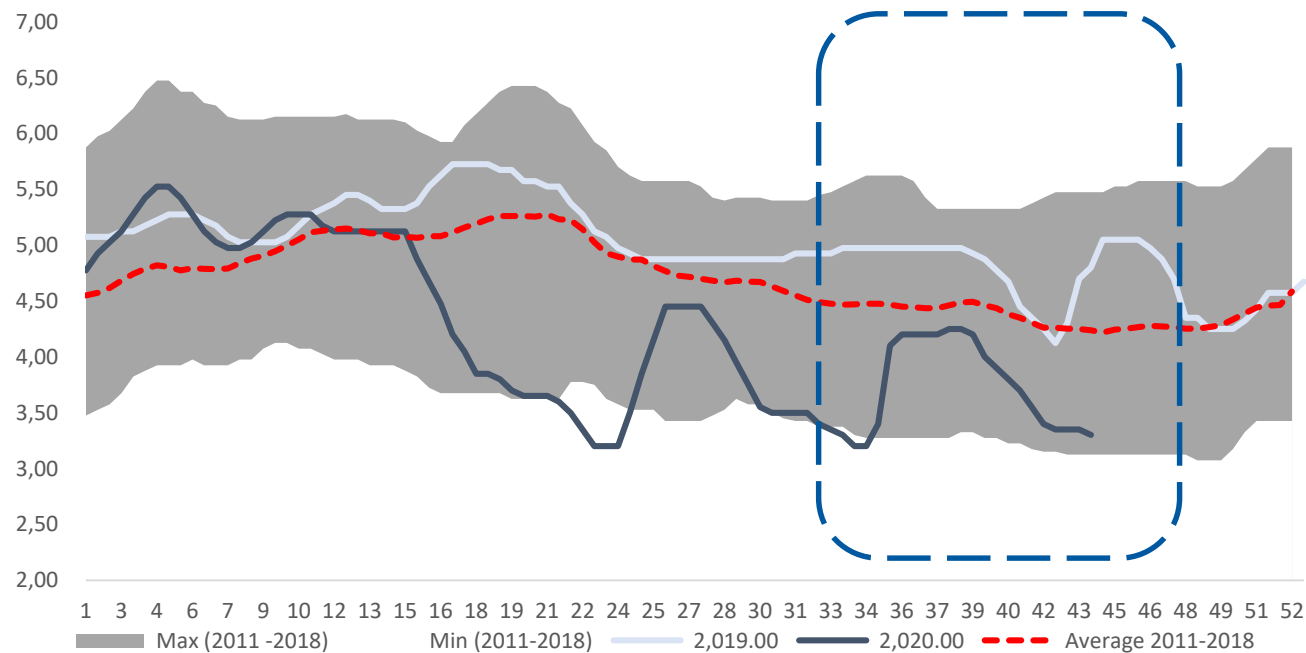




Markets

Market Price Evolution

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

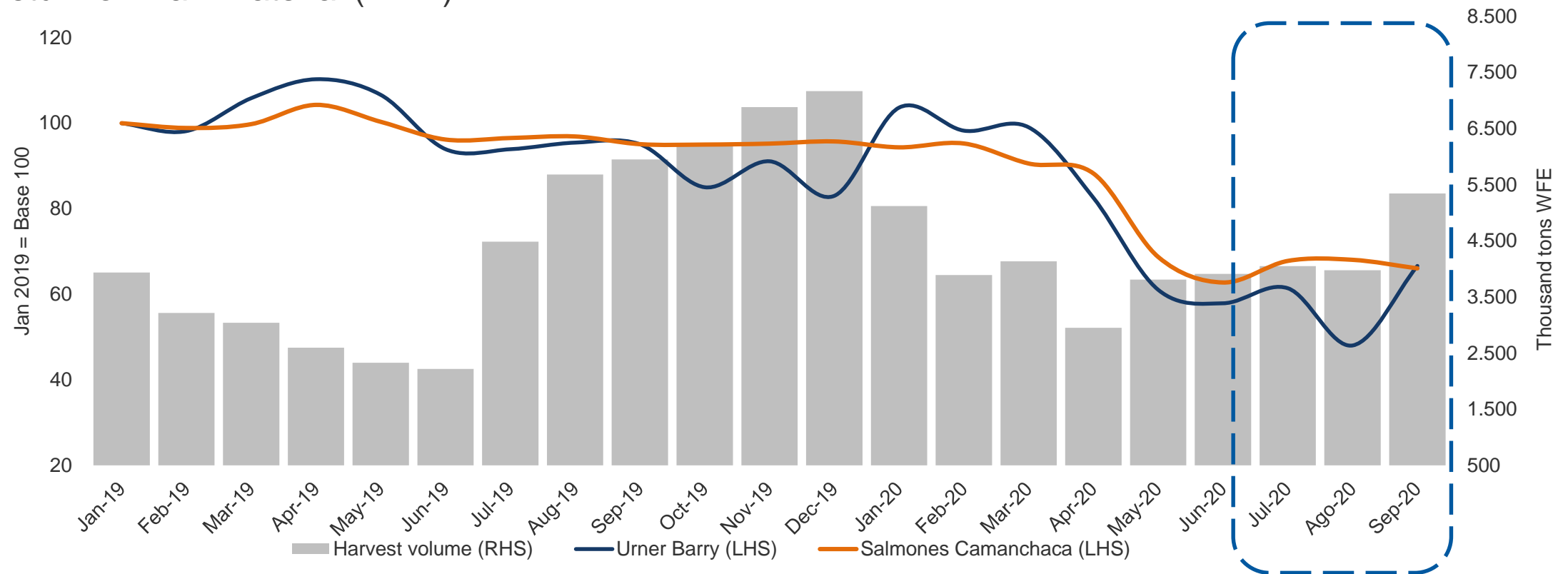


- Lowest prices in 10 years
- Increased price volatility
- Quarter price differential vs prior year of USD 1.2/LB
