

# Q1 2021 results

Santiago, Chile | 14 May 2021

Ricardo García, Vice Chairman

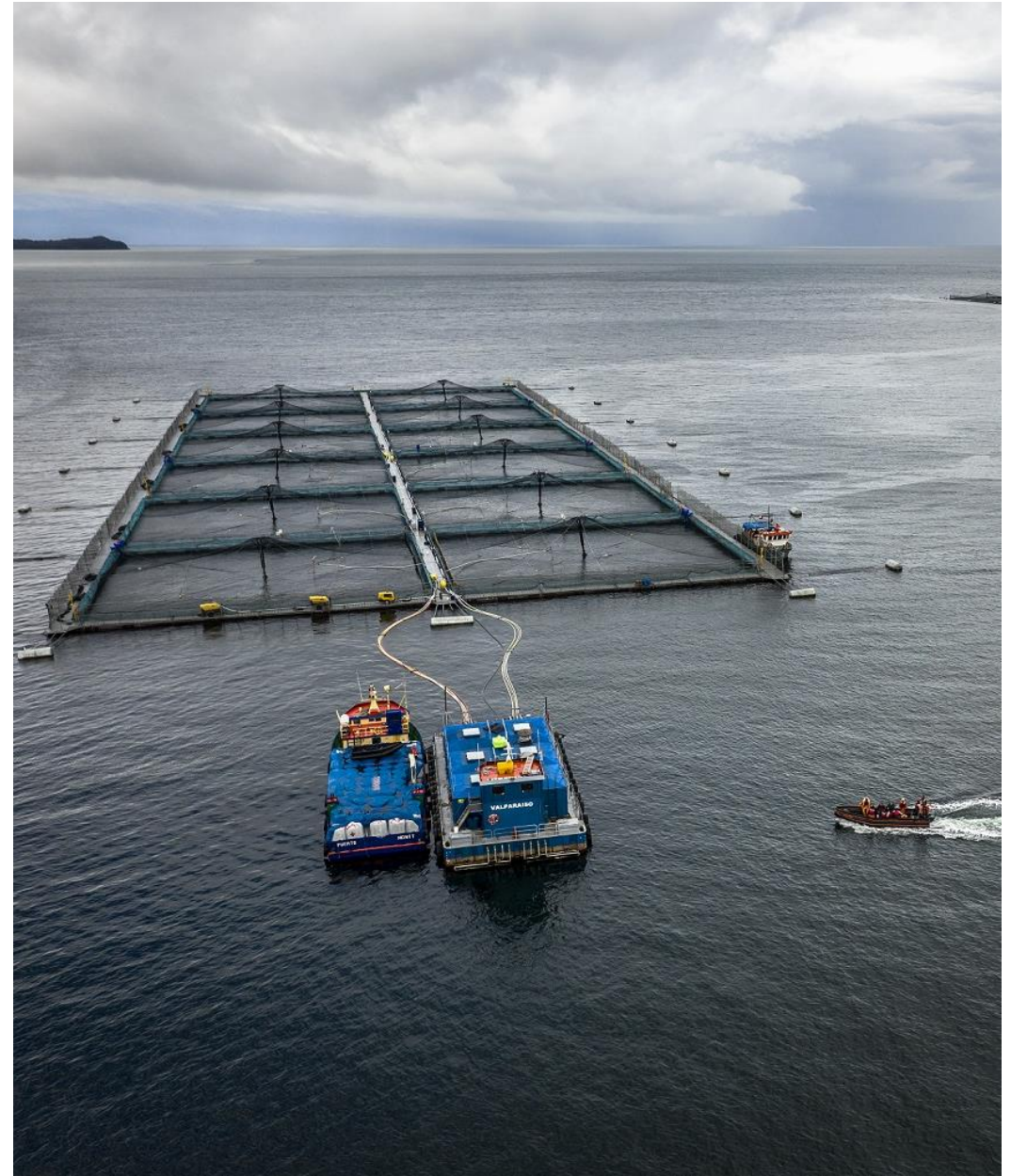
Manuel Arriagada, CEO

*Mañihueico, Chile*



# Agenda

- Highlights of the quarter
- Operational review
- Markets
- Financial review
- Summary



# Q1 2021 Highlights

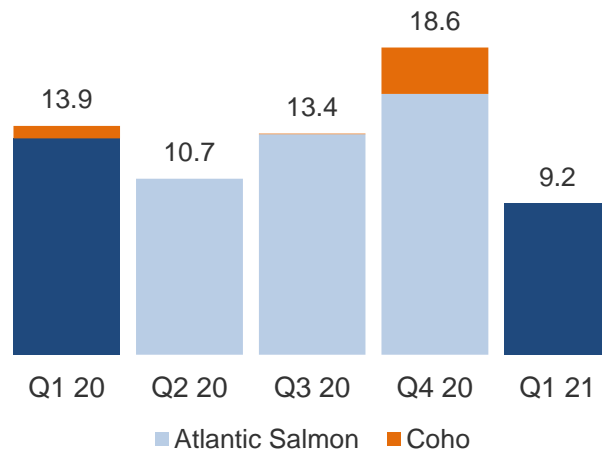
- Financial performance impacted by two algae blooms in Q1 with total direct financial impact of USD 12m and a biomass loss of ~ 3,700 MT
- As a consequence, Atlantic harvest 2021 estimate 20% down to 41,000-44,000 MT range, while Coho remains at ~2,000 MT
- Harvest volumes for the quarter at 9,200 MT, and sales volumes at 13,439 MT reducing inventory from year end
- Operational performance impacted by higher ex- cage cost from remaining fish from Islotes site and mortalities plus lower avg weight from Reñihue Fjord sites
- Processing cost impacted by lower volume, and above long-term goal and previous quarters (-26%vs Q1 2020)
- Full operational despite Covid-19, while 75% of employees with 1+ vaccine dose, and universal weekly testing program



