



COMPAÑÍA PESQUERA CAMANCHACA S.A. AND
SUBSIDIARIES

Annual Earnings Report on the Consolidated Financial Statements

For the years ended December 31, 2016 and 2015.

ANNUAL EARNINGS REPORT

This document contains the Annual Earnings Report for the Consolidated Financial Statements of Compañía Pesquera Camanchaca S.A. as of December 31, 2016, compared to December 31, 2015, for the consolidated statements of financial position, cash flows and income.

Business Areas

The Company is engaged in the following three lines of business:

1. **Industrial Fishing:** Our industrial fishing operations are carried out in Chile's northern and south-central zones. Our catches are intended for human consumption (canned and frozen jack mackerel and langostino lobster) and for fishmeal and fish oil (anchovy and sardine).
2. **Salmon Farming:** This business is carried out through operations in southern Chile, specifically the 8th, 10th and 11th regions. These operations cover genetics and egg production; a freshwater hatchery; 75 sea water grow-out sites in 14 neighborhoods; two primary processing plants in the 10th Region and a value-added processing and freezing plant in the 8th Region.
3. **Other Seafood:** The Company farms mussels in Chiloé and abalones in the 3rd Region, both for human consumption. The Company discontinued scallop farming on December 16, 2015.

Summary

The Company recorded a profit of US\$ 13.6 million for the year 2016, which compares favorably to the loss of US\$ 9 million for the prior year. This positive result was obtained in spite of two external events that negatively affected the Company in 2016: a severe El Niño phenomenon with a rise in ocean temperatures that particularly impacted our northern fishing operations, and a harmful algae bloom (HAB) that seriously affected three salmon grow-out sites in the 10th Region with mortality of 2.8 million fish at an average weight of 2.4 kilos. As of the date of publication of these financial statements and as disclosed therein, the losses from this HAB total US\$ 11.2 million after deducting the final insurance settlement.

The Company's positive earnings figures can be explained by a profit of US\$ 30.8 million from the salmon farming division aided by higher prices for salmon already sold and a net positive fair value adjustment of the salmon biomass of US\$ 24.9 million, which is US\$ 31.2 million greater than the figure from 2015. These results are all a reflection of not only better prices obtained during the year, but also take into account improved sales price estimates for the biomass of fish weighing over 4 kilos as of year-end 2016 and, therefore, about to be harvested.

Total consolidated revenue increased by 11.1%, reaching US\$ 488 million, with declines from the industrial fishing (-26%) and other seafood (-8.4%) divisions, but with a sharp increase in the salmon farming division (34.2%), due to improved prices (+27.2%) and increased third-party salmon sales by the Camanchaca sales office in the USA, which accounted for 23% of consolidated sales versus 12% in 2015.

The consolidated gross margin after fair value adjustment of the salmon biomass increased 109% in 2016 to US\$ 78.6 million.

Thanks to the US\$ 26.4 million in EBITDA generated solely in the fourth quarter by the salmon farming division, the Company posted consolidated EBITDA (before the FV adjustment on the salmon biomass) for 2016 of US\$ 32.8 million, up US\$ 11.2 million from the 2015 figure of US\$ 21.6 million. The 51.9% increase in EBITDA (excluding the fair value adjustment) can be explained by a US\$ 9.8 million increase in the gross margin resulting from an increase of US\$ 31.3 million in the gross margin before the fair value adjustment for the salmon farming division, offset by US\$ 22.3 million less in gross margin from the industrial fishing division. This division was heavily affected by the impact of the El Niño phenomenon in 2015-2016 on catches in northern Chile.

The salmon farming division's profit of US\$ 30.8 million is explained by improved prices for Atlantic salmon starting in the second quarter, which applied to units effectively sold during the year, and will also apply to units sold in the near future. This is reflected in the fair value adjustment of the biological assets to be harvested (FV).

The Company recorded a positive FV of US\$ 24.9 million versus a negative US\$ 6.2 million for the same period in 2015. This division also posted a net loss of US\$ 11.2 million for the aforementioned HAB and a positive effect of US\$ 1.6 million in compensation paid by the insurance company to cover the destruction of the Petrohué hatchery, caused by the eruption of the Calbuco volcano in April 2015. Both claims were fully disclosed in the financial statements.

As of December 2016, the industrial fishing division recorded a loss of US\$ 16.3 million, which compares unfavorably to a profit of US\$ 1.4 million for the same period in 2015. This loss and the reduced profit in 2015 can be explained almost entirely by reduced anchovy catches in northern Chile, which were heavily impacted by the El Niño phenomenon that affected the southern Pacific Ocean along Latin American coasts between mid-2015 and late 2016. In effect, this oceanographic phenomenon during 2015 and 2016 was at its most severe levels in 65 years, leading to sharp and prolonged increases in sea temperatures, which reduced anchovy catches by 60% in the north where Camanchaca caught less than 25% of its annual quotas. The increased ocean temperatures also disturbed third-party sardine fishing in the 10th Region, which fell 24%. However, in compensation for meager anchovy and sardine catches, Camanchaca increased jack mackerel catches in the south-central zone by 14% in 2016, with a strong improvement in fishing efficiency from reducing fuel use by 41% per ton of jack mackerel caught. These improvements in the jack mackerel business are not fully reflected in the results for year-end 2016, since an important percentage was canned and is recorded in inventory as of year-end (449 thousand boxes). This margin will be seen in upcoming quarters as the inventory is sold (at December prices, the potential margin contained in this inventory exceeds US\$ 3 million).

The main factors explaining Camanchaca's results for the year 2016 include:

- a. Salmon prices, which rose 27% or US\$ 1.2 per kilo WFE with respect to 2015. This increase had a direct positive effect of US\$ 47 million on results. Prices began to slowly improve early in the year when it became clear that global supply was expected to fall in 2016, but they rose sharply after the HAB in the first quarter of the year, which reduced Chilean salmon supply by close to 20% between the second quarter of 2016 and first quarter of 2017. When comparing only the fourth quarters of 2016 and 2015, Camanchaca recorded a price increase of 67%. We believe that the price levels observed as of year-end 2016 should continue throughout the first quarter of 2017, as reflected in the fair value as of December 31, 2016.
- b. Salmon sanitary conditions and, therefore, costs were impacted by the SRS disease and by low oxygen levels in farm sites in the 10th Region that were harvested during the first half of 2016. We believe that this was possibly exacerbated by the El Niño phenomenon affecting southern Chile. Oceanographic conditions returned to normal starting in the second half of the year as El Niño weakened. Ex-cage costs for the fourth quarter of 2016 were US\$ 2.79 per kilo, down 29 cents from the same quarter in 2015 and 28 cents from the fourth quarter of 2014, which is a more appropriate comparison. In annual terms, costs totaled US\$ 3.31 per kilo in 2016, up 30 cents over 2015, but 10 cents less than in 2014, which, as mentioned, provides a more suitable comparison given the Atlantic salmon's two-year cycle and the timetables of the particular neighborhoods. These additional 30 cents in cost affected the approximately 41 thousand tons of whole fish equivalent sold, with a negative impact of US\$ 12.4 million between 2015 and 2016. The impact of the HAB outbreak on ASC 2 (Reloncaví Sound) is not reflected in the ex-cage cost of fish harvested and sold during this period, but rather recorded in "Other gains (losses)".
- c. Varied catch levels in jack mackerel, sardines and anchovy.
 - i) Favorable conditions for jack mackerel fishing allowed the Company to catch all its annual quota for the south-central zone during 2016, totaling 50 thousand tons, which is higher than the 44 thousand tons caught in 2015. In 2016, the Company caught almost its entire annual quota during the first half of the year. This enhanced efficiency and led to a 22% reduction in direct canning costs, which was the product format used for most of these catches.
 - ii) Sardine catch levels by our industrial fleet exceeded 20 thousand tons, or over 99% of the annual quota and 27% greater than 2015. This year sardine was fished in waters farther south than normal. However, conditions for third-party fishing in the 8th Region were unfavorable. As a result, fish purchased and processed by Camanchaca from third-party fishers fell 39%. As a result, combined sardine processing fell 24% in 2016 to 55 thousand tons. The Company associates these abnormal oceanographic conditions in the 8th Region with El Niño.

