



**COMPAÑÍA PESQUERA CAMANCHACA S.A. AND**  
**SUBSIDIARIES**

**Quarterly Earnings Report on the Consolidated Financial Statements**

For the periods ended September 30, 2017 and September 30, 2016.

## **QUARTERLY EARNINGS REPORT**

This document contains the Quarterly Earnings Report for the Consolidated Financial Statements of Compañía Pesquera Camanchaca S.A. as of September 30, 2017, compared to December 31, 2016 for the consolidated statements of financial position and cash flows, and for the period to September 30, 2016 for the statement of income.

### **Business Areas**

The Company has the following three business divisions:

1. **Industrial Fishing:** Our industrial fishing takes place in Chile's northern and south-central regions. Our catches are intended for human consumption (fish oils high in omega 3, canned and frozen jack mackerel and langostino lobster) and for fishmeal and fish oil (anchovy and sardine).
2. **Salmon Farming:** This business takes place in southern Chile, specifically the 8th, 10th and 11th regions. It covers genetics and egg production; a freshwater hatchery; 74 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.

### **Summary**

The Company recorded a profit of US\$21.2 million for the period to September 2017, an increase of 34%, which compares favorably with the profit of US\$15.8 million for the same period in 2016. The EBITDA increase was even larger and rose from US\$16.5 million for the first nine months of 2016 to US\$42.2 million this year. This improvement in results was achieved within the context of oceanographic stabilization following the acute effects of the El Niño phenomenon at the beginning of 2016.

Specifically, the most significant changes in these results are as follows:

- a) (+) Higher salmon prices, which rose by 33%.
- b) (+) Lower harvesting costs, which fell by 11%.
- c) (-) Lower sales volumes of company-farmed salmon, which fell by 43% due to: i) the one-off decision to reduce smolt stocking at two farming sites in 2015, and resulted in reduced harvests in the first quarter of 2017, and ii) a drop in salmon harvests of 12,000 tons in 2016, due to the harmful algae bloom (HAB), which led to reduced inventory at the start of 2017.
- d) (+) Catches in the north of Chile were 61,000 tons higher, over 3 times the catch to September 2016, and the highest for this period over the last 5 years. This resulted in lower production costs for fishmeal and fish oil, and increased sales.

This positive result is due to profit of US\$26.2 million from the salmon farming division, with higher prices and lower costs, and a net "fair value" (FV) gain of US\$8 million. However, this gain in FV is US\$27.6 million lower than for the same period in 2016 due to a combination of: i) lower prices at the end of October 2017 compared to October 2016, reducing the fair value of biomass over 4 kilos; ii) the reversal of estimated margins already recognized in previous periods on fish sold in this period. The salmon farming division posted a gross margin before fair value adjustments for the period to September 30, 2017, of US\$42.9 million, which is an improvement compared to the US\$19.4 million posted last year.

Total consolidated revenue fell 9.5% to US\$328 million, with a 19.5% drop in revenue from the salmon farming division, an 18.5% increase in revenue from the industrial fishing division and a 1.2% increase in revenue from the other seafood division. The revenue fall in the salmon farming division is due to 42.5% lower own sales volumes, offset by 32.8% higher prices. The industrial fishing division revenue was higher due to stabilization following the El Niño phenomenon, which increased catches and sales of its products, but it was negatively affected by lower prices.

These trends in revenue resulted in EBITDA of US\$36.5 million for the salmon farming division and US\$6.6 million for the industrial fishing division, generating a consolidated EBITDA before fair value adjustments of US\$42.2 million.

The loss for the industrial fishing division was US\$3.3 million, less than the loss for the first nine months of 2016, which was US\$7.2 million. This result was due to sharp falls in the price of fish oil (-26.2%), fishmeal (-12.8%), canned jack mackerel (-10.5%) and frozen jack mackerel (-8.9%), despite higher catches for all pelagic fish. When these products are combined, their lower prices negatively impacted results for the first nine months by US\$13 million. Specifically,

- a) Higher jack mackerel catches in the south (+18.1%), due to purchasing additional quotas for this species on the international market, which allowed the catch to increase to 17,000 tons in the third quarter of 2017 (vs 3,000 in the same quarter in 2016), totaling 57,015 tons for the first nine months compared to 48,274 tons in the previous year. A significant proportion of this catch was frozen.
- b) Sardine fishing also began to resume normal catch levels, and artisan catches recovered to 42,000 tons for the period to September 2017 in contrast to 23,000 tons for the same period in 2016, when artisan fishing conditions in the 8th region were negatively impacted by the El Niño phenomenon. Industrial sardine fishing has been postponed and priority given to catching jack mackerel, and as a result the catch was just 3,000 tons in comparison to 16,000 tons at the same date last year, but without jeopardizing the catch quota for the year.
- c) Industrial fishing in the south included consolidated costs for the period to September not absorbed by production and taken directly to results of US\$9.8 million, compared to US\$11.2 million for the same period in 2016.
- d) Industrial fishing in the north achieved its largest catches for the last 5 years for that period with 91,000 tons, which resulted in higher sales and lower stoppage costs taken directly to results (US\$9.7 million in 2017 compared to US\$13.4 million in 2016). However, catches were lower in the third quarter (7,390 tons in 2017 compared to 10,798 tons in 2016).

Finally, consolidated inventory contained unrealized margins of US\$16.6 million using September 2017 prices, similar to US\$16.5 million as of September 2016.