# Financial highlights

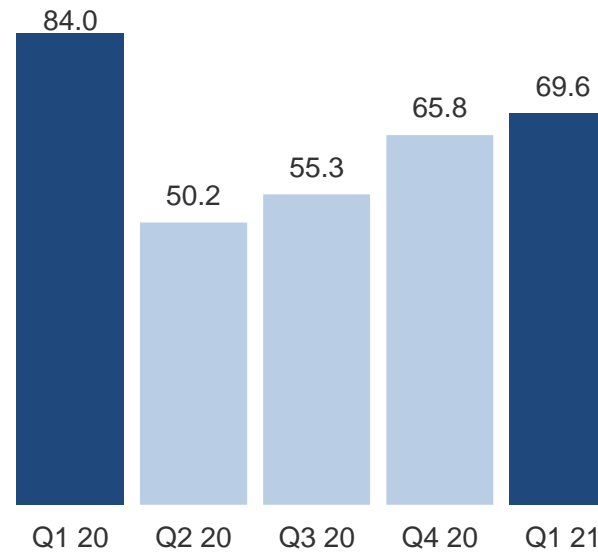
## Harvest volume

Thousands tons WFE



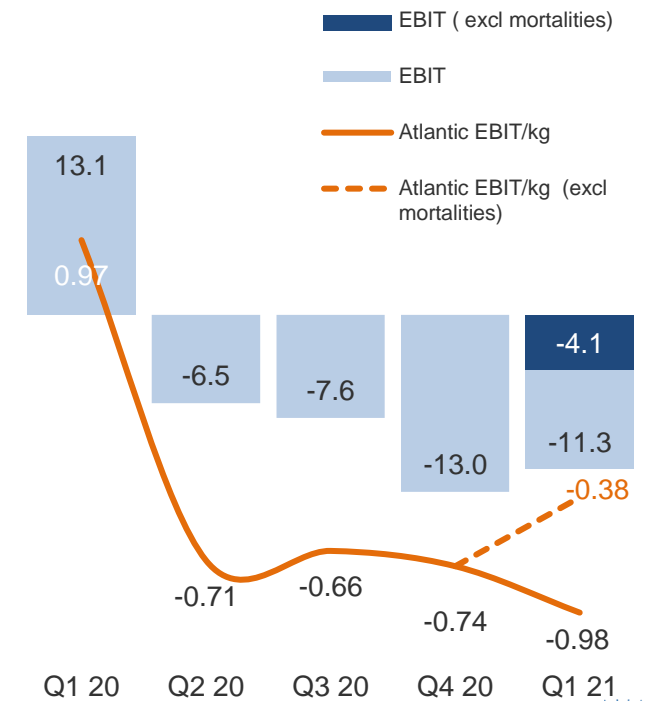
## Revenues

Million USD



## EBIT and Atlantic EBIT/kg WFE

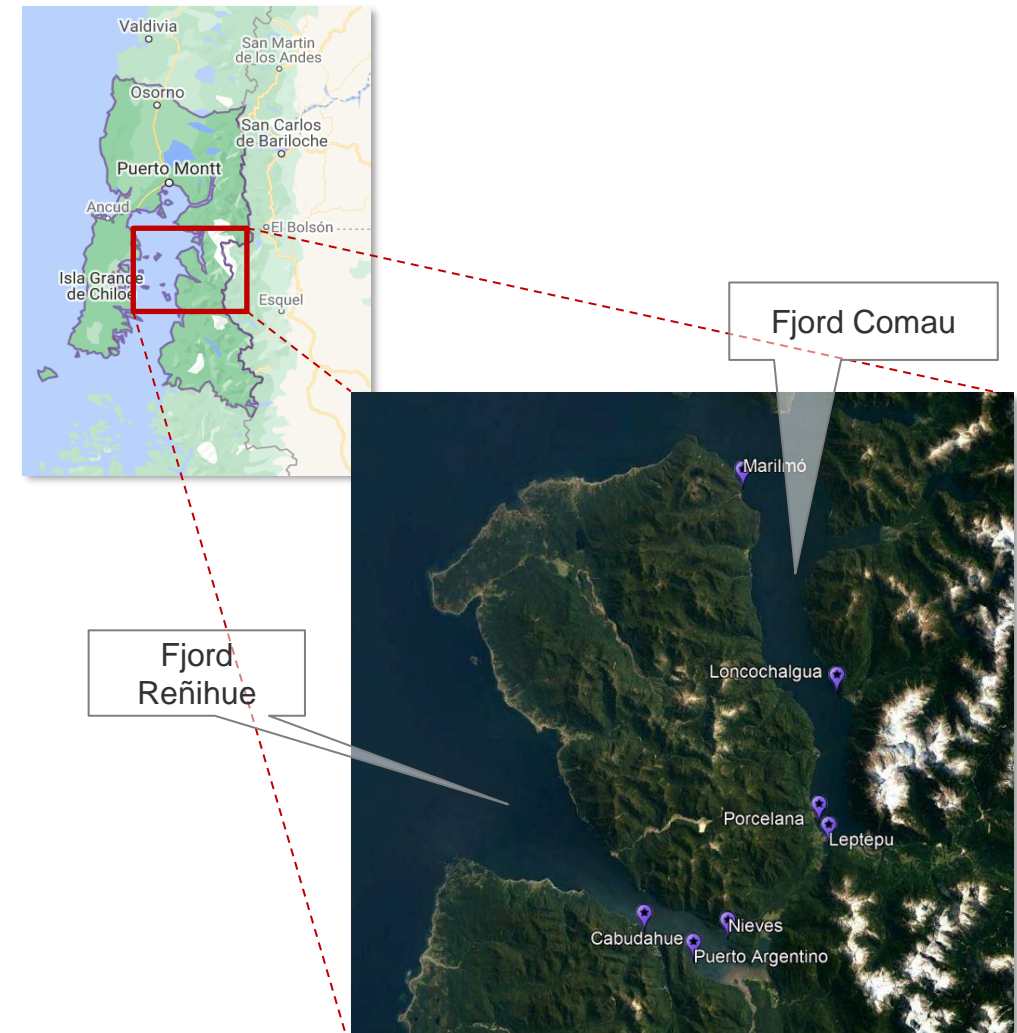
Million USD and USD/kg WFE





# Two Algae Blooms in Q1 2021

- Algae bloom impacted **Reñihué Fjord** during the quarter:
  - 3 sites in operation and total of 2.4m fish
  - 11% mortality of total biomass
  - Direct impact of USD 4.5, which USD 2m corresponds to insurance deductibles, accounted as non-EBITDA
  - Generated lower harvest weights in surviving fish in Q1 and Q2
- Harmful algae bloom impacted **Comau Fjord** at the end of March and early April:
  - 4 sites in operation and total of 3.2m fish
  - 50% mortality, surviving fish were transferred
  - Direct financial impact of USD 7.5m, USD 2.9m of which corresponds to insurance deductibles accounted as non-EBTIDA
  - Impacted harvest volume in 2H 2021