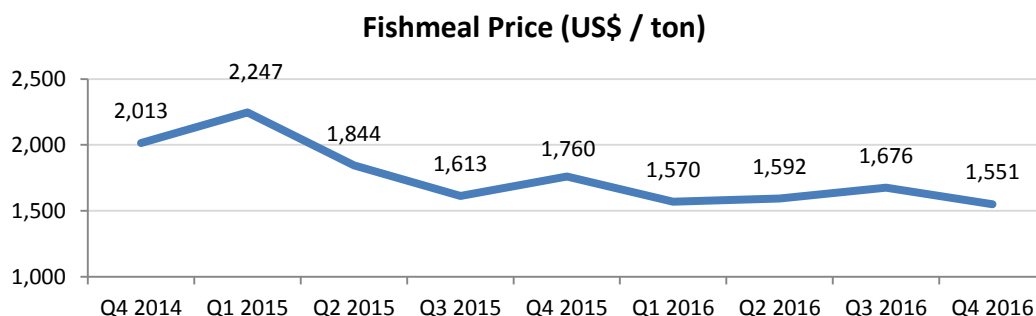
iii) The El Niño phenomenon had a stronger effect on anchovy fishing in northern Chile, significantly reducing the availability of anchovies big enough to catch, which has led to a 60% decrease in anchovy catches compared to year-end 2015, representing merely 25% of annual quotas. The fishing difficulties did not stem from a lack of biomass but rather from the success of typical reproductive processes due to the heating of waters closer to the surface, which increased the presence of smaller fish and caused fish to seek deeper, colder waters beyond areas reachable by fishing nets. With El Niño ending in the second half of 2016, the start of the 2017 season has shown an important recovery in catches, which is to be expected post-El Niño.

On November 25, 2016, Camanchaca fully prepaid (US\$ 4.7 million) the bank debt held by its subsidiary Camanchaca Pesca Sur. This payment was in addition to principal payments due from the rest of the companies, which totaled US\$ 8.5 million. With these payments of US\$ 13.2 million, Camanchaca's financial liabilities totaled US\$ 186.4 million as of December 31, 2016, compared to US\$ 213.5 million as of year-end 2015.

On January 19, 2017, Camanchaca reached an agreement with its biomass insurers regarding the claim presented by the Company following the harmful algae bloom that occurred during the first quarter of 2016. US\$ 15.8 million was recovered from the insurance settlement, leaving a difference of US\$ 11.2 million not covered by insurance. This amount is fully provisioned in these financial statements.

Key Business Drivers

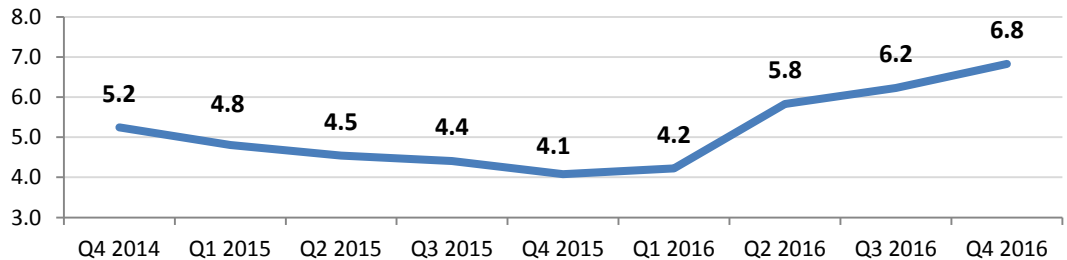
- Camanchaca's results are closely related to five key drivers:
 - i. The price of fishmeal, which is strongly correlated with Peru's catches;
 - ii. The price of Atlantic salmon, which is very sensitive to Norwegian and Chilean supply conditions, and the exchange rates of its main trading partners;
 - iii. The scale of industrial fishing catches, which impact unit costs;
 - iv. Fuel prices, which impact industrial fishing costs as well as fishmeal processing costs;
 - v. Sanitary conditions for Atlantic salmon, which affect unit costs.
- Recent Trends in Key Drivers:
 - i. **Fishmeal prices** peaked during the first quarter of 2015 as a result of the fall in Peruvian and Chilean catches caused by the beginning of El Niño and then subsequently decreased as catches resumed and ocean temperatures returned to normal. The second fishing season in 2016 in the north-central zone in Peru ended in January 2017, catching 98% of the allocated quota of 2 million tons, which drove prices down during the fourth quarter of 2016 to US\$ 1,551 per ton, reflecting a decrease of 11.9% over the same quarter in 2015.



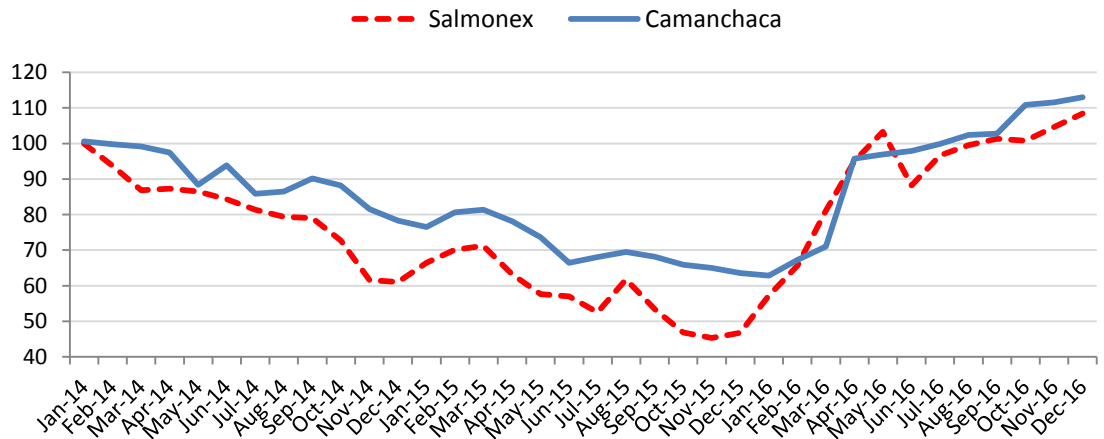
- ii. **Atlantic salmon prices** rose sharply during the fourth quarter to US\$ 6.8 per kilo WFE, which is 67.3% higher than the same period in 2015. We believe that prices will remain high during the first quarter of 2017 given the fall in global, and specifically Chilean, supply due to the HAB incident. The rapid increase in the market price in March 2016 and especially during the second

quarter of the year, generated a natural lag in the effective raw material yield obtained by Camanchaca, which reached as low as 55 cents below the SalmonEx index in March. This delay arises as a result of the normal gap between sales and weekly market prices in a volatile market. The situation returned to normal by June and Camanchaca's returns for the period ended in December were above these indices (25 cents over the Urner Barry index and 14 cents over the SalmonEx index).