- Sharp price increase in week 34-35 due to Chilean truck strike



Salmones Camanchaca price achievement

Return on Raw Material (RRM)*



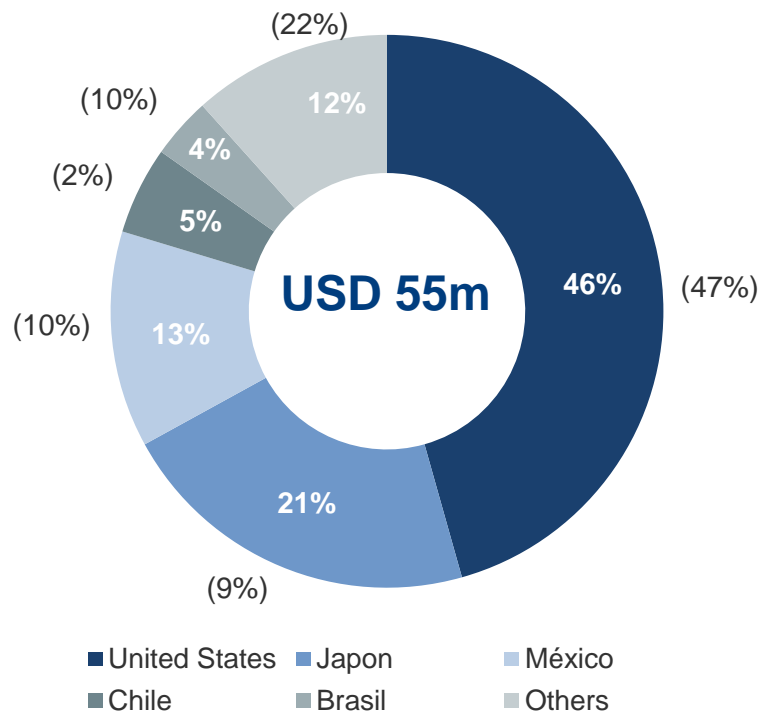
*RRM = Return or Price obtained for WFE primary processed fish