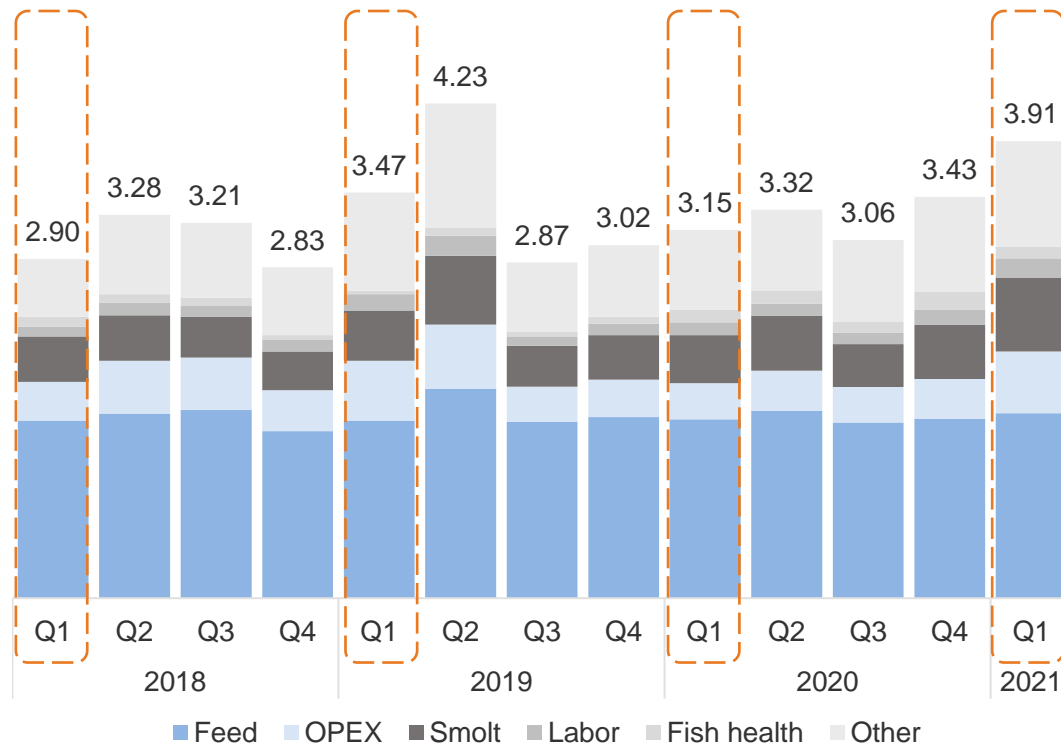




## Operational review

# Live weight cost above long-term target

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

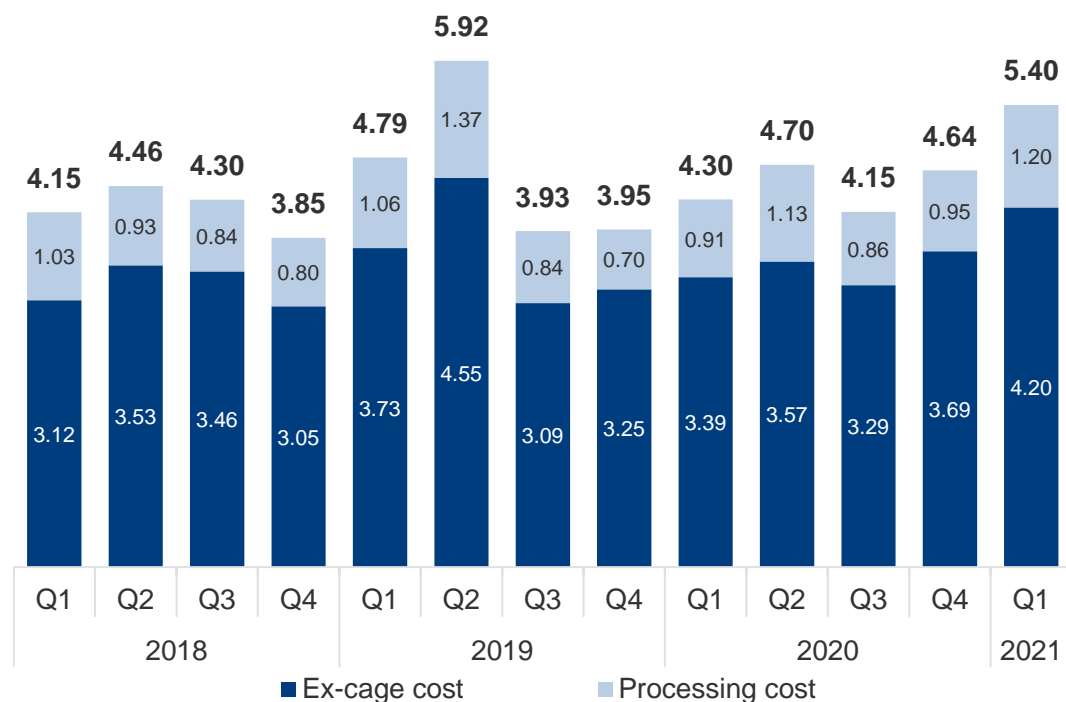


- Q1 2021 live weight cost at USD 3.91 /kg, impacted mainly by:
  - Reñihue fjord's sites affected by algae blooms during Q1, lower biomass growth with higher mortality
  - Islotes' site harvested its remaining fish, carrying additional costs due to extraordinary May '20 incident causing ~ 30% mortality
- Remaining impact of Reñihue fjord will result in Q2 2021 higher than target farming costs
- Indirect negative impact of Comau fjord's bloom will affect Q4 2021



# Finished product cost also impacted

Atlantic Finished Product Cost  
(USD/kg WFE)



- Total cost at USD 5.40 /kg WFE above long term target (USD 4.23 /kg), Q1 2020, and comparable sites from Q1 2019.
- Processing cost at USD 1.20 /kg WFE, higher than target and Q1 2020, mainly due to:
  - Lower harvest volume
  - Larger fraction of fillets & portions at historic record of ~90%
  - COVID-19 preventive costs at ~ 5 cents/kg WFE