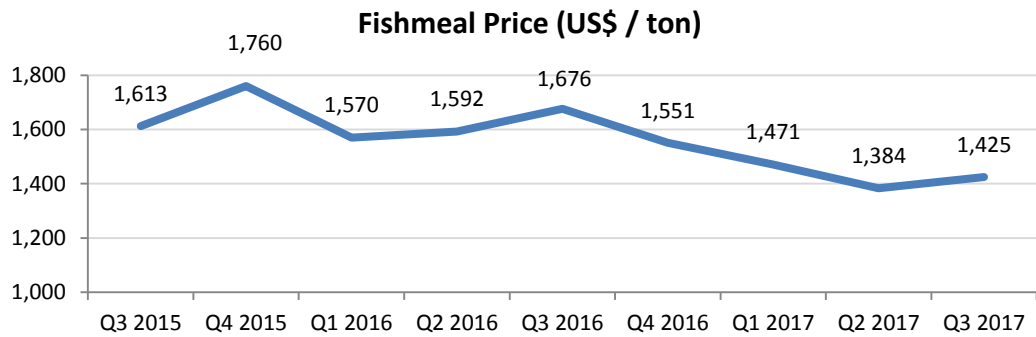
### **Key Business Drivers**

Camanchaca's results are closely related to five key drivers:

- i. The price of fishmeal and fish oil, 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 level of industrial fishing catches, which impacts production scale and, therefore, unit costs;
- iv. Sanitary conditions for Atlantic salmon, which affect unit costs.
- v. Fuel prices, which impact industrial fishing costs as well as raw material processing costs;

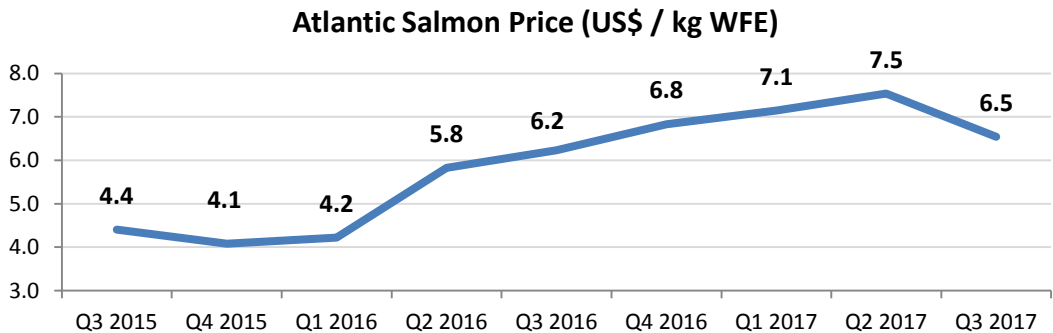
Recent Trends in Key Drivers:

- i. The El Niño phenomenon was at its height at the beginning of 2016 when **fish meal prices** climbed above their long-term trend, due to the associated shortages in Peruvian and Chilean catches, but they returned to normal during that year as this phenomenon subsided. In fact, the second Peruvian fishing season between October 2016 and January 2017 captured 98% of the allocated quota of 2 million tons, which brought prices back down. The first 2017 season opened on April 26, when the catch was 85% of the 2.8 million ton quota, a historical maximum. Therefore, prices in the third quarter remained at US\$1,425 per ton, which represents an annual reduction of 15% and takes them back to regular prices. Summarizing, we believe that the price trends this year are behaving normally with respect to catch volumes and fishmeal prices. However, the 26.2% fall in **the fish oil price** has been extraordinary. It was caused by a drop in Peruvian oil quality, which has reduced its demand for human consumption. The impact on Camanchaca was US\$3 million as of September 2017.

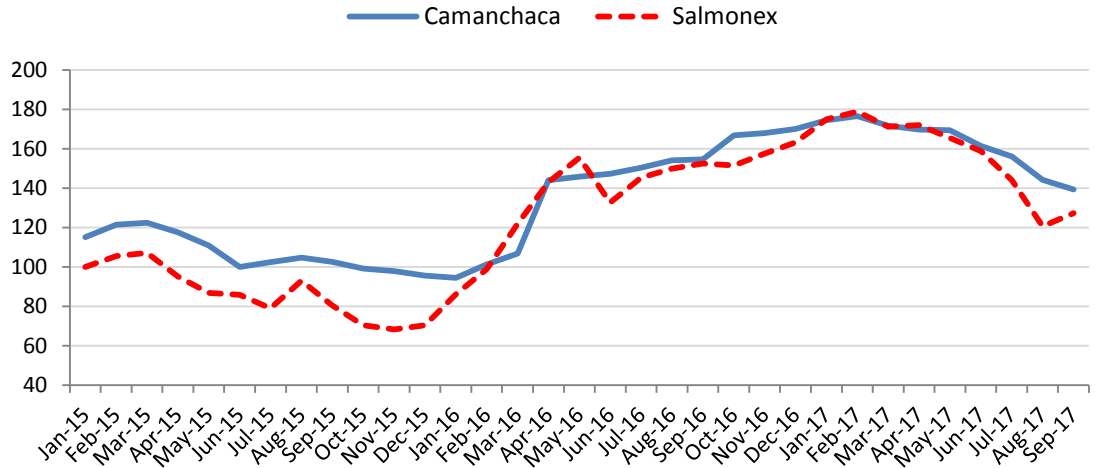


- ii. **Atlantic salmon prices** rose during the third quarter to US\$6.5 per kilo WFE, which is 5% higher than the price for same period in 2016. This price rise started cautiously at the beginning of 2016 when a reduction in global supply was verified. It then accelerated after the HAB in Chile, which reduced Chilean supplies by 20% between the second half of 2016 and the first half of 2017. Current prices already reflect an adjustment for normal harvests after the HAB and global supply growth is estimated to be between 3% and 5% for 2017, which is consistent with long-term trends.

In relative terms, the rapid increase in the market price during the second quarter of 2016 and again in the first quarter of 2017 generated a natural delay in the effective raw material yield obtained by Salmenes Camanchaca, compared to the daily spot price in the United States (Urner Barry) or the SalmonEx index, as the Company's contracts average 60-90 days. Greater price stability returned in the third quarter of 2017, which restored the historical trend to leave an average margin of close to 60 cents per kilo WFE on daily prices.