Atlantic Salmon Price (US\$ / kg WFE)



**Raw Material Yield (US\$ / kg WFE) Camanchaca vs Market
Salmonex January 2014 = Base 100**



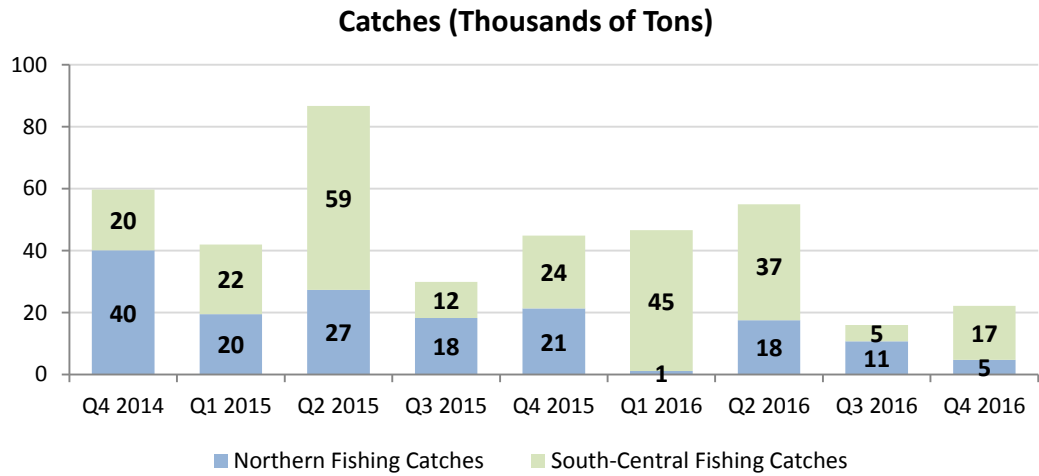
The Raw Material Yield is the final product price less distribution and specific secondary processing costs. It is a measurement of price before selecting the final destination for harvested fish and provides a homogeneous aggregate indicator for the Company's diverse products. The market Index or "Salmonex" is based on the price of fresh fillet trim D exported by Chilean firms, net of processing and distribution costs for Camanchaca's fresh trim D. It provides a comparable index to Camanchaca's Raw Material Yield.

iii. **Pelagic fishing catches.** Camanchaca posted anchovy catches in the north of 34 thousand tons for the year, down 60.2% from 2015. These catches represented less than 25% of the quotas allocated for 2016. This drop is explained by the El Niño phenomenon, which reduced the availability of fish big enough to catch.

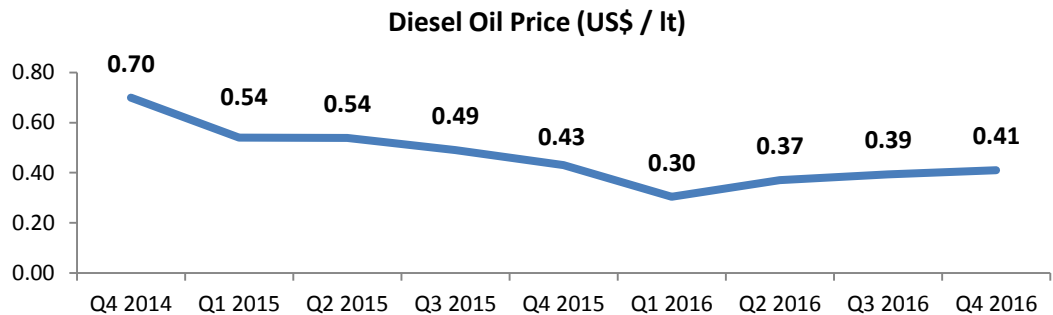
Fishing conditions for jack mackerel were excellent in the south-central zone, totaling 50 thousand tons, up 14% from 44 thousand the prior year. These catches represented almost the entire available annual quota and, in aggregate, demonstrate a constant and gradual recovery of jack mackerel fisheries. In terms of destination markets for this raw material, the weak conditions in the traditional markets for frozen jack mackerel from Chile, mainly Nigeria, have continued, which has kept prices low. This has led to most catches being canned. Camanchaca was not the only producer affected by this situation, which drove the prices of canned product down by 7.1% in 2016. This trend should continue in 2017.

In the south-central zone, the sardine biomass conditions for industrial fishing were better than in 2015, with over 20 thousand tons caught in 2016 in contrast to 16 thousand tons in 2015. This

situation was not repeated for third-party fishing, which takes place closer to the coast and mainly in the 8th Region, where it was particularly scarce. In December 2016, third-party sardine catches sold to Camanchaca totaled 35 thousand tons, a fall of 39% compared to the same period in 2015.

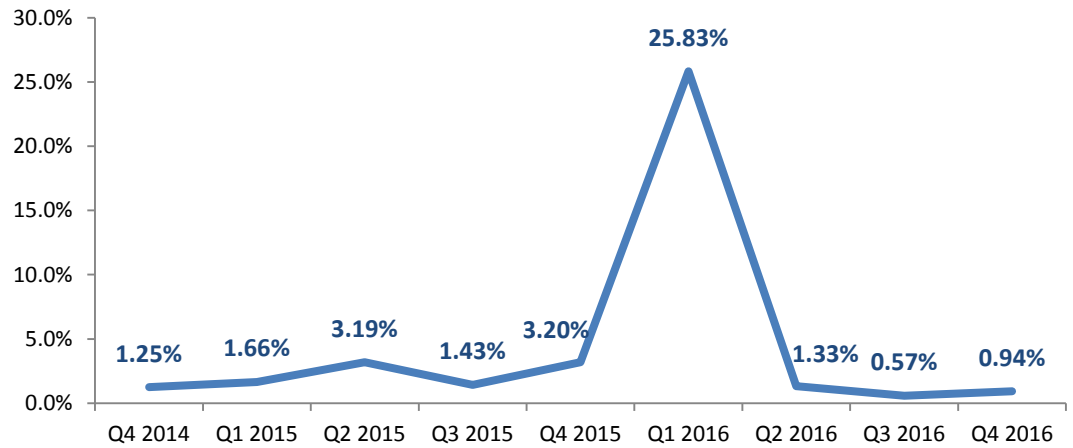


- iv. The **price of diesel** purchased by Camanchaca has been falling significantly since the fourth quarter of 2014, bottoming out in the first quarter of 2016 at 30 cents per liter. In the fourth quarter the price climbed to 41 cents per liter, which was 4.7% lower than in the same quarter for 2015. Consequently, cost savings of US\$ 2 million had been achieved by the end of 2016, mainly by the industrial fishing division where fuel is an important input used to catch and process raw materials. The benefits of this reduction would have been higher if there had been more fishing activity in the north.