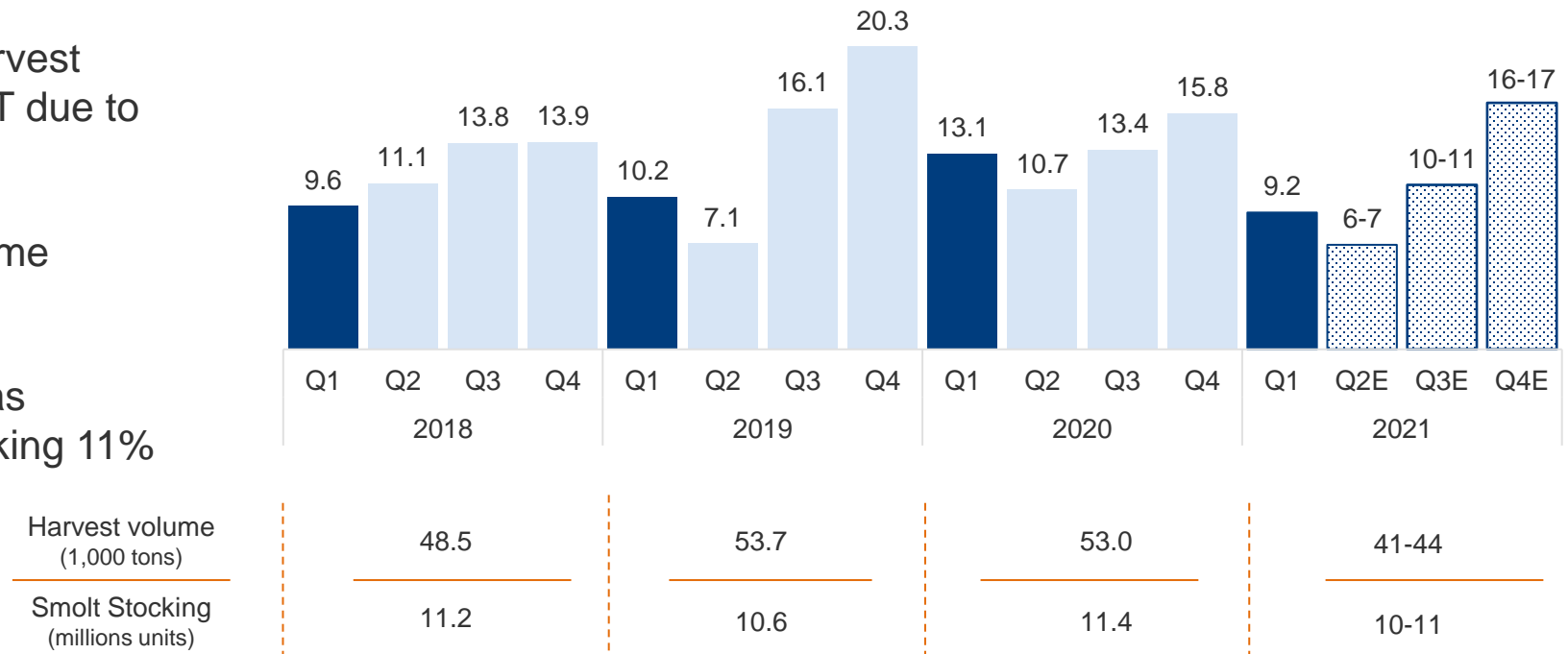


# New Atlantic volume estimates

- Low Q1 2021 volumes in line with previous forecast
- 2021 estimated Atlantic harvest down 20% to 41-44.000 MT due to blooms
- 2/3 of estimated 2021 volume harvest in 2H
- Atlantic stocking program as planned, and industry stocking 11% higher YoY \*

## Atlantic harvest and smolt stocking

Thousand tons WFE and million units

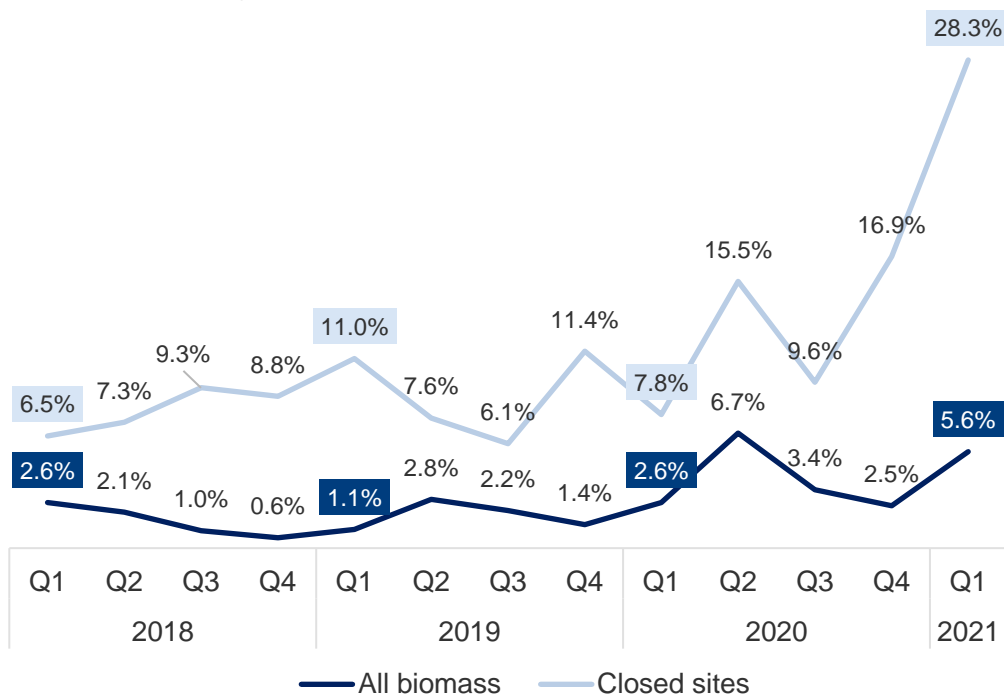


\* Source: Aquabench April 2021



# Atlantic salmon biology

## Mortality rate (% of number of fish)



## Biology indicators

Closed sites	Q1 2018	Q1 2019	Q1 2020	Q1 2021
FCRb* (live weight)	1.19	1.16	1.19	1.13
Yield (kg WFE/smolt)	4.8	4.5	4.9	4.0
Average harvest weight (kg WFE)	5.3	4.9	5.2	5.5

\* FCRb = Biological Feed conversion ratio

- Closed sites' mortality impacted by Islotes' incident
- All-biomass mortality affected by two algae blooms, but 90% of Comau's incident will be reflected in 2Q 2021
- Good performance of FCRb and average harvest weight in Q1





# Firm commitment to sustainable farming

## Sustainability indicators - Atlantic

(closed sites)

	Q1 2018	Q1 2019	Q1 2020	Q1 2021
FIFO Ratio	0.62	0.60	0.61	0.75
Length of cycle/Fallow period (months)	16/8	16/8	17/7	17/7
# Escape incidents <sup>(1)</sup>	0	0	0	37,150
# of antibiotic treatments	1.6	0.8	1.6	2.0
Antibiotic usage (g/ton)	378.3	120.9	407.0	519.3
Antiparasitic usage (g/ton)	8.8	10.1	15.7	4.1

<sup>(1)</sup> Escape incident relates to Islotes site which closed in Q1 2021. The escapes took place in May 2020 and a total of 27% were recaptured.

- Bloom causing lack of feeding, impacted harvest timing and length of cycle
- Higher mortality impacting FIFO
- Use of antibiotics affected by SRS outbreaks in stressed fish at Islotes' site.
- 60% reduction of chemical antiparasitic usage as new solutions are put in place





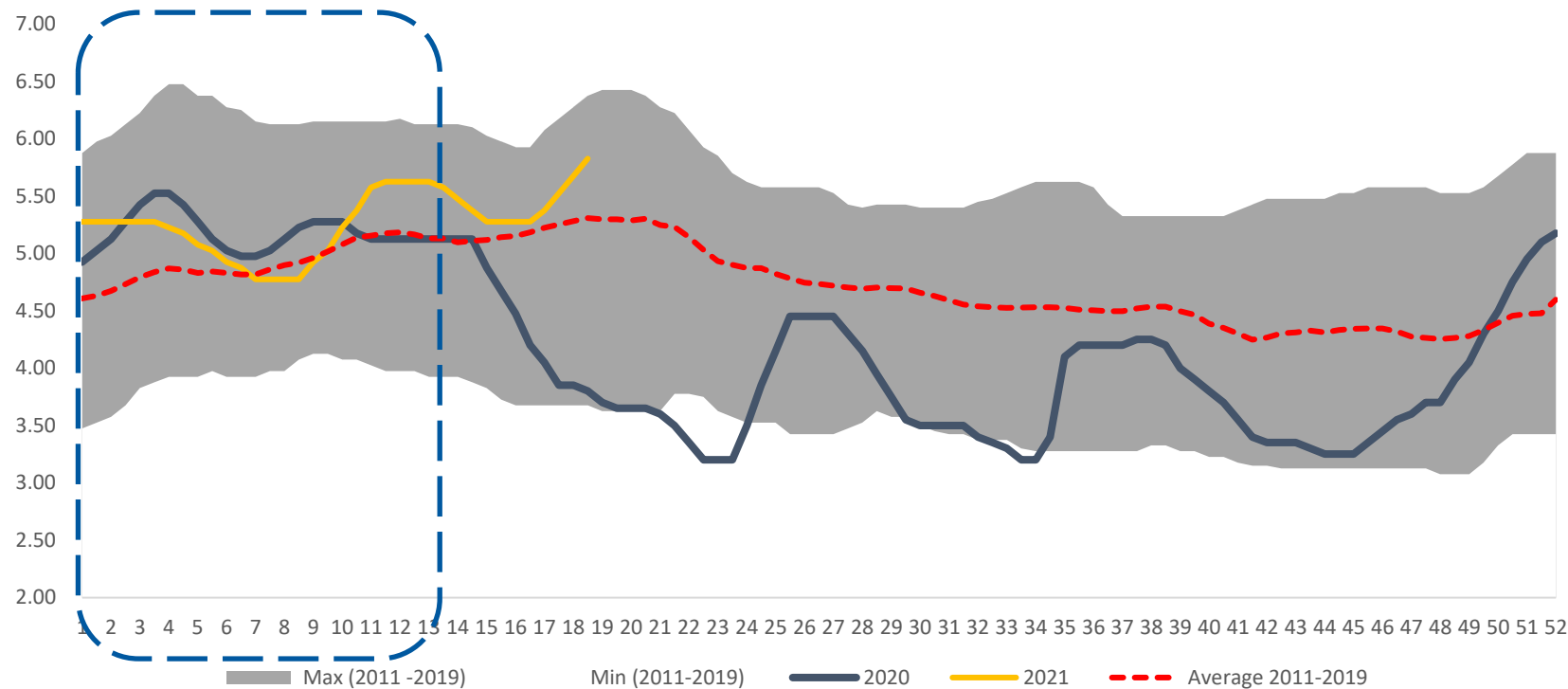
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Markets