**Raw Material Yield (US\$ / kg WFE) Camanchaca vs Market  
Salmonex January 2015 = 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 the same processing and distribution costs used for Camanchaca's fresh trim D. It provides a comparable index to Camanchaca's Raw Material Yield.

iii. **Pelagic fishing catches.** Anchovy fishing in northern Chile saw a strong biomass recovery with associated increase in catches for the period to September 2017, as the El Niño phenomenon subsided and sea conditions stabilized. Catches reached 77,000 tons in contrast to 27,000 tons for the same period in 2016. In addition to the anchovy catches, 13,000 tons of jack mackerel and mackerel were caught as bycatches during the period to September 2017, compared to 2,000 tons in the same period in 2016, bringing catch totals to 91,000 tons in this region. These are the highest catches seen in the last five years for this period. However, the catches for the third quarter totaled 7,390 tons, which were 31.6% lower than in the same quarter for the previous year, due to an abundance of smaller fish and the closed season beginning on August 25. However, 14,000 tons have been caught between the end of the closed season on October 10 and the date these financial statements were issued. Therefore, the Company expects to catch its entire annual quota of 133,000 tons during the last quarter of this year.

Fishing for jack mackerel in the south-central region resulted in catches totaling 57,000 tons, up 18.1% from the 48,000 tons caught during the same period last year. These catches represent the entire annual quota for this region, so for the very first time the catches of this species have been able to grow in the southern industrial fishing division, due to purchasing additional international quotas totaling 10,000 tons. This is due to jack mackerel being a transoceanic species with global quotas that can be transferred between countries participating in this fishing industry. These jack mackerel purchases are intended mainly to produce frozen jack mackerel, and should generate over US\$1 million in additional margin for this subsidiary. The traditional markets for frozen Chilean jack mackerel stabilized during the second quarter, mainly Africa, which led to switching production to whole frozen jack mackerel with 22,000 tons produced during the period to September 2017 in comparison to less than 4,000 tons for the same period in 2016. This generated higher margins than canned jack mackerel, where prices have fallen by over 10%. Consequently, production decreased from 1.4 million boxes during the period to September 2016, to only 1 million boxes for the same period to September 2017.

The jack mackerel biomass has significantly recovered over the past few years, as reflected in the quota increases granted by Regional fishery bodies, with the latest recommendation for 2018 being an increase of 17%, which must be confirmed over the next few months by the Chilean authorities. These authorities have reported that the jack mackerel biomass has reached its maximum sustainable yield as of the date of these financial statements. Therefore, they will announce an invitation to tender for 15% of this biomass as established under the protection of the Fisheries Act.

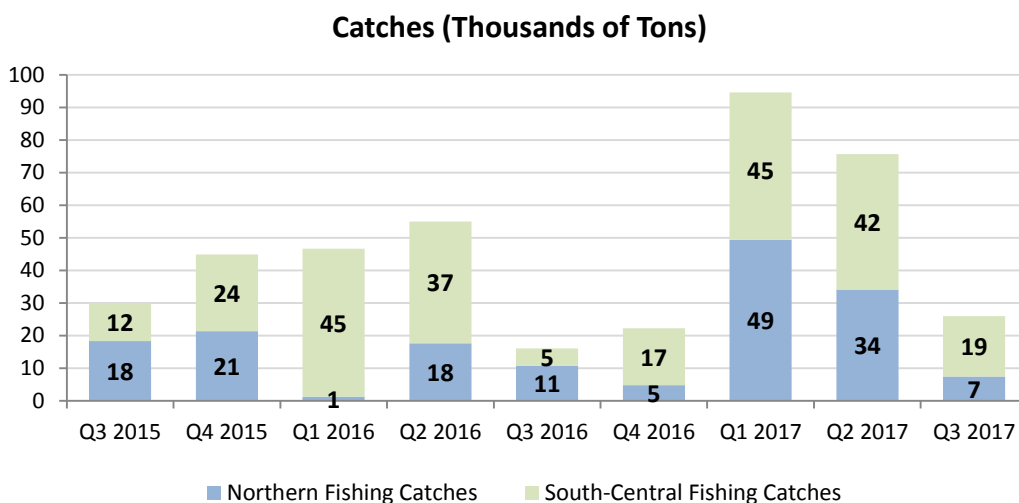
The conditions for artisanal sardine catches in the south-central region have improved compared to the beginning of 2016, with industrial and artisanal catches exceeding 48,000 tons for the period to September 2017, compared to 40,000 tons for the same period in 2016. This kept fishmeal and fish oil inventories at a low cost of around US\$1,200 per ton for fishmeal and a little over US\$1,300 per ton for fish oil.

Due to weather conditions and spawning bans, third quarter catches are normally the smallest of the year. Jack mackerel catches occur mainly during the first half of the year since the species begins to migrate out of Chilean waters in July and returns once again towards the end of the year.

These natural conditions have important implications on the results of the industrial fishing division, since their fixed operating costs cannot be allocated to any production and are therefore directly expensed. The effect on the industrial fishing division's results for this quarter reached US\$9.8 million.

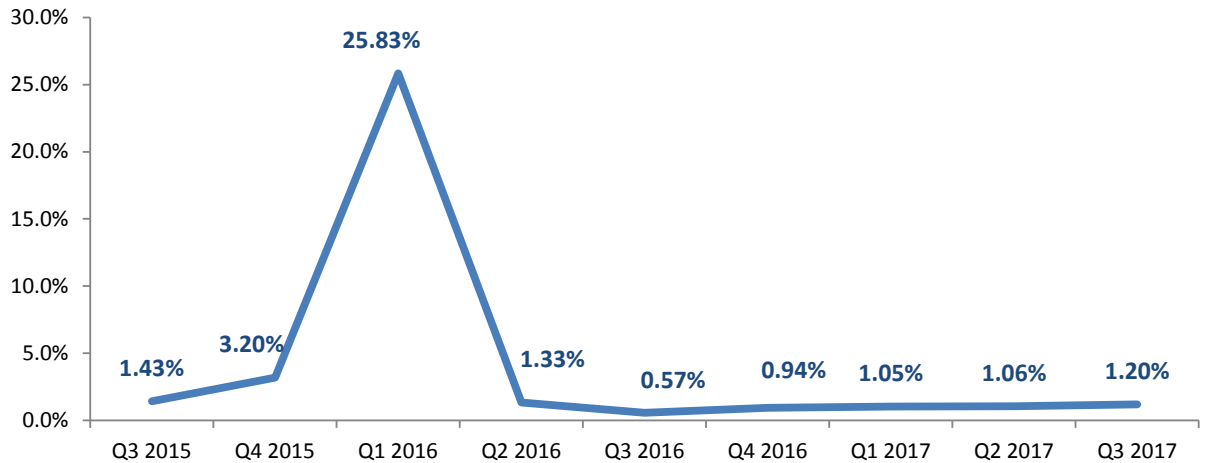
The langostino lobster trawling fishery was awarded a maximum sustainability certification by the global fishery body the Marine Stewardship Council (MSC). It certified that Camanchaca is fishing for the Chilean red and yellow langostino lobsters in the south central region of Chile in a sustainable manner, without depleting the species and respecting the marine ecosystem, taking into account the custody chain for this product.