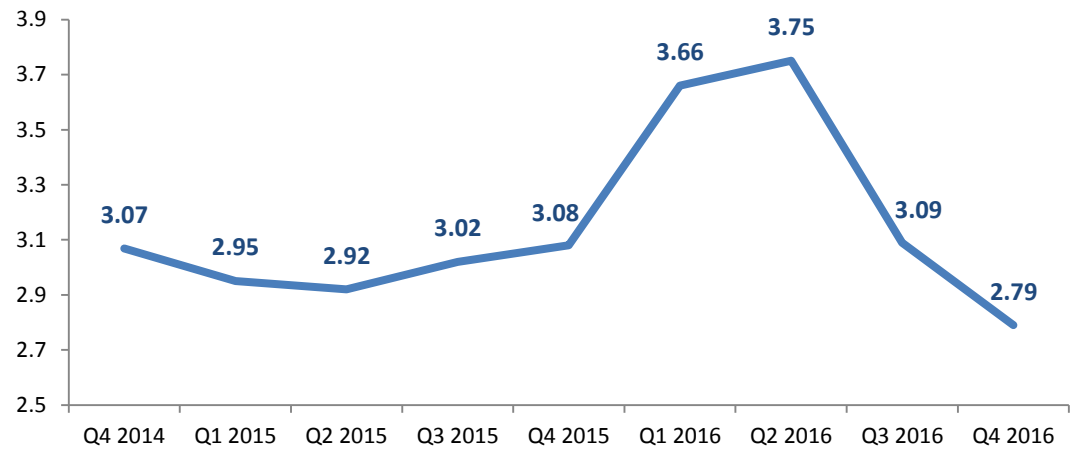
- v. **Sanitary conditions for salmon farming** were unfavorable in late 2015 due to low oxygen levels and SRS outbreaks, especially around the Comau Fjord, which heightened during February and March of 2016, due to the HAB that we have already described. Therefore, mortality at operational sites reached 25.8% in the first quarter, putting pressure on ex-cage costs, which reached US\$ 3.7 per kilo in the first two quarters. During the next few months, these conditions returned to normal, reaching mortality of 0.94% and ex-cage costs at closed cycle sites of US\$ 2.79 per kilo for the fourth quarter, which is 29 cents below the same period in 2015 and 28 cents below the fourth quarter of 2014. (The second figure provides a more suitable comparison given the Atlantic salmon's two-year cycle and it compares the same neighborhoods). The costs mentioned for the fourth quarter of 2016 do not include the catastrophic mortality due to HAB, which was accounted for separately in the results for this period.

Atlantic Salmon Mortality (%)



*Total quarterly mortality including both closed and open sites.

Salar - Liveweight ex-cage cost (US\$ / kg)



Highlights and Financial Results for Camanchaca S.A.

- Aggregate catches for the **industrial fishing division** fell 31.3% with a very sharp drop in anchovy catches in the north. The reduced third-party catches for sardine, offset by greater industrial catches of jack mackerel and sardine, explain the 9.9% drop in catches for the south-central zone. Divisional revenue was US\$ 107 million for the year 2016, a fall of 26.3% compared to 2015. EBITDA was a negative US\$ 6.9 million compared to a positive US\$ 15.7 million in 2015, representing a decrease of US\$ 22.6 million explained entirely by reduced catches in the north. The results went from a profit of US\$ 1.4 million to a loss of US\$ 16.3 million in 2016, but with a special net positive effect in 2015 of US\$ 5 million from insurance compensation received for the Iquique plant assets damaged by the earthquake (claim recorded in 2014), which did not affect EBITDA in 2015, but did affect results. Two straight years of losses strongly influenced by El Niño from mid-2015 to the third quarter of 2016. Additional Information:
 - i. In line with the poor catches in the northern zone, the Company produced 7,924 tons of anchovy fishmeal, down 62.4% from 2015, and had marginal fish oil production affected by yields falling to almost zero (0.4% in 2016 vs 1.1% in 2015) due to warmer seas. In oil production, there were reduced catches at reduced yields.
 - ii. Sardine catches fell by 24.4%, totaling 55,255 tons, while the production of sardine fishmeal and fish oil in the south fell by 14.6% and 28.1%, respectively. Here, the Company produced 16,303 tons of fishmeal and 3,867 tons of fish oil. Similarly, the seas were also warmer in the south and fish oil yields fell to 5% from the 5.7% recorded in 2015.
 - iii. Consolidated fishmeal sales fell 24.8% to 29,059 tons while fish oil sales dropped 19.7% to 4,601 tons. Fishmeal prices dropped 10% to US\$ 1,600 per ton in 2016, while fish oil prices fell 6.7% to US\$ 1,785 per ton.
 - iv. In jack mackerel fisheries in the south-central zone, oceanographic conditions led to catches of 50,122 tons, including 5 thousand tons of bycatch (mackerel). These catch volumes are 14.1% greater than 2015, with a big impact on the cost of canned jack mackerel products, which will be reflected in margins as these units are sold. Due to a combination of fish not suitable for freezing and weaknesses in its main market (Nigeria), production of frozen jack mackerel fell while production of canned product increased. During 2016, 1.4 million boxes of canned fish were produced (53.8% more than in 2015) and 996 thousand boxes were sold (-0.8%) at an average price of US\$ 23.9 per box (-7.1%), leaving an inventory of 449 thousand boxes as of year end.
 - v. The langostino lobster business accounts for just above 5% of the Company's annual revenue and more than 15% of the industrial fishing division's revenue. The Company produced 631 thousand tons in 2016, down 21.6% from the previous year, due to lower catch quotas.
 - vi. The results of the Company's fishing operations for 2016 were:
 - The northern industrial fishing division had a loss of US\$ 14.7 million, compared to a profit of US\$ 3.7 million for the prior year, due to lower catches in 2016 caused by several stoppages and bans due to undersized fish, which left over US\$ 15 million in expenses that could not be added to inventories. The results for 2015 were improved by an extraordinary profit of US\$ 6.3 million associated with the final settlement of the insurance claim associated with the earthquake in April 2014 that affected Iquique. Excluding this extraordinary effect, the decrease in profit for the year was US\$ 12.1 million.
 - The southern industrial fishing division
 - is run by our subsidiary Camanchaca Pesca Sur, which recorded a profit of US\$ 484 thousand, compared to a profit of US\$ 1.1 million in 2015. These results are attributable to reduced third-party sardine catches, offset by increased industrial sardine catches and an improved jack mackerel season, which reduced product costs and at the same time prevented stoppages where fixed costs must be directly expensed. The results were contained, however, by a much larger final inventory of canned products, which totaled 449 thousand boxes as of year-end 2016, a ten-fold increase over December 2015. In Camanchaca Pesca Sur, an extraordinary item impacted results in 2015: a loss of US\$ 1.2 million on the sale of a deep sea fishing vessel. Excluding this effect, the decrease in 2016 is US\$ 1.8 million.
 - Our 70% interest in this subsidiary gave us US\$ 339 thousand of its results. This was combined with other fishing businesses in the southern division not included in

Camanchaca Pesca Sur of the equivalent of US\$ -1.9 million, leaving a divisional loss US\$ 1.6 million.