# Market Price Evolution

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



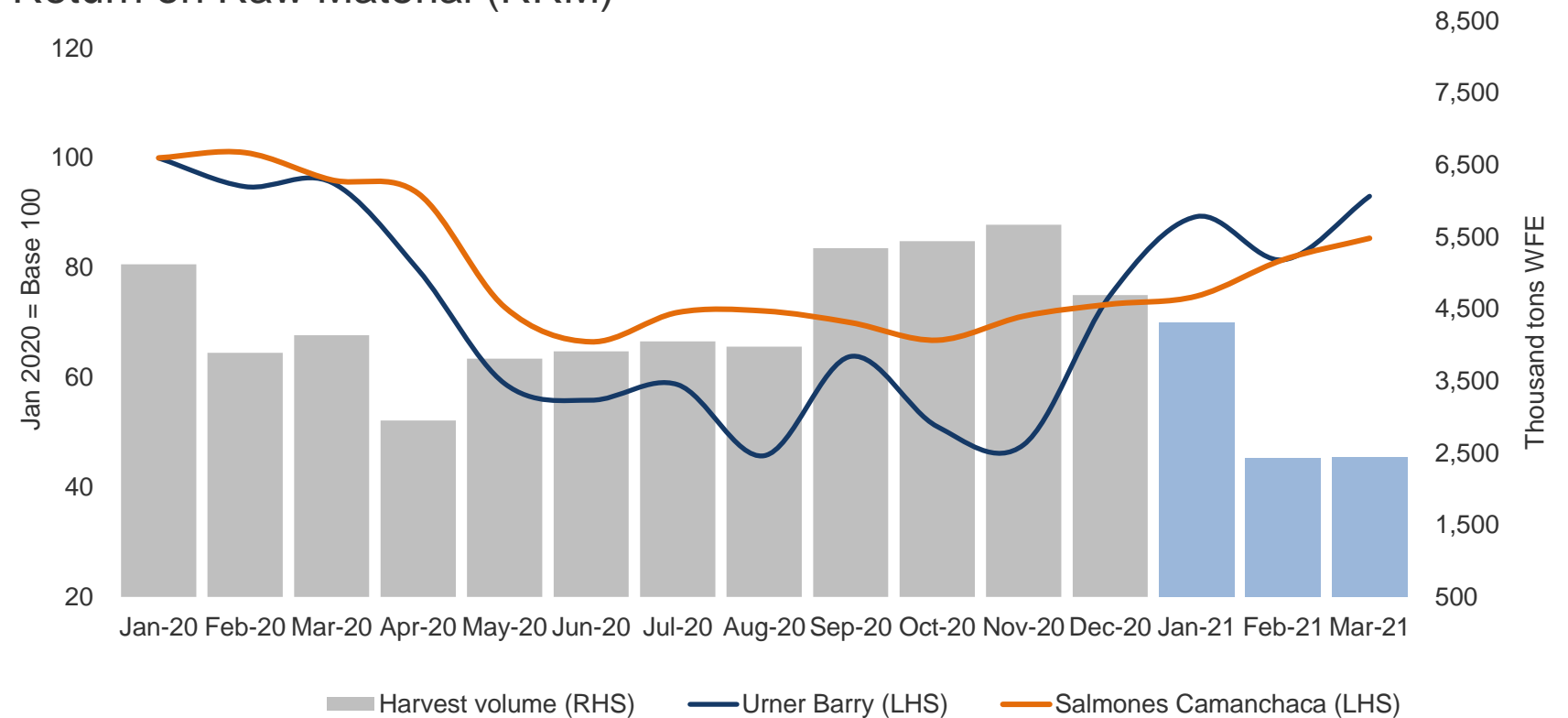
- Price remains volatile but fully recovered pre-pandemic level
- Prices approaching record high as Chilean supply drops double digit
- Strong demand from Food Service, without a decline in Retail sales



# Salmones Camanchaca price achievement

- Salmones Camanchaca price achievements more stable
- During 2020, prices were higher than market 9 out of 12 months. In 2/15 month, it was below
- Lagging market fluctuations due to value added contracts
- Recent price recovery expected to be fully materialized by Q3

