



**Compared to 1Q2016:**

## **Camanchaca reports an increase in Ebitda of US\$ 22.6 million for the first quarter of 2017**

- **With this recovery, the Company's LTM Ebitda reached US\$ 55.4 million.**
- **The improvement can be explained by a 69% rise in salmon prices and a 24% drop in grow-out costs, resulting in a profit of US\$ 6.7 million for the salmon farming division, a four-fold increase over the first quarter of 2016.**
- **In the industrial fishing division, the substantial increase in anchovy catches in the north and sardine catches in the south during the last part of the quarter were not reflected in sales figures and margins. As a result, the division ended the quarter with a negative Ebitda of US\$ 3.9 million, but high inventory levels at low costs.**

**Santiago, May 12, 2017.** Today, Compañía Pesquera Camanchaca S.A. reported consolidated EBITDA of US\$ 15.3 million for the first quarter of 2017, up US\$ 22.6 million from the same period in 2016. With this figure, the Company's Ebitda between April 2016 and March 2017 rose to US\$55.4 million.

The Company posted profit of US\$ 2.4 million for the first quarter despite a negative net fair value adjustment of the salmon biomass of US\$ 6.3 million. It also announced that harvests have been abnormally low between the fourth quarter of 2016 and the first quarter of 2017, as a result of harmful algae blooms last year and a decision made in 2015 to transfer fewer smolt that year. The Company expects volumes to return to normal in the second half of 2017.

The improved results and Ebitda can be explained by a strong performance by the salmon farming division, which posted an increase of US\$ 25.3 million in gross margin (before the fair value adjustment). This is a direct result of a 69% rise in salmon sales prices and a 24% reduction in grow-out costs.

The negative net fair value adjustment of the salmon biomass is partially a reflection of the margins on fish sold during the quarter that had already been recognized as of December 31, 2016, and a slight drop in prices between the beginning of 2017 and the end of the first quarter.

The industrial fishing division recorded a loss of US\$ 4.6 million for the quarter. Coincidentally, it had low inventory levels as of year-end 2016 because of reduced catches due to El Niño in 2015-2016. The division also saw substantial growth in



catches used for fishmeal and fish oil by the end of quarter. Some of the production from these catches was not sold as of March. As a result, Camanchaca has not yet capitalized on the strong start to the 2017 fishing season.

In northern Chile, anchovy catches were 40 times greater than the first quarter of 2016, representing the greatest catches in February and March for over a decade. Such levels are to be expected after the severe El Niño phenomenon experienced in 2015 and 2016. A similar situation occurred with sardine fishing in the south, where catches doubled during the quarter.

These increased anchovy and sardine catches led to a rise in production of 12,637 tons of fishmeal and fish oil. The division also managed to reduce by more than half stoppage costs typically seen early in the year because of fishing bans. The Company's fishmeal and fish oil inventory as of March 31, 2017, contains margins of close to US\$ 5.7 million at March sales prices.

Camanchaca's CEO, Ricardo García, commented, *"In 2017, we see a very significant change in our salmon farming and industrial fishing activities, mainly because ocean conditions are returning to normal and salmon prices have risen sharply. The latter has led to greater pelagic catches in the north and the south, and favorable sanitary conditions in salmon farming that helped cut costs at grow-out sites by 24% during the first part of the year. Camanchaca has accumulated important fishmeal and fish oil inventory produced at low costs that we will be selling over the next few months."* Regarding quarterly sales volumes, García remarked, *"The sum of the effects of the harmful algae bloom plus a conservative smolt transfer position in 2015 has led to harvests well below our real salmon production capacity, down 47% from the same quarter in 2016. For the second half of 2017, we estimate that harvests will be double what we should have seen in the first half of the year. In 2018, they should exceed 42 thousand tons. Therefore, 2015 and 2016 saw a drop in the Company's industrial fishing scale and 2016 and 2017 will be the same for salmon farming."*