- In 2016, the **salmon farming** division posted sales of its own products of 38 thousand tons WFE for the year, down 8.8% over 2015. Sales of third-party salmon products by our foreign offices totaled US\$ 112.4 million, which is more than twice the figure from 2015. The Company posted total revenue of US\$ 353 million, up 34.2% from 2015. A profit of US\$ 30.8 million was achieved, compared to a loss of US\$ 6.8 million in 2015. This favorable difference of US\$ 37.6 million is explained this year by improved prices and a positive fair value effect of US\$ 24.9 million (US\$ 31.2 million greater than 2015), caused by a rapid and substantial increase in the price of salmon. Additional Information:
 - i. Despite the loss of between 13 and 14 thousand tons of raw material to be harvested as a result of the HAB, part of which was going to be harvested and sold in 2016, there was a drop of only 8.8% in sales volumes to 38 thousand tons WFE in 2016, aided by sales of 2015 inventory, since production fell 25.6% to 32,287 tons WFE, in line with harvests of 32,644 tons WFE (-24.7%).
 - ii. The strategy of maximizing returns on underused assets by providing services to third parties generated net operating income of US\$ 4.2 million for 2016, down 39.7% from 2015. This drop is explained by decreased activity when the hatchery closed last year because of the eruption of the Calbuco volcano. As of December, Camanchaca had 9 concessions under lease especially for trout that were, therefore, operational. Furthermore, Salmones Camanchaca has a one-third interest in a trout business to which it contributes concessions, the Caleta Bay trout operation and the company KABSA the working capital that generated a profit of US\$ 3.3 million for the Company. This investment will continue at least one more cycle in 2017, during which 6.4 million fish are expected to be transferred to grow-out sites between February and July.
 - iii. The fair value adjustment as of December 31, 2016, amounted to a gain of US\$ 24.9 million, which compares favorably to the loss of US\$ 6.2 million in 2015. This improvement is explained by the sharp rise in salmon prices.
 - iv. EBITDA before the fair value adjustment for salmon farming was US\$ 38.8 million, which compares favorably with the US\$ 6.7 million for 2015, explained by an improvement in salmon prices of US\$ 1.2 per kilo WFE for the year (+27.2%) and US\$ 2.7 per kilo WFE during the fourth quarter (+67.3%).
 - v. EBIT per kilo WFE for the fourth quarter was US\$ 2.60, ending the year at US\$ 0.72, which is well above the 2015 figure of a negative US\$ 0.10.
 - vi. Reconstruction at the Petrohué hatchery began in October 2015. The stages scheduled to be completed this year were commissioned in June 2016 with an investment of approximately US\$ 10 million. The insurance compensation was UF 383 thousand paid in three installments (approximately US\$ 15 million), and the final one was received on May 30, 2016.
- In the **other seafood** business, revenue fell 8.4% to US\$ 28.1 million for 2016. This division recorded a loss of US\$ 0.9 million, which is negative but still an improvement over the loss of US\$ 3.6 million in 2015. Additional Information:
 - i. The subsidiary **Camanchaca Cultivos Sur (mussels)** was also affected by abnormal oceanographic conditions, with a shortage of food in the sea and consequential low mussel growth and yields, all of which has increased costs and reduced harvests. Production fell 10.1% to 8,556 tons in 2016. Revenue totaled US\$ 23 million (-6.8%). This division's results, which are very sensitive to scales of production, generated a positive EBITDA of US\$ 1.4 million and a slightly positive final result. These sea conditions definitely affected the whole industry. Sales and prices fell 13.0% and 4.8%, respectively, affecting EBITDA and results, which decreased by US\$ 1.5 million and US\$ 0.8 million, respectively, with respect to the prior year. Prices fell mainly because of lower calibers due to smaller animals. The mussel business was also affected by a production stoppage of almost one month because of red tide and strikes and community protests in May 2016.
 - ii. The **scallop** business posted significant improvements in production during 2016, falling from US\$ 24.2 per kilo in 2015 to US\$ 19.8 per kilo in 2016, with improvements in caliber (6.5 units per kilo vs 7.7 in 2015). Prices have risen 19.5% over the prior year to US\$ 18.3 per kilo and the

trend seems upward with the most recent contracts signed at prices over US\$ 20 per kilo. As of December sales had increased 40% compared to the 2015, totaling 242 tons thanks to new markets on the west coast of the United States. Inventories were reduced to 4 months of production, totaling 79 tons as of year end. Thus, this area improved its results by US\$ 3.2 million this year and achieved an almost neutral result in the fourth quarter with a slightly positive EBITDA.

- On a consolidated level, administrative expenses as a percentage of revenue remained steady at 5.1%, while distribution costs fell from 6.1% to 4.5%. Administrative and distribution expenses in aggregate fell from 11.2% to 9.6% of revenue (applied to 2016 revenue, this percentage difference is US\$ 7.8 million). The increase in administrative expenses is exclusively attributable to the process started by the Company in early 2016 to migrate its technology platform to SAP. This project is 89% complete as of December 31, 2016, and has moved forward according to schedule. The plan is to move to production during the second quarter of 2017. The sub item payroll posted a decrease of 1.8% in 2016.
- Other gains and losses included a net loss of US\$ 9.8 million in 2016, associated with the combined effect of two incidents covered by insurance. The Company has estimated a loss (net of deductibles) of US\$ 11.2 million related to the HAB outbreak as of December 2016. Simultaneously there was a gain of US\$ 1.6 million for the remaining balance of insurance compensation from the eruption of the Calbuco volcano. Both claims have been fully liquidated. As mentioned above, as of the date of this report, compensation for the HAB event has been liquidated and paid and this figure totals US\$ 15.8 million.
- Prices for all of Camanchaca's products as a whole increased 12.4% in 2016 with respect to 2015, with a positive effect on revenue and margins of approximately US\$ 37 million related mainly to the salmon farming business.
- The Company's inventory of finished products valued at cost as of December 31, 2016, totaled US\$ 40 million with surpluses concentrated in canned products, which contain an unrealized margin at December 2016 prices of close to US\$ 3 million. These inventory levels are almost US\$ 20 million less than figures as of year-end 2015.
- The Company closed the year with US\$ 137 million in liquid assets, consisting of cash and cash equivalents, inventory of finished products and salmon biomass soon to be harvested. This figure represents 24% of total assets and 98% of the Company's target debt levels in its debt restructuring agreement (US\$ 140 million of “revolving” structured credit) signed in 2013, which must be met by 2019.