Return on Raw Material (RRM)\*



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

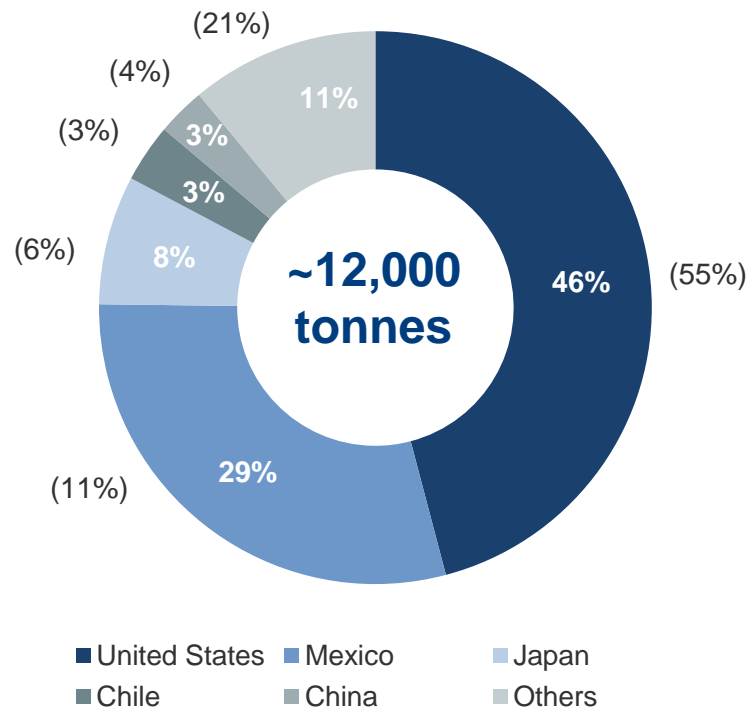




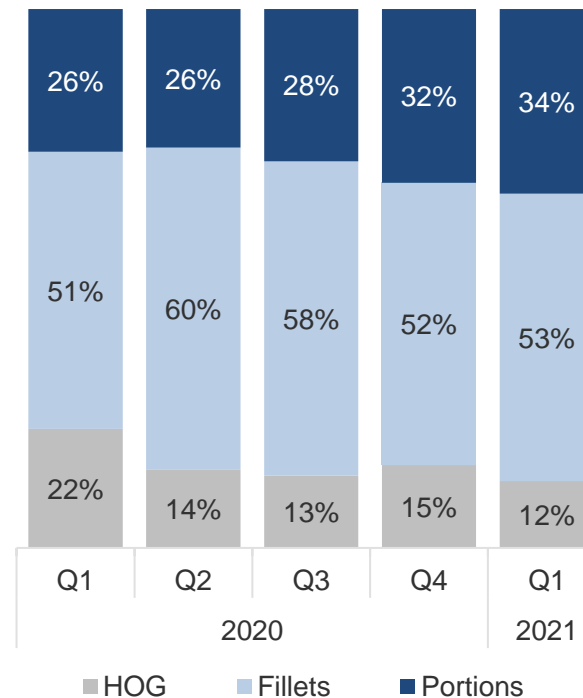
# Atlantic Sales mix going into value added

(% of Q1 2021 Volume WFE)

Q1 2021 (Q1 2020)



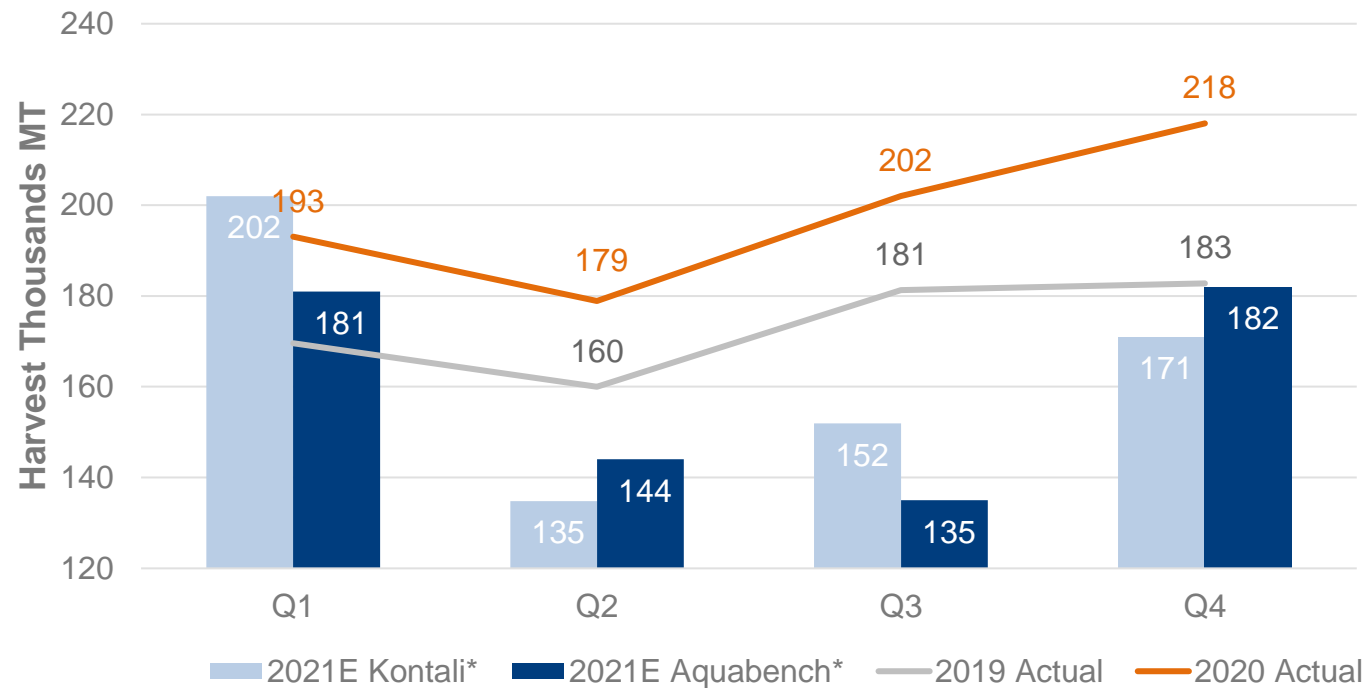
Quarterly distribution by product type



- Significant increase in Mexico following the opening of the new sales company
- Others is mainly explained by Russia
- Focus on portions remains a key strategy
- Inventory sales during the quarter driven by increase in prices and low harvest volumes



# Chilean Atlantic salmon industry harvest projections



\* Aquabench and Kontali estimates pre algae bloom effects

- FY 2020 Atlantic harvest at 790,000 tonnes
- FY 2021 estimate 640-660,000 tonnes
  - 100k+ lower volume
  - In line with 2017 & 2018 volumes





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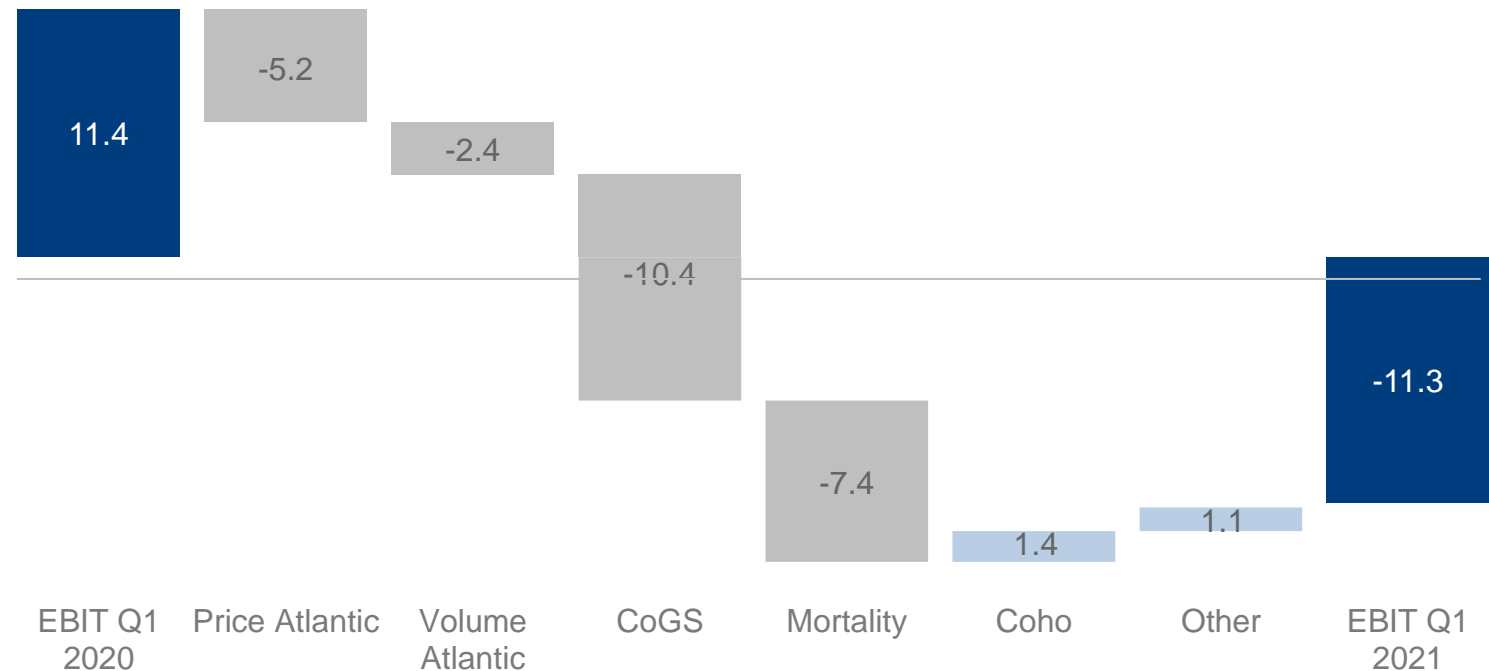
## Financial review