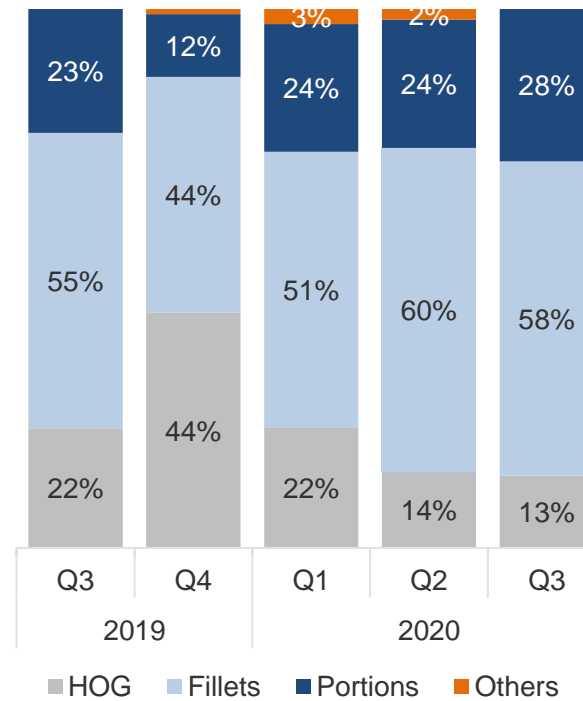
Atlantic Sales Mix

(% of Q3 2020 Volume WFE)

Total 2020 (2019)



Quarterly distribution by product type



- Changes in market and product allocations shows Camanchaca's ability to adapt:
 - USA remains the main market
 - Significant increase to Japan reaching 21%
 - Decrease in volumes to Brazil and China, whole fish markets where prices have been under pressure
 - Value-added products remains at 86% of the mix
- Opening of new office in Mexico supporting sales strategy
- Inventory levels in Q3 2020 increase to 4.100 MT net weight



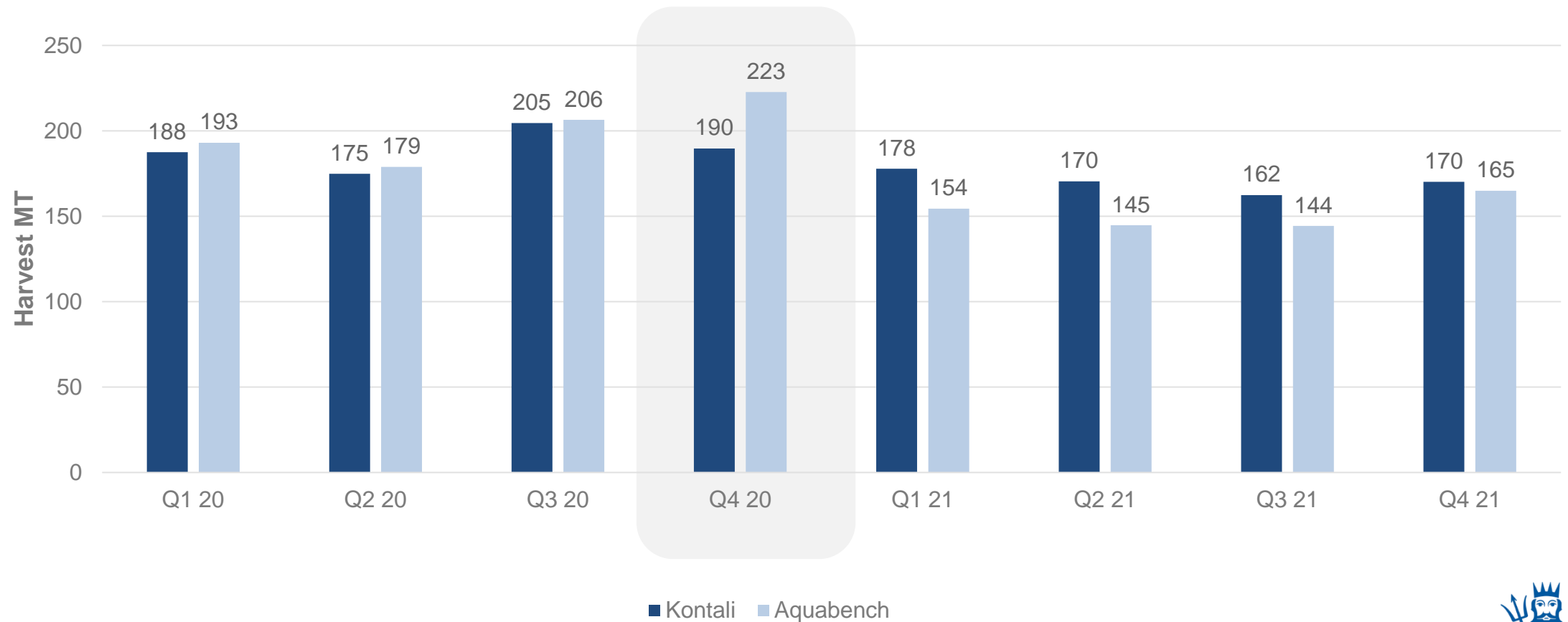
Chilean Atlantic salmon industry harvest projections