1. STATEMENT OF INCOME (CONSOLIDATED AND BY SEGMENT).

For the year ended December 31 (ThUS\$):

STATEMENT OF INCOME	YTD Q4 2016				YTD Q4 2015			
	FISHING	SALMON	OTHER SEAFOOD	TOTAL	FISHING	SALMON	OTHER SEAFOOD	TOTAL
Revenue	107,375	352,752	28,064	488,190	145,774	262,824	30,627	439,225
Cost of sales	(107,801)	(304,379)	(22,295)	(434,475)	(123,917)	(245,724)	(25,652)	(395,293)
Gross margin before fair value adjustments	(426)	48,373	5,768	53,715	21,857	17,100	4,975	43,932
Fair value adjustment to biological assets		63,623		63,623		(20,745)		(20,745)
Fair value adjustment to harvest and sales		(38,694)		(38,694)		14,511		14,511
Gross margin	(426)	73,302	5,768	78,644	21,857	10,866	4,975	37,698
OTHER INCOME AND EXPENSES								
Administrative expenses	(10,826)	(10,405)	(3,484)	(24,715)	(9,618)	(9,110)	(3,791)	(22,519)
Distribution costs	(9,002)	(10,316)	(2,879)	(22,197)	(10,438)	(12,430)	(3,830)	(26,697)
Finance costs	(2,107)	(3,525)	(546)	(6,177)	(2,194)	(3,958)	(611)	(6,763)
Share of profit (loss) of associates	0	1,495	0	1,495	9	1,860	0	1,869
Exchange differences	632	(467)	(62)	103	(2,601)	31	(47)	(2,616)
Other income (losses)	140	(9,987)	41	(9,806)	4,959	3,477	(593)	7,842
Finance income	2	73	0	75	173	203	0	377
Other income and expenses, net	(21,160)	(33,131)	(6,931)	(61,222)	(19,710)	(19,926)	(8,872)	(48,507)
Profit (loss) before taxes	(21,586)	40,171	(1,162)	17,422	2,148	(9,060)	(3,897)	(10,809)
Income taxes	5,407	(9,337)	288	(3,642)	(416)	2,290	261	2,136
Profit (loss) from continuing operations	(16,179)	30,833	(875)	13,780	1,732	(6,769)	(3,636)	(8,673)
Profit (loss) from discontinued operations	0	0	0	0	0	0	0	0
Profit (loss) for the period	(16,179)	30,833	(875)	13,780	1,732	(6,769)	(3,636)	(8,673)
Non-controlling interest	(145)	0	0	(145)	(316)	0	0	(316)
Profit (loss) for the period attributable to owners of the parent	(16,324)	30,833	(875)	13,634	1,416	(6,769)	(3,636)	(8,989)
EBITDA	(6,915)	38,812	926	32,823	15,720	6,684	(797)	21,608
EBITDA after fair value adjustments	(6,915)	63,741	926	57,752	15,720	450	(797)	15,374

Fourth Quarter (ThUS\$):

STATEMENT OF INCOME	Q4 2016				Q4 2015			
	FISHING	SALMON	OTHER SEAFOOD	TOTAL	FISHING	SALMON	OTHER SEAFOOD	TOTAL
Revenue	23,307	95,391	6,857	125,555	42,379	70,396	8,050	120,825
Cost of sales	(31,986)	(66,429)	(5,082)	(103,497)	(37,210)	(71,473)	(7,751)	(116,434)
Gross margin before fair value adjustments	(8,679)	28,962	1,775	22,058	5,169	(1,077)	299	4,391
Fair value adjustment to biological assets		13,419		13,419		936		936
Fair value adjustment to harvest and sales		(24,119)		(24,119)		10,065		10,065
Gross margin	(8,679)	18,262	1,775	11,357	5,169	9,924	299	15,392
OTHER INCOME AND EXPENSES								
Administrative expenses	(3,129)	(2,850)	(968)	(6,947)	(2,373)	(2,188)	(861)	(5,423)
Distribution costs	(2,091)	(2,423)	(740)	(5,254)	(3,100)	(3,627)	(816)	(7,543)
Finance costs	(583)	(913)	(146)	(1,642)	(492)	(859)	(137)	(1,488)
Share of profit (loss) of associates	0	290	0	290	(19)	734	0	715
Exchange differences	(310)	421	(108)	3	(284)	52	(123)	(355)
Other income (losses)	(3)	(4,133)	19	(4,117)	20	3,999	(567)	3,453
Finance income	2	29	0	31	0	49	0	49
Other income and expenses, net	(6,115)	(9,577)	(1,944)	(17,637)	(6,246)	(1,841)	(2,505)	(10,592)
Profit (loss) before taxes	(14,794)	8,684	(169)	(6,279)	(1,076)	8,083	(2,206)	4,801
Income taxes	3,832	(1,615)	40	2,257	277	(1,795)	287	(1,231)
Profit (loss) from continuing operations	(10,962)	7,069	(129)	(4,022)	(800)	6,288	(1,918)	3,570
Profit (loss) from discontinued operations	0	0	0	0	0	0	0	0
Profit (loss) for the period	(10,962)	7,069	(129)	(4,022)	(800)	6,288	(1,918)	3,570
Non-controlling interest	1,840	0	0	1,840	128	0	0	128
Profit (loss) for the period attributable to owners of the parent	(9,122)	7,069	(129)	(2,182)	(671)	6,288	(1,918)	3,698
EBITDA	(10,542)	26,443	434	16,336	3,067	(4,121)	(959)	(2,013)
EBITDA after fair value adjustments	(10,542)	15,743	434	5,635	3,067	6,880	(959)	8,988

EBITDA: gross margin before fair value adjustments + depreciation - administrative expenses - distribution costs
EBITDA after fair value adjustments: EBITDA + fair value adjustments to biological assets - fair value adjustments to harvest and sales

Sales Volumes

		Fishing Catches			
		YTD Q4 2016	YTD Q4 2015	Change	Change %
Northern Zone		34,451	86,638	-52,188	-60.2%
Own	tons	33,541	77,329	-43,789	-56.6%
Third Party	tons	910	9,309	-8,399	-90.2%
South-Central Zone		105,377	116,976	-11,599	-9.9%
Own	tons	70,709	60,153	10,556	17.5%
Third Party	tons	34,668	56,823	-22,155	-39.0%
Total	tons	139,828	203,614	-63,787	-31.3%

		Fishing Catches			
		Q4 2016	Q4 2015	Change	Change %
		4,825	21,364	-16,539	-77.4%
		4,555	21,364	-16,809	-78.7%
		270	0	270	-
		17,362	23,529	-6,167	-26.2%
		6,081	8,886	-2,805	-31.6%
		11,281	14,643	-3,362	-23.0%
		22,187	44,893	-22,706	-50.6%

		Production			
		YTD Q4 2016	YTD Q4 2015	Change	Change %
Fishmeal	tons	24,227	40,139	-15,912	-39.6%
Fish Oil	tons	4,022	6,308	-2,286	-36.2%
Canned Fish	boxes	1,400,378	910,393	489,985	53.8%
Langostino Lobster	kg.	630,696	804,781	-174,085	-21.6%
Frozen Jack Mackerel	tons	3,816	7,883	-4,067	-51.6%

		Production			
		Q4 2016	Q4 2015	Change	Change %
		3,192	8,443	-5,250	-62.2%
		295	853	-558	-65.4%
		0	0	0	-
		74,615	173,391	-98,776	-57.0%
		0	0	0	-