The previous certification coincided with the publication of the first Industrial Fishing Division Sustainability Report during August 2017, which provided valuable information about the challenges, priorities and performance of the most important issues affecting the sustainability of our industrial fishing division from a financial, social and environmental perspective.



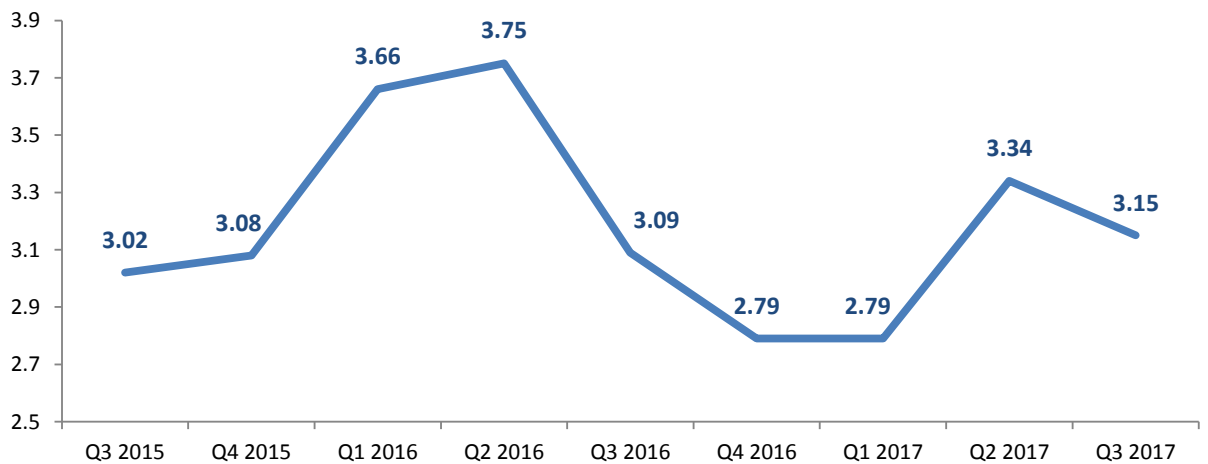
- iv. **The sanitary conditions for salmon** reported peak mortality rates in the first quarter of 2016 mainly as a result of the extraordinary harmful algae blooms (HAB). This situation started to stabilize in the second half of that year and mortality in open and closed farm sites was only 1.20%, as of the third quarter of 2017. The ex-cage costs of live fish at harvest came to US\$3.15 per kilo in the third quarter of 2017, which is 6 cents higher than the cost of US\$ 3.09 for the same period in 2016, and 13 cents higher than the cost for the third quarter of 2015. This higher cost in comparison to the third quarter of 2015 is due to harvesting sites that contain smolts from hatcheries leased from third parties, thus reducing profitability, which Salmones Camanchaca was obliged to do after the Volcano Calbuco eruption left the Petrohue hatchery temporarily unusable. This situation has already stabilized and a reduction in these negative effects has been reflected in lower costs from the third quarter of 2017, which will be more evident in the fourth quarter of this year. The 6 cent higher cost in comparison to the third quarter of 2016 affected approximately 7,000 tons of whole fish equivalent sold, and had a negative impact of close to US\$0.4 million in the third quarter of 2017. The production costs for the period to September 2016 do not include the catastrophic mortality caused by the HAB, which was separately accounted for in net income for period as a non-recurring extraordinary loss within "Other gains (losses)".

### Atlantic Salmon Mortality (%)



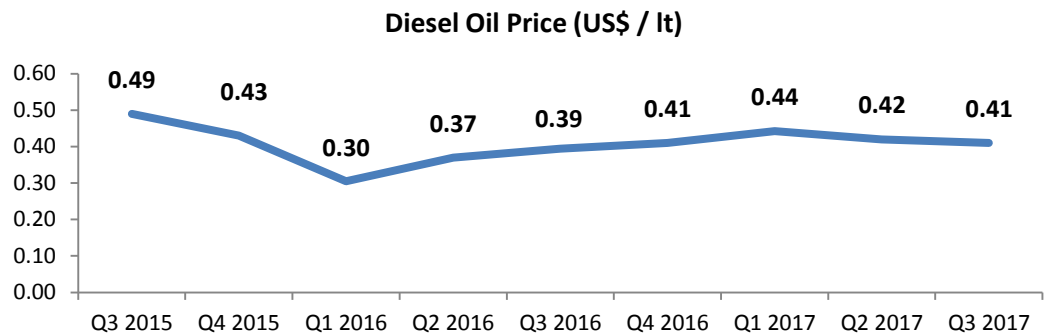
\*Total quarterly mortality including both closed and open sites. The closed sites affected by the HAB are included.

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



Salmones Camanchaca published its third Sustainability Report during July 2017, which provided valuable information about the challenges, priorities and performance of the most important issues affecting the sustainability of our salmon farming division from a financial, social and environmental perspective.