2020 Total volume:

- Kontali 756 tons
- Aquabench 801 tons

2021 Total volume:

- Kontali 680 tons (- 10% vs py)
- Aquabench 608 tons (-24% vs py)

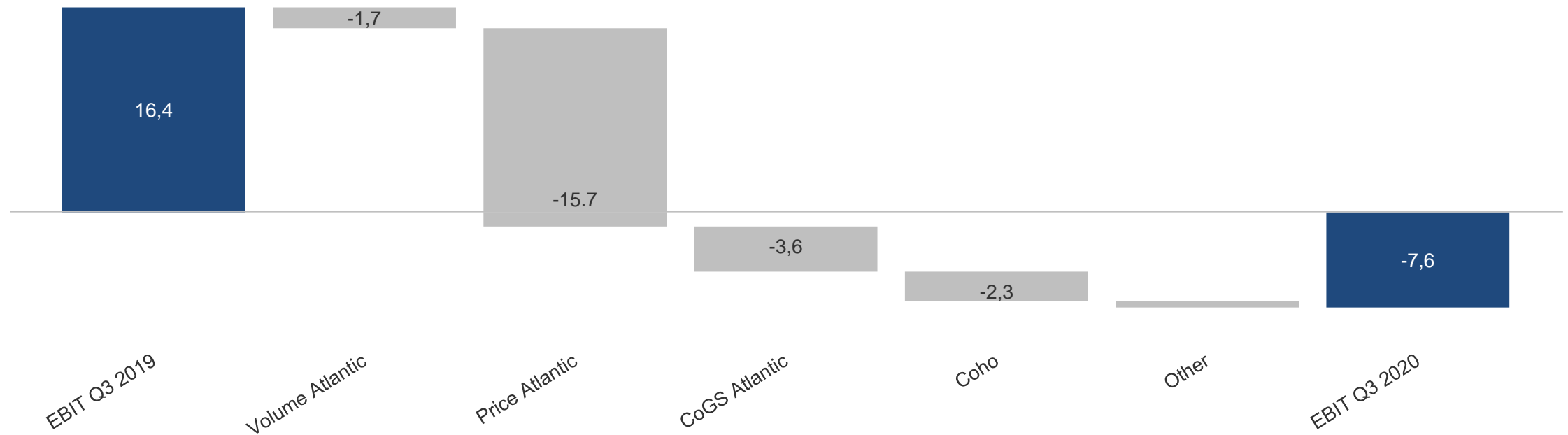




Financial review

Strong Price effect on EBIT Q3 2020

EBIT Bridge (USD million)



Profit & Loss

- EBIT down USD 24m versus Q3 2019 due to low market prices
- Negative FV of USD 11.4 million impacted by prices
- Non-operational items: USD -0.9m
 - Increase cost associated with Islotes event of USD 1.1m
 - Partly offset by third consecutive positive contribution of Trout JV, USD 0.1m in Q3 2020