		Sales			
		YTD Q4 2016	YTD Q4 2015	Change	Change %
Fishmeal	tons	29,059	38,620	-9,561	-24.8%
Fish Oil	tons	4,601	5,729	-1,128	-19.7%
Canned Fish	boxes	995,533	1,003,286	-7,752	-0.8%
Langostino Lobster*	kg.	650,381	820,705	-170,324	-20.8%
Frozen Jack Mackerel	tons	4,918	8,075	-3,157	-39.1%

		Sales			
		Q4 2016	Q4 2015	Change	Change %
		5,309	12,817	-7,508	-58.6%
		252	1,404	-1,152	-82.1%
		286,943	187,690	99,253	52.9%
		82,592	216,042	-133,451	-61.8%
		1,013	1,696	-683	-40.3%

* Consider shipments made from Chile

		Salmon Harvest			
		YTD Q4 2016	YTD Q4 2015	Change	Change %
Trout	tons WFE	0	0	0	-
Atlantic Salmon	tons WFE	32,644	43,330	-10,686	-24.7%

		Salmon Harvest			
		Q4 2016	Q4 2015	Change	Change %
		0	0	0	-
		7,859	15,617	-7,758	-49.7%

		Production			
		YTD Q4 2016	YTD Q4 2015	Change	Change %
Trout	tons WFE	0	0	0	-
Atlantic Salmon	tons WFE	32,287	43,376	-11,089	-25.6%

		Production			
		Q4 2016	Q4 2015	Change	Change %
		0	0	0	-
		7,725	13,913	-6,188	-44.5%

		Sales			
		YTD Q4 2016	YTD Q4 2015	Change	Change %
Trout	tons WFE	0	199	-199	-100.0%
Atlantic Salmon	tons WFE	38,494	42,195	-3,700	-8.8%

		Sales			
		Q4 2016	Q4 2015	Change	Change %
		0	2	-2	-100.0%
		9,109	13,080	-3,972	-30.4%

		Other Seafood Production			
		YTD Q4 2016	YTD Q4 2015	Change	Change %
Scallops	tons	0	80	-80	-100.0%
Abalone	tons	204	193	11	5.7%
Canned Abalone	boxes	0	1,661	-1,661	-100.0%
Mussels	tons	8,556	9,520	-965	-10.1%

		Other Seafood Production			
		Q4 2016	Q4 2015	Change	Change %
		0	1	-1	-100.0%
		54	57	-3	-5.0%
		0	310	-310	-100.0%
		2,580	1,728	852	49.3%

		Sales			
		YTD Q4 2016	YTD Q4 2015	Change	Change %
Scallops	tons	0	127	-127	-100.0%
Abalone	tons	242	173	69	40.0%
Canned Abalone	boxes	686	1,797	-1,111	-61.8%
Mussels	tons	7,723	8,877	-1,155	-13.0%

		Sales			
		Q4 2016	Q4 2015	Change	Change %
		0	-7	7	-100.0%
		72	50	22	45.0%
		0	957	-957	-100.0%
		2,001	2,135	-134	-6.3%

Average Sales Prices

		Average Sales Price of Products				Average Sales Price of Products			
		YTD Q4 2016	YTD Q4 2015	Change	Change %	Q4 2016	Q4 2015	Change	Change %
Fishmeal	US\$ x ton	1,600	1,780	-179	-10.1%	1,551	1,760	-209	-11.9%
Fish Oil	US\$ x ton	1,785	1,913	-127	-6.7%	1,738	1,888	-150	-8.0%
Canned Fish	US\$ x box	23.9	25.8	-1.8	-7.1%	22.5	25.7	-3.1	-12.2%
Langosino Lobster	US\$ x kg	21.9	21.7	0.1	0.6%	20.9	20.9	0.0	-0.2%
Frozen Jack Mackerel	US\$ x ton	971	1,259	-287.6	-22.9%	1,051	1,174	-123.6	-10.5%
Trout	US\$ x kg	-	2.4	-	-	-	2.7	-	-
Atlantic Salmon	US\$ x kg	5.6	4.4	1.2	27.2%	6.8	4.1	2.7	67.3%
Scallops	US\$ x kg	-	12.0	-	-	-	20.2	-	-
Abalone	US\$ x kg	18.3	15.3	3.0	19.5%	18.0	17.0	1.0	5.9%
Canned Abalone	US\$ x box	383.4	325.9	57.4	17.6%	-	372.6	-	-
Mussels	US\$ x kg	2.6	2.7	-0.13	-4.8%	2.5	2.6	-0.05	-1.8%

Change in Revenue due to Price Effect*

		Change in Revenue due to Price Effect				Change in Revenue due to Price Effect			
		YTD Q4 2016	YTD Q4 2015	Change	Change %	Q4 2016	Q4 2015	Change	Change %
Fishmeal	ThUS\$	46,505	51,713	-5,208	-10.1%	8,234	9,344	-1,110	-11.9%
Fish Oil	ThUS\$	8,213	8,799	-586	-6.7%	438	475	-38	-8.0%
Canned Fish	ThUS\$	23,816	25,650	-1,834	-7.1%	6,470	7,364	-895	-12.2%
Langosino Lobster	ThUS\$	14,222	14,136	85	0.6%	1,723	1,726	-3	-0.2%
Frozen Jack Mackerel	ThUS\$	4,776	6,191	-1,415	-22.9%	1,064	1,190	-125	-10.5%
Trout	ThUS\$	0	-	-	-	0	-	-	-
Atlantic Salmon	ThUS\$	217,422	170,878	46,544	27.2%	62,221	37,182	25,040	67.3%
Scallops	ThUS\$	0	-	-	-	0	-	-	-
Abalone	ThUS\$	4,413	3,693	720	19.5%	1,301	1,229	73	5.9%
Canned Abalone	ThUS\$	263	224	39	17.6%	0	-	-	-
Mussels	ThUS\$	19,967	20,966	-999	-4.8%	5,070	5,164	-94	-1.8%
Total	ThUS\$	339,598	302,251	37,348	12.4%	86,521	63,674	22,847	35.9%

* With constant volume 2016

Change in Fuel Expenses due to Price Effect*

		Change in Fuel Expenditures due to Price Effect				Change in Fuel Expenditures due to Price Effect			
		YTD Q4 2016	YTD Q4 2015	Change	Change %	Q4 2016	Q4 2015	Change	Change %
Diesel Oil	ThUS\$	3,510	4,914	-1,404	-28.6%	493	509	-16	-3.1%
Bunker Oil	ThUS\$	1,693	2,581	-888	-34.4%	189	196	-7	-3.6%
Total	ThUS\$	5,203	7,495	-2,292	-30.6%	682	705	-23	-3.3%

* With constant volume 2016

2. Statement of Financial Position

	Dec 2016 ThUS\$	Dec 2015 ThUS\$	Difference ThUS\$	Change
ASSETS				
Current assets	224,496	252,053	-27,557	-10.9%
Property, plant and equipment	226,460	235,457	-8,997	-3.8%
Other non-current assets	124,214	117,188	7,026	6.0%
Total Assets	575,170	604,698	-29,528	-4.9%
LIABILITIES				
Current liabilities	73,263	94,364	-21,101	-22.4%
Non-current liabilities	177,088	199,900	-22,812	-11.4%
Total Liabilities	250,351	294,264	-43,913	-14.9%
Net equity attributable to owners of the parent				
	268,137	253,942	14,195	5.6%
Non-controlling interest	56,682	56,492	190	0.3%
Total Equity	324,819	310,434	14,385	4.6%
Total Liabilities and Equity	575,170	604,698	-29,528	-4.9%

3. FINANCIAL ANALYSIS

A. Consolidated Analysis:

This section compares the Company's key financial indicators based on its consolidated financial statements for the periods ended December 31, 2016 and December 31, 2015.