- v. The **price of diesel** purchased by Camanchaca has been falling significantly since 2014, bottoming out in the first quarter of 2016 at 30 cents per liter. In the third quarter of 2017 the price climbed to 41 cents per liter, which was 4% higher than in the same quarter for the previous year. As of September 2017, the resulting rise in costs is close to US\$1.3 million, mainly in the industrial fishing division, where fuel is an important input used to catch and process raw materials.



### **Highlights and Financial Results for Camanchaca S.A.**

- The aggregate catches in the Fisheries Division for the period to September 2017 have increased by 66.9%, as fishing in the north region increased from 30,000 tons to 91,000 tons, while fishing in the south central region increased from 88,000 tons to 105,000 tons. The increase in anchovy and sardine catches produced a sharp increase in fishmeal production (+64.8%) and fish oil production (+78.2%) and consequently higher sales in the period (+39.8% for fishmeal and +47.1% for fish oil).

Divisional revenue was US\$100 million for the first nine months of 2017, up 18.5% compared to the same period in 2016. The EBITDA was US\$6.6 million, which compares favorably with US\$3.6 million achieved in 2016, i.e. an increase of US\$3 million. The net loss fell from US\$7.2 million in 2016, to a net loss of US\$3.3 million in 2017.

#### Additional Information:

- i. As a consequence of higher catches in the north region, fishmeal production tripled from 6,902 tons to 20,586 tons. Fish oil production rose from 153 tons to 1,427 tons, while yields rose from 0.5% to 1.6%, due to the stabilization of ocean temperatures.
- ii. Sardine catches increased by 21.8%, to reach 48,392 tons. Fish meal production in the south is produced from sardines and discarded jack mackerel and remained at 14,000 tons, due to sardine yields falling from 21.2% to 19.8% and a reduction in jack mackerel allocated to fish meal production, as the allocation to products for human consumption increased. Fish oil production increased by 45.9% mainly due to a higher yield, which rose from 5.4% to 7.3%.
- iii. Consolidated fishmeal sales rose by 39.8% to reach 33,210 tons, while fish oil sales rose by 47.1% to reach 6,399 tons. As of September the larger catches of small pelagic fish resulted in fish meal inventories close to 2,700 tons at a cost of around US\$1,100 per ton, while inventories of fish oil were around 400 tons at a cost close to US\$1,150 per ton.
- iv. Fishmeal prices dropped 12.8% to US\$1,404 per ton as of September 2017, while fish oil prices fell 26.2% to US\$1,319 per ton, as Peruvian production did not meet human consumption standards, pushing prices down for the water segment (which reduced the cost of salmon feed). However, it adversely impacted fishing margins by close to US\$3 million.
- v. Good fishing conditions for jack mackerel in the south central region led to a catch of 57,015 tons, including just over 3,300 tons of mackerel bycatch. These catches are 18.1% higher than for the period to September 2016. Camanchaca has managed to capture the whole of its annual quota as of the date of these financial statements. The price of frozen fish compared to canned fish continued to improve, resulting in frozen fish production totaling 22,104 tons, in comparison to 3,816 tons in 2016. Consequently, the production of canned fish fell by 30.8% to 968,000 boxes, as a greater proportion of the catch was allocated to frozen fish production. However, 805,000 boxes were sold, which was higher than for the same period in 2016, at an average price of US\$21.9 per box (-10.5%). This drop in price reflects increased production across the industry at the beginning of the year and higher inventory remaining from the previous year. Inventory of canned fish at Camanchaca was 569,000 boxes as of September 2017, at a cost of US\$12 per box.



- vi. The langostino lobster business represents slightly over 5% of annual revenue for Camanchaca and slightly over 15% for the industrial fishing division. Production began in March and totaled 541 tons (-2.7%), while sales were 474 tons (-14.6%). This variation is due to a high comparison basis in 2016, when there were high inventories at the beginning of the year and low inventories at the end. The langostino lobster season has been favorable in terms of catches, production costs and sales.
- vii. The results for the Company's industrial fishing division as of September 2017 were:
  - The northern industrial fishing division had a loss of US\$2.7 million, compared to a loss of US\$10.5 million for the same period last year. Despite lower prices this year, this improvement was attributed to higher production and sales associated with stabilized oceanographic conditions and consequently fewer expenses taken directly to net income due to production stoppages, as these fell by US\$3.7 million this year, due to longer fishing periods.
  - The southern industrial fishing division includes
    - our subsidiary Camanchaca Pesca Sur. It earned a profit of US\$1.8 million compared to a profit of US\$6.6 million for the period to September 2016, due to lower prices for fishmeal and fish oil, and for canned and frozen jack mackerel. However, this situation was offset by higher sardine catches, purchases of jack mackerel quota on the international market, and selling greater frozen jack mackerel production. A good year for production and costs, with general price reductions.
    - Our 70% interest in this subsidiary gave us a profit of US\$1.2 million. This was combined with a loss of US\$2.4 million from other fishing businesses in the southern division not included in Camanchaca Pesca Sur, mainly associated with financial expenses of US\$0.7 million and unrealized profits on uncompleted langostino lobster sales to final customers at the parent company's commercial offices of US\$1.2 million. The net effect was a divisional loss of US\$ 0.6 million, compared to a profit of US\$3.3 million for the same period in 2016.
- Sales volumes of the company-farmed product in the **salmon farming division** for the period to September 2017 totaled 16,894 tons WFE, a fall of 42.5% over the same period in 2016. This was affected by smolt stocking decisions in 2015 that led to reduced harvests in 2017, and the effect of the HAB, which left the division with reduced inventory as of January 2017 compared to January 2016. Sales of third-party salmon products at our offices abroad totaled US\$76 million, which is 5.8% lower than for the same period in 2016. Therefore, total revenue was US\$207 million, down 19.5% in comparison with the same period in 2016. A profit of US\$26.2 million was achieved, compared to a profit of US\$23.8 million as of September 2016. This favorable increase of US\$2.4 million is explained by price improvements, although on lower sales volumes and a lower net fair value gain of US\$8 million, down US\$27.6 million from September 2016.