Condensed profit and loss statement (Thousand USD)

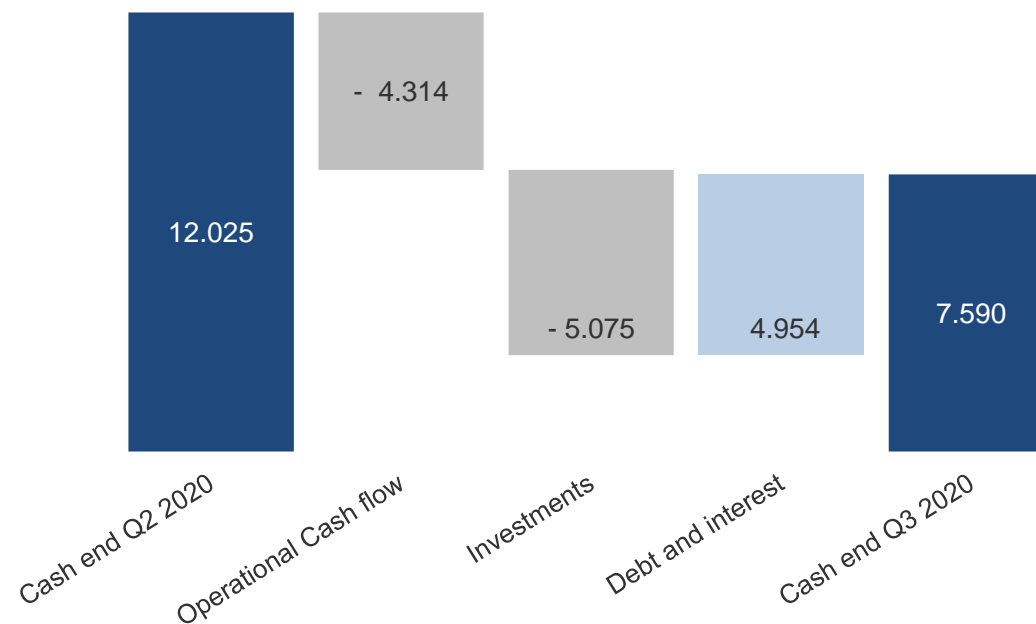
Profit & Loss (USD Thousand)	Q3 2 020	Q3 2 019	Δ 20 vs 19
Total Revenues	55.280	76.540	-21.260
SG&A	-4.132	-4.291	159
EBITDA	-3.719	20.371	-24.090
Depreciation and amortization	3.879	3.989	-110
EBIT	-7.598	16.382	-23.980
Fair value adjustments	-4.599	6.849	-11.448
EBIT after fair value	-12.197	23.231	-35.428
Non operational items	-947	-2.399	1.452
Profit before tax	-13.144	20.832	-33.976
Estimated taxation	3.528	-5.603	9.131
Net profit for the period	-9.616	15.229	-24.845



Cash Flow Q3 2020

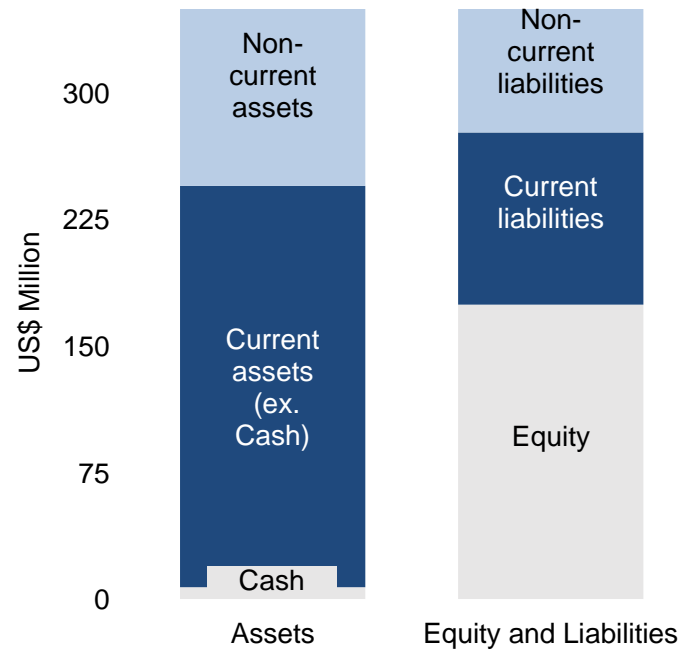
- Net cash decreased by USD 4.4m in Q3
- Negative operational cash flow due to lower volumes and prices
- Investments reduced to USD 5m, only maintenance and strategic investments (value-added processing capacity)
- Additional USD 5m debt in Q3 2020 to finance the operations and investments
- Cash and available credit lines available add to USD 21m liquidity.