# Significant price impact on EBIT Q1 2021

- 1/3 of Ebit decline attributable to direct impact of blooms' mortality
- Lower achieved price explained ¼ of Ebit decline

EBIT Bridge of USD 22.8m  
(USD million)



# Profit & Loss

- EBIT down USD 23m versus Q1 2020 affected by the extraordinary mortalities, lower volumes and higher cost of goods sold.
- Negative FV of USD 3.4m driven by higher costs and lower biomass associated to algae blooms.
- Non-operational negative contributors,
  - Biomass mortality not cover by insurance USD 4.9m (deductible)
  - Interest's expense of USD 1.1m

## Condensed profit and loss statement (Thousand USD)

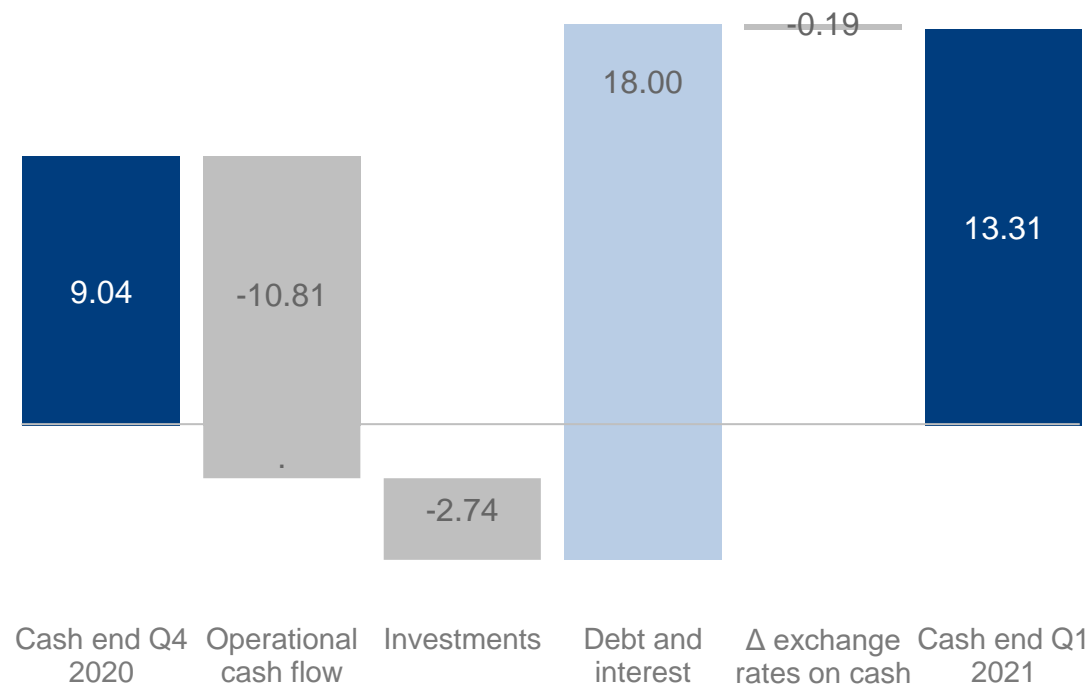
Profit & Loss (USD 1 000)	Q1 2021	Q1 2020	Δ 21 vs 20
Total Revenues	69,620	83,988	-14,368
SG&A	-4,497	-5,240	743
<b>EBITDA</b>	<b>-7,391</b>	<b>15,117</b>	<b>-22,508</b>
Depreciation and amortization	3,986	3,686	300
<b>EBIT</b>	<b>-11,377</b>	<b>11,431</b>	<b>-22,808</b>
Fair value adjustments	-3,400	-6,090	2,690
EBIT after fair value	-14,777	5,341	-20,118
Non operational items	-6,186	-3,024	-3,162
<b>Profit before tax</b>	<b>-20,963</b>	<b>2,317</b>	<b>-23,280</b>
Estimated taxation	5,804	-494	6,298
<b>Net profit for the period</b>	<b>-15,159</b>	<b>1,823</b>	<b>-16,982</b>



# Cash Flow Q1 2021

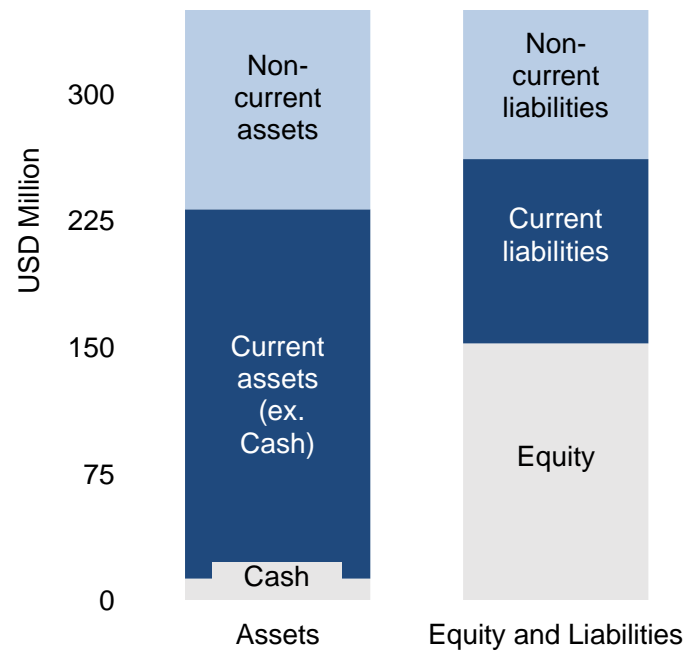
- Net cash increased by USD 4.3m in Q1
- Negative cash flow from operations due to lower volumes and prices
- Reduced investments to keep liquidity high
  - Q1 maintenance and strategic investments at USD 3m
  - Full year 2021 investments in the range of USD 25-30 million bellow pre-pandemic year
- New net debt ~ USD 18m, financing operational deficit including impact of algae bloom. USD 4m in debt interest & amortizations
- Total cash and unused credit facilities available at end Q1 2021 of USD 36m