Additional Information:

- i. During the period to September, sales volumes of company-farmed products fell by 42.5%, at just under 17,000 tons WFE, explained mainly by the 27.7% reduction in harvests. Sales for the first quarter of 2016 were helped by shipments of inventory as of December 2015, since the Company expected to be able to sell those products in 2016 at higher prices, which proved to be correct.
- ii. The strategy of maximizing returns on underused assets by providing services to third parties generated net operating income of US\$2 million for the period to September 2017, down 26.2% from the same period in 2016. This drop is explained by decreased sales of byproducts as a result of reduced harvests and decreased processing services, which were affected by reduced harvests across the industry as a whole in the northern part of the 10th region.
- iii. Camanchaca had 9 farming concessions under lease as of September 2017, mainly in the Reloncaví Estuary as trout grow-out sites. Camanchaca operates these leases using a "Partnership Account Participation" with third parties in the trout business, who provide our company with concessions. This shared business generated a profit for the period to September of US\$6.2 million for Camanchaca.

- iv. The net fair value adjustment of the salmon biomass as of September 2017 was a gain of US\$8 million, compared to a gain of US\$ 35.6 million for the same period in 2016. This reduction reflects specific margins that had already been recognized in previous years on products in inventory, which were reversed in this period when they were sold. It was also affected by the biomass balance, as the price of salmon fell between the end of January and the end of October 2017, which affects the biomass value at these two dates and consequently the FV calculation.
  - v. EBITDA before the salmon biomass FV adjustment, which reflects earnings on the fish actually sold, was US\$36.5 million, and compares favorably with US\$12.4 million as of September 2016. This improvement arose from improved salmon prices, which increased by US\$1.7 per kilo WFE, or +32.8%, and reduced harvesting costs, which were partially offset by the lower sales volumes mentioned previously.
  - vi. The salmon division's EBIT was US\$28.2 million. Excluding the previously mentioned trout business that produced a profit of US\$6.2 million, the Atlantic Salmon business achieved an EBIT of US\$1.30 per kilo WFE for the period to September 2017, which was much higher than the US\$0.11 achieved in the same period in 2016.
- Revenue for the **Other Seafood** business reached US\$21.5 million, an increase of 1.2% for the period to September 2017. This division recorded a loss of US\$1.6 million, compared to the loss of US\$0.7 million for the same period in 2016. Additional Information:
    - i. The subsidiary **Camanchaca Cultivos Sur (mussels)** produced 7,345 tons, up 22.9% over the same period in 2016. Nevertheless, production in 2016 was affected by abnormal oceanographic conditions as result of the severe El Niño phenomenon, which caused marine food shortages and consequent low mussel growth and yields. This was exacerbated by the HAB, and road blocks in Chiloé during May. Revenue of US\$18.6 million (+5.2%) was explained by increased sales (+10.9%) and improved prices (+2.9%). The results are very sensitive to the scale of production, and a positive EBITDA of US\$0.7 million was achieved, compared with US\$1 million for the period to September 2016. The final result was a loss of US\$128,000, compared to a profit of US\$43,000 for the period to September 2016, due to high inventories that generated higher refrigeration costs of US\$ 1 million. The inventories situation was caused by the Rauco plant being temporarily closed to the Russian market, though this has already been resolved. The volume of raw material processed by the plant was 26,000 tons, including 21,000 tons from our own harvests with the remainder purchased from third parties. This reduced average costs by 8.6%, equivalent to US\$0.15 per kg of finished product.
    - ii. The **abalone** farming was affected by higher sea temperatures in 2016 and early 2017, which increased mortality and reduced growth and sizes resulting in 7.6 units per kilo vs 6.9 in 2016, thus raw material costs increased by over 40%. However, a decision had already been taken in 2015 to reduce the scale of this business from 240 tons to 160 tons. Fortunately, mortality levels began to fall during September and growth began to improve. Prices were 17.5% higher, reaching US\$21.6 per kilo with sales falling by 15.5% to reach 143 tons, which was consistent with reductions in the scale of this business. Consequently, this division finished up with a loss to September of US\$1.5 million and a negative EBITDA of US\$1.7 million, which represents a deterioration in both cases of nearly US\$1 million compared to the same period in 2016.
  - Consolidated administrative expenses as a percentage of revenue for the period to September increased from 4.9% last year to 6.5%, while distribution costs rose from 4.7% to 5.3%. Therefore, the Company's combined administration and distribution costs rose from 9.6% of revenue to 11.8%. This was explained by the decrease in salmon revenues; falling exchange rates that affect administration costs procured mostly in pesos; staff termination settlements; and the SAP implementation, which covers most of the operating subsidiaries as of the date of these financial statements. Distribution costs have been affected by higher refrigerated mussel inventories, which was due to temporarily closing the main market for this product, and higher commission and labelling expenses associated with higher canned sales.
  - Other gains and losses did not include any extraordinary events for the period to September 2017, which compares favorably with September 2016 when there was a net loss of US\$5.7 million associated with two incidents with insurance coverage that have since been fully settled and paid.