Cash Flow
(USD million)

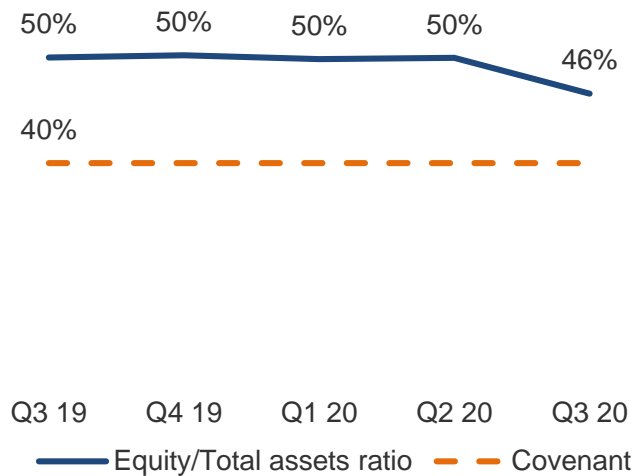


Solid financial position

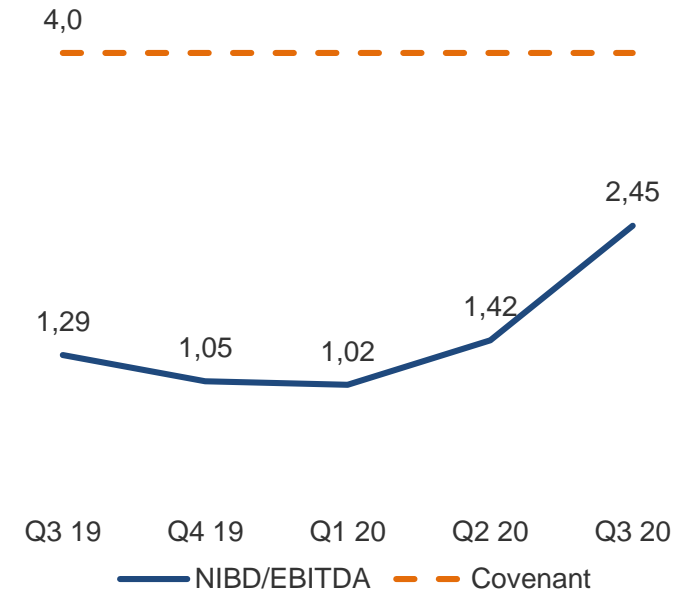
Balance sheet as of 31/09/2020



Equity/total asset



Net interest-bearing debt/EBITDA

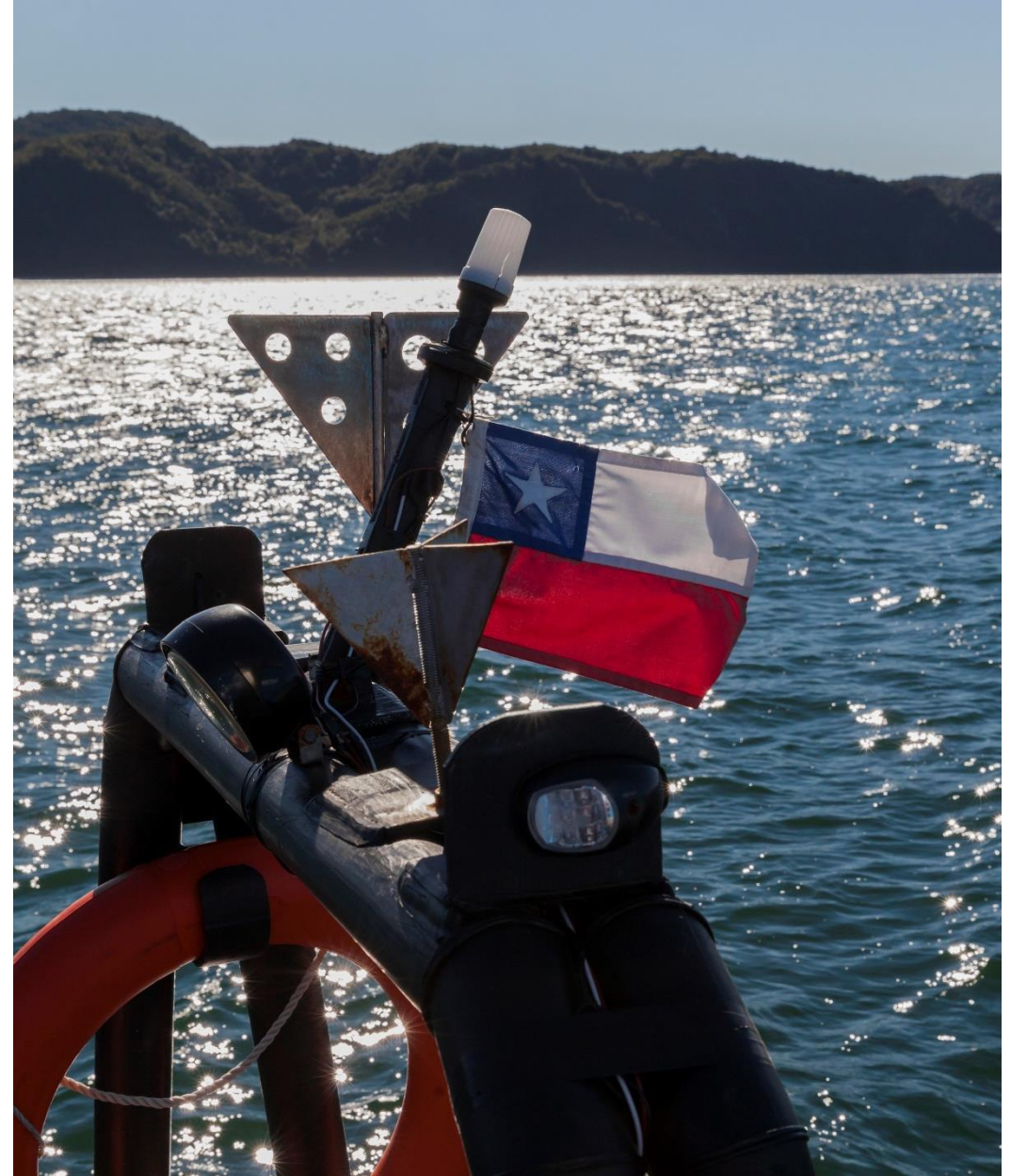


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Summary and outlook

Summary

1. Historic low prices due to weak demand and reduced market access explaining 70% of EBIT decrease
2. EBITDA YTD positive at USD 5.6 million
3. Strong operational performance. Total cost of Atlantic LTM only 2 cents above long-term target of 4.23 USD/Kg WFE
4. Business continuity achieved despite pandemic context in operating geographies. No fatalities and few positive cases detected
5. Production and sales restrain by value added capacity limitations
6. Favorable YTD turnaround of Trout JV contributed with USD 3.2 million more than 2019
7. Atlantic harvest volume down 17% from Q3 2019, but up 11% YTD 2020. Volume guidance for 2020 at ~53,000 MT
8. 2021 volume guidance at 55-57,000 MT, including ~2,000 MT of Coho.





Q&A