	Period	
	Dec 2016	Dec 2015
Liquidity Indicators		
1) Current Liquidity	3.06	2.67
2) Acid Ratio	1.47	1.03
3) Working Capital (US\$ million)	151.2	157.7
Debt Indicators		
4) Net Debt Ratio	0.71	0.92
5) Current Liabilities / Total Liabilities	0.29	0.32
6) Non-Current Liabilities / Total Liabilities	0.71	0.68
Profitability Indicators		
	(12 months)	(12 months)
7) Return on Equity	4.20%	-2.79%
8) Return on Assets	9.34%	7.27%

Notes:

- 1) Current Liquidity: Current Assets / Current Liabilities
- 2) Acid Ratio: Current Assets net of Inventory and Biological Assets / Current Liabilities
- 3) Working Capital: Current Assets - Current Liabilities
- 4) Net Debt Ratio: Total Liabilities + Available Cash / Total Equity
- 7) Return on Equity: Profit (loss) attributable to owners of the parent / total equity.
- 8) Return on Assets: Gross margin before fair value adjustment / total assets.

B. Cumulative Indicators for Salmon Business:

	Period	
	Dec-16	Dec-15
a) Atlantic Salmon Harvests / Site	3,900	3,882
b) Atlantic Salmon Farming Density (kg/m3)	7.4	7.8
c) Atlantic Salmon Group Survival Rate (sea water)	87.1%	89.1%

EBIT / kg WFE:

(gross margin before fair value adjustment - administrative expenses - distribution costs) / kg WFE sold

d) Total Weighted Average for Salmon and Trout Businesses	0.72	-0.10
• Salmon Business	0.72	-0.10
• Trout Business	N/A	-0.10

Notes:

- a Harvests for the period, expressed in ex-cage tons / number of sites used, expressed in ex-cage tons per site.
- b Average farming density, expressed in kilos per cubic meter (for sites harvested during the corresponding period).
- c Survival rate, expressed as groups of harvested fish from the smolt transfer. A harvest group is fish of a similar origin and strain.
- d Includes other income and related costs (mainly from third-party fish processing, smolt sales, concession leases and intercompany salmon sales to foreign offices). It assumes that total revenue is distributed based on sales per species, total costs based on cost of sales per species, administrative expenses based on harvested ton per species and distribution costs based on sales per species.

Fair Value for the Year Ended December 31 (ThUS\$):

	Fair Value Adjustment to Biological Assets		Fair Value Adjustment to Harvest and Sales	
	YTD Q4 2016	YTD Q4 2015	YTD Q4 2016	YTD Q4 2015
Atlantic Salmon	63,623	(20,745)	(38,694)	14,859
Trout	0	0	0	(348)
TOTAL	63,623	(20,745)	(38,694)	14,511

The net effect of the fair value adjustment of the salmon biomass is reflected in two accounts:

- i) “Fair Value Adjustment to Biological Assets” records the estimated gain or loss as of the period end from valuing the biomass of live and harvested fish that will be sold in future periods. It can be positive or negative based on variations in the biomass included in the valuation and its market price. A gain of US\$ 64 million was recorded for the fair value adjustment of the live and harvested biomass as of December 31, 2016, compared to a loss of US\$ 21 million as of the same date in 2015. This can be explained mainly by increased prices.
- ii) “Fair Value Adjustment to Harvest and Sales” records the realized gain or loss on the live biomass, and the biomass harvested in current and prior periods, that was sold in the current period. This account reverses the estimated gain or loss for the current and prior periods and the actual result of the transaction is recorded in revenue and cost of sales. The net effect of the biomass sold as of December 2016 was a loss of US\$ 39 million, as compared to a gain of US\$ 15 million in December 2015.

The net effect of the fair value adjustment of the salmon biomass for the year ended December 31, 2016, is a positive US\$ 25 million, as opposed to the negative US\$ 6.2 million recorded in 2015.

Salmon Farming Revenue:

December 2016

Product or Species	U.S. ThUS\$	Europe + EuroAsia ThUS\$	Asia ex Japan ThUS\$	Japan ThUS\$	LATAM ex Chile ThUS\$	National Market ThUS\$	Others ThUS\$	TOTAL ThUS\$
Atlantic Salmon	80,003	52,779	18,083	13,379	48,774	3,776	629	217,422
Trout	0	0	0	0	0	0	0	0
OTHERS	112,381	0	0	8,079	0	14,869	0	135,329
TOTAL	192,384	52,779	18,083	21,458	48,774	18,645	629	352,752

December 2015

Product or Species	U.S. ThUS\$	Europe + EuroAsia ThUS\$	Asia ex Japan ThUS\$	Japan ThUS\$	LATAM ex Chile ThUS\$	National Market ThUS\$	Others ThUS\$	TOTAL ThUS\$
Atlantic Salmon	89,425	34,570	14,088	7,822	38,419	2,979	2	187,304
Trout	257	0	0	30	139	49	0	474
OTHERS	51,173	0	0	2,596	0	21,277	0	75,045
TOTAL	140,855	34,570	14,088	10,447	38,557	24,305	2	262,824

The Company's commercial policy seeks to diversify its products and target markets. To accomplish this, Camanchaca has offices and representatives in the U.S., Japan and Mexico. Through its subsidiary Salmenes Camanchaca, the Company has owned a stake in "New World Currents" since November 2013, which is a joint venture with three other Chilean producers to satisfy the demand for salmon in the Chinese market. In this market, there has been an important increase in air shipments of whole fresh fish with resulting increases in distribution expenses. In short, Camanchaca focuses its strategies to target the most attractive markets with the best raw material yield based on a short- and medium-term analysis. The Company defines its value-added products as those containing some degree of secondary processing. These products account for 82.6% and 85.2% of sales in 2016 and 2015, respectively. The remainder are sales of fresh whole salmon that have only undergone primary processing (bleeding and gutting). Fresh Atlantic salmon fillets are sold preferably in the U.S.; frozen Atlantic salmon fillets and portions in Europe; fresh or frozen whole Atlantic salmon in Asia (excluding Japan); frozen Atlantic salmon fillets in Japan; whole fresh Atlantic salmon in Brazil and frozen Atlantic salmon fillets in the rest of Latin America.

The U.S. market as a percentage of total sales increased from 53.6% as of year-end 2015 to 54.5% as of year-end 2016. Europe and Eurasia increased from 13.2% to 15.0%. Asia excluding Japan fell from 5.4% to 5.1% and Japan increased from 4.0% to 6.1%. Latin America excluding Chile fell from 14.7% to 13.8%. The account "others" includes services and sales to third parties, and intercompany salmon sales to our offices in the U.S. and Japan.