- Prices for Camanchaca's products as a whole increased by 7.9% for the first nine months of 2017 with respect to 2016, with a positive effect on revenue and margins of approximately US\$17 million, relating mainly to the salmon farming division and offset by reductions in the industrial fishing division (fish meal, fish oil and canned fish).
- The Company's finished products inventories valued at cost as of September 30, 2017, totaled US\$57 million, with surplus inventories mainly for Atlantic salmon products, fishmeal and frozen jack mackerel. Surplus over planned inventories contain an additional margin of close to US\$2.2 million if they could be sold at September 2017 prices, the same margin as at September 2016 was close to US\$3 million.
- The Company repaid approximately US\$10.6 million in capital to its creditor banks in May 2017, in accordance with the agreed schedule. Its bank debt as of September is around US\$173 million. Another capital repayment instalment of US\$9 million is scheduled for the end of November 2017. Refinancing is expected to begin on this date and will replace the debt refinanced in 2013, which had only 2 years residual maturity, and will reduce the number of lending institutions from 7 to only 3.
- As reported in Material Events dated September 20 and October 2, 2017, the Company is refinancing its financial debt and has received a proposal from DNB and Rabobank for US\$165 million. This financing has a 5 year term and its conditions provide greater flexibility than the company's current banking liabilities. It consists of three amounts, two for the parent company of US\$25 million and US\$40 million, respectively, and one for the subsidiary Salmenes Camanchaca of US\$100 million, each with their respective repayment schedule. The company expects to finalize this refinancing by the end of November 2017.
- A corporate reorganization took place on September 14, in order to transfer all the company's assets used in salmon smolt stocking, harvesting, and processing to the subsidiary Salmenes Camanchaca. The share capital of Salmenes Camanchaca S.A. was increased, which was settled when the parent company contributed the shares that it directly held in Fiordo Blanco S.A. and Surproceso S.A. In addition, a receivable held by the parent company that was due from Salmenes Camanchaca was capitalized. These transactions did not affect the company's consolidated financial statements.
- The company is launching a public offer for approximately 35% of the shares or representative certificates of its subsidiary Salmenes Camanchaca S.A. on the Chilean and Norwegian capital markets, with a special focus on the latter. The funds raised will finance the growth plan for Camanchaca and its subsidiaries, and prepay part of its banking liabilities. A mandate has been granted to DNB and the completion of this placement is expected within the next few months.
- As of September 30, 2017, 92% of accounts payable to suppliers have been paid on time. This figure increases to 95% if only accounts payable less than 30 days overdue are included.

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

## Accumulated for the period to September (ThUS\$):

STATEMENT OF INCOME	YTD Q3 2017				YTD Q3 2016			
	FISHING	SALMON	OTHER SEAFOOD	TOTAL	FISHING	SALMON	OTHER SEAFOOD	TOTAL
Revenue	99,620	207,068	21,455	328,143	84,068	257,361	21,207	362,635
Cost of sales	(84,628)	(164,189)	(17,453)	(266,270)	(75,815)	(237,950)	(17,213)	(330,978)
<b>Gross margin before fair value adjustments</b>	<b>14,992</b>	<b>42,879</b>	<b>4,002</b>	<b>61,873</b>	<b>8,253</b>	<b>19,410</b>	<b>3,994</b>	<b>31,657</b>
Fair value adjustment to biological assets		39,953		39,953		50,204		50,204
Fair value adjustment to harvest and sales		(31,953)		(31,953)		(14,575)		(14,575)
<b>Gross margin</b>	<b>14,992</b>	<b>50,879</b>	<b>4,002</b>	<b>69,873</b>	<b>8,253</b>	<b>55,040</b>	<b>3,994</b>	<b>67,287</b>
<b>OTHER INCOME AND EXPENSES</b>								
Administrative expenses	(10,091)	(8,596)	(2,728)	(21,415)	(7,697)	(7,555)	(2,516)	(17,768)
Distribution costs	(7,932)	(6,048)	(3,249)	(17,229)	(6,910)	(7,893)	(2,139)	(16,943)
Finance costs	(1,375)	(2,743)	(432)	(4,550)	(1,523)	(2,612)	(400)	(4,535)
Share of profit (loss) of associates	0	1,170	0	1,170	0	1,205	0	1,205
Exchange differences	730	(676)	270	324	943	(887)	46	101
Other income (losses)	(53)	(426)	65	(414)	143	(5,854)	22	(5,688)
Finance income	0	37	0	37	0	43	0	43
<b>Other income and expenses, net</b>	<b>(18,722)</b>	<b>(17,282)</b>	<b>(6,074)</b>	<b>(42,078)</b>	<b>(15,045)</b>	<b>(23,554)</b>	<b>(4,987)</b>	<b>(43,585)</b>
<b>Profit (loss) before taxes</b>	<b>(3,730)</b>	<b>33,597</b>	<b>(2,072)</b>	<b>27,796</b>	<b>(6,792)</b>	<b>31,486</b>	<b>(993)</b>	<b>23,701</b>
Income taxes	944	(7,432)	423	(6,065)	1,575	(7,722)	248	(5,900)
<b>Profit (loss) from continuing operations</b>	<b>(2,786)</b>	<b>26,165</b>	<b>(1,649)</b>	<b>21,731</b>	<b>(5,217)</b>	<b>23,764</b>	<b>(745)</b>	<b>17,801</b>
Profit (loss) from discontinued operations	0	0	0	0	0	0	0	0
<b>Profit (loss) for the period</b>	<b>(2,786)</b>	<b>26,165</b>	<b>(1,649)</b>	<b>21,731</b>	<b>(5,217)</b>	<b>23,764</b>	<b>(745)</b>	<b>17,801</b>
Non-controlling interest	(535)	0	0	(535)	(1,985)	0	0	(1,985)
<b>Profit (loss) for the period attributable to owners of the parent</b>	<b>(3,321)</b>	<b>26,165</b>	<b>(1,649)</b>	<b>21,196</b>	<b>(7,202)</b>	<b>23,764</b>	<b>(745)</b>	<b>15,816</b>
<b>EBITDA</b>	<b>6,565</b>	<b>36,545</b>	<b>(951)</b>	<b>42,160</b>	<b>3,627</b>	<b>12,369</b>	<b>492</b>	<b>16,488</b>
<b>EBITDA after fair value adjustments</b>	<b>6,565</b>	<b>44,546</b>	<b>(951)</b>	<b>50,160</b>	<b>3,627</b>	<b>47,998</b>	<b>492</b>	<b>52,117</b>