Cash Flow  
(USD million)

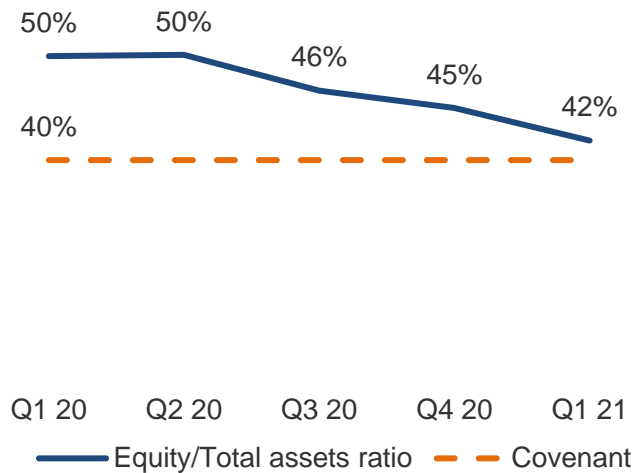


# Financial position remains solid

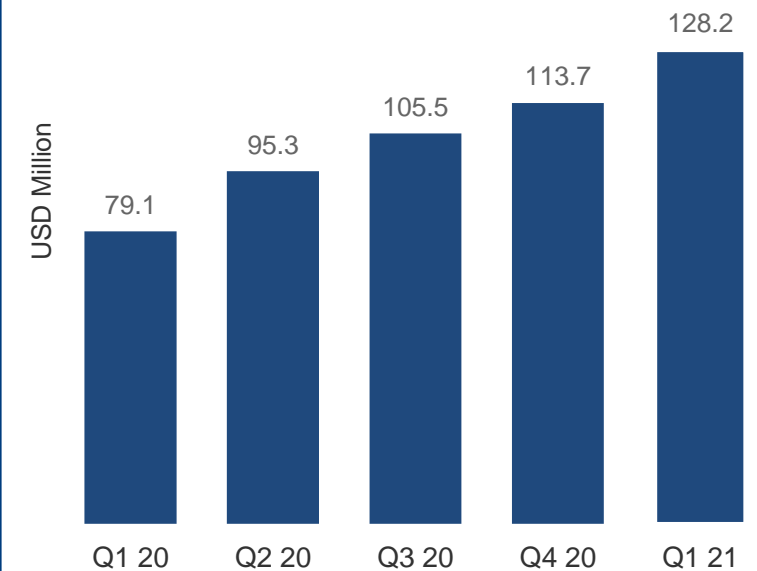
Balance sheet as of Mar 2021



Equity/total asset



Net interest-bearing debt





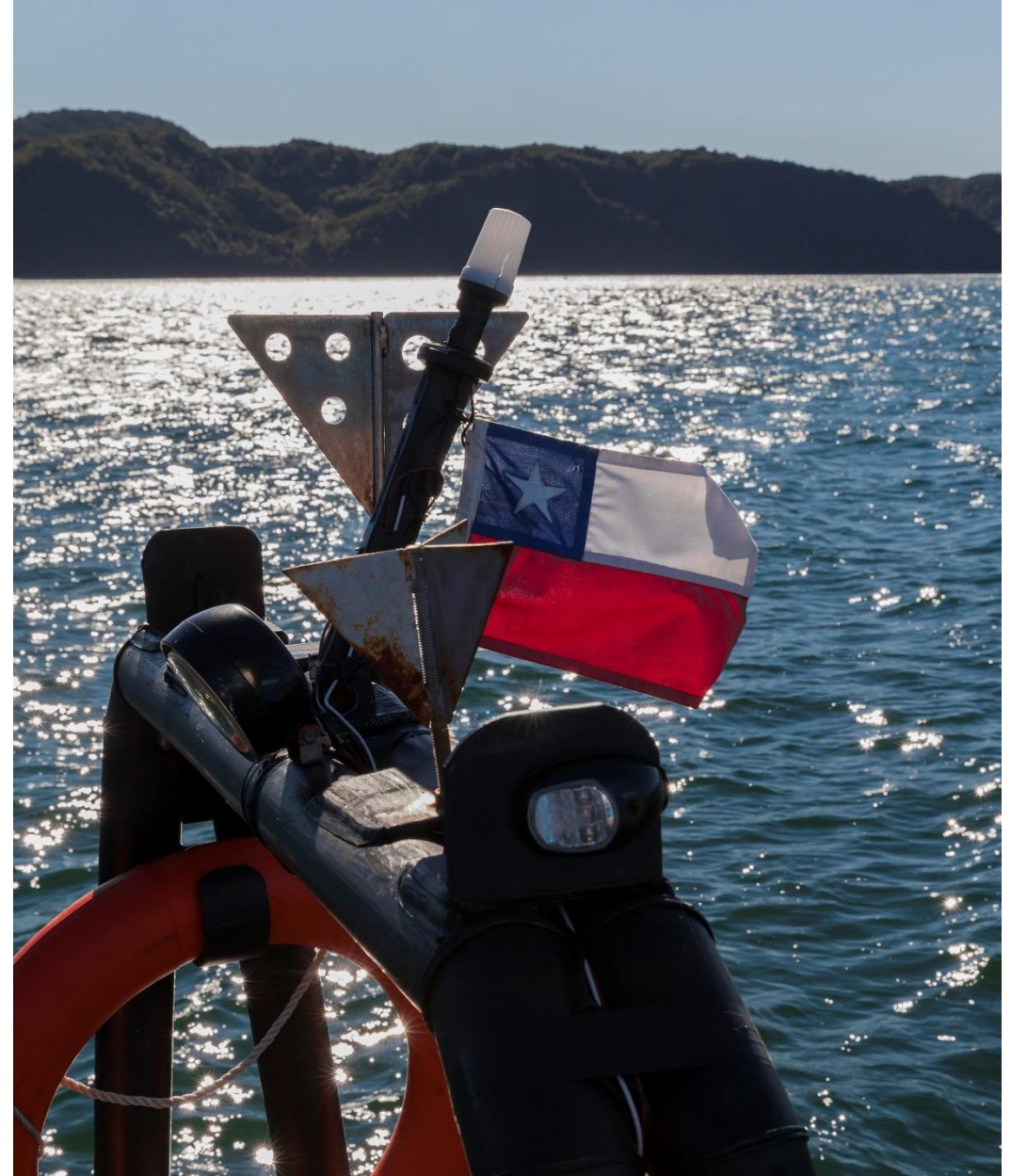
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## Summary

# Summary

1. Fully operational despite 2<sup>nd</sup> wave of pandemic
2. Quarter and Year harvest volumes significantly impacted by 2 algae blooms: estimates for 2021 down to 43-46,000 MT from 55-57,000 MT
3. Farming & processing cost above Q1 2020 and long-term target in Q1 and likely 2021, with improvements in 2H21
4. Despite extraordinary events the company maintains long term cost targets
5. Double digit decline in Chilean supply in 2021 will lift sales prices, now above pre-pandemic levels







# Q&A