## Third Quarter (ThUS\$):

STATEMENT OF INCOME	Q3 2017				Q3 2016			
	FISHING	SALMON	OTHER SEAFOOD	TOTAL	FISHING	SALMON	OTHER SEAFOOD	TOTAL
Revenue	30,756	60,517	6,857	98,130	28,568	87,733	7,236	123,537
Cost of sales	(28,546)	(50,338)	(6,677)	(85,561)	(29,259)	(71,428)	(5,898)	(106,585)
<b>Gross margin before fair value adjustments</b>	<b>2,209</b>	<b>10,180</b>	<b>180</b>	<b>12,569</b>	<b>(691)</b>	<b>16,305</b>	<b>1,338</b>	<b>16,952</b>
Fair value adjustment to biological assets		25,410		25,410		29,588		29,588
Fair value adjustment to harvest and sales		(6,810)		(6,810)		(14,903)		(14,903)
<b>Gross margin</b>	<b>2,209</b>	<b>28,780</b>	<b>180</b>	<b>31,169</b>	<b>(691)</b>	<b>30,991</b>	<b>1,338</b>	<b>31,638</b>
<b>OTHER INCOME AND EXPENSES</b>								
Administrative expenses	(3,259)	(2,308)	(803)	(6,370)	(2,530)	(2,511)	(768)	(5,809)
Distribution costs	(2,678)	(1,867)	(1,045)	(5,590)	(2,617)	(2,181)	(758)	(5,557)
Finance costs	(452)	(929)	(153)	(1,534)	(495)	(862)	(130)	(1,487)
Share of profit (loss) of associates	0	139	0	139	0	539	0	539
Exchange differences	597	(41)	(99)	457	8	(212)	74	(130)
Other income (losses)	(6)	(298)	32	(272)	93	4	14	110
Finance income	0	0	0	0	0	19	0	19
<b>Other income and expenses, net</b>	<b>(5,799)</b>	<b>(5,303)</b>	<b>(2,068)</b>	<b>(13,171)</b>	<b>(5,541)</b>	<b>(5,205)</b>	<b>(1,568)</b>	<b>(12,315)</b>
<b>Profit (loss) before taxes</b>	<b>(3,590)</b>	<b>23,477</b>	<b>(1,888)</b>	<b>17,999</b>	<b>(6,232)</b>	<b>25,785</b>	<b>(230)</b>	<b>19,323</b>
Income taxes	662	(4,369)	778	(2,909)	1,339	(6,470)	19	(5,112)
<b>Profit (loss) from continuing operations</b>	<b>(2,908)</b>	<b>19,108</b>	<b>(1,110)</b>	<b>15,090</b>	<b>(4,893)</b>	<b>19,316</b>	<b>(212)</b>	<b>14,211</b>
Profit (loss) from discontinued operations	0	0	0	0	0	0	0	0
<b>Profit (loss) for the period</b>	<b>(2,908)</b>	<b>19,108</b>	<b>(1,110)</b>	<b>15,090</b>	<b>(4,893)</b>	<b>19,316</b>	<b>(212)</b>	<b>14,211</b>
Non-controlling interest	(802)	0	0	(802)	249	0	0	249
<b>Profit (loss) for the period attributable to owners of the parent</b>	<b>(3,710)</b>	<b>19,108</b>	<b>(1,110)</b>	<b>14,288</b>	<b>(4,644)</b>	<b>19,316</b>	<b>(212)</b>	<b>14,460</b>
<b>EBITDA</b>	<b>(749)</b>	<b>8,763</b>	<b>(1,346)</b>	<b>6,667</b>	<b>(2,482)</b>	<b>14,445</b>	<b>197</b>	<b>12,161</b>
<b>EBITDA after fair value adjustments</b>	<b>(749)</b>	<b>27,363</b>	<b>(1,346)</b>	<b>25,268</b>	<b>(2,482)</b>	<b>29,130</b>	<b>197</b>	<b>26,846</b>

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				Fishing Catches			
		YTD Q2 2017	YTD Q2 2016	Change	Change %	Q2 2017	Q2 2016	Change	Change %
Northern Zone		90,877	29,625	61,251	206.8%	7,390	10,798	-3,408	-31.6%
Own	tons	87,074	28,985	58,089	200.4%	7,390	10,794	-3,404	-31.5%
Third Party	tons	3,803	640	3,163	494.2%	0	4	-4	-100.0%
South-Central Zone		105,408	88,015	17,393	19.8%	18,587	5,234	13,353	255.1%
Own	tons	59,597	64,628	-5,031	-7.8%	16,818	3,285	13,533	412.0%
Third Party	tons	45,811	23,387	22,424	95.9%	1,769	1,949	-180	-9.2%
<b>Total</b>	<b>tons</b>	<b>196,285</b>	<b>117,640</b>	<b>78,644</b>	<b>66.9%</b>	<b>25,977</b>	<b>16,032</b>	<b>9,945</b>	<b>62.0%</b>

		Production				Production			
		YTD Q2 2017	YTD Q2 2016	Change	Change %	Q2 2017	Q2 2016	Change	Change %
Fishmeal	tons	34,663	21,035	13,628	64.8%	3,558	3,550	8	0.2%
Fish Oil	tons	6,640	3,727	2,913	78.2%	234	161	74	45.8%
Canned Fish	boxes	968,487	1,400,378	-431,891	-30.8%	207,503	90,435	117,068	129.4%
Langostino Lobster	kg.	541,114	556,081	-14,967	-2.7%	133,128	199,814	-66,686	-33.4%
Frozen Jack Mackerel	tons	22,104	3,816	18,288	479.2%	9,441	129	9,312	7218.6%

		Sales				Sales			
		YTD Q2 2017	YTD Q2 2016	Change	Change %	Q2 2017	Q2 2016	Change	Change %
Fishmeal	tons	33,210	23,750	9,461	39.8%	7,018	6,870	149	2.2%
Fish Oil	tons	6,399	4,349	2,050	47.1%	1,023	1,172	-150	-12.8%
Canned Fish	boxes	805,232	708,591	96,641	13.6%	198,028	275,070	-77,042	-28.0%
Langostino Lobster	kg.	474,302	555,136	-80,834	-14.6%	238,884	207,053	31,831	15.4%
Frozen Jack Mackerel	tons	16,710	3,905	12,805	327.9%	11,405	2,292	9,113	397.6%

		Salmon Harvest				Salmon Harvest			
		YTD Q2 2017	YTD Q2 2016	Change	Change %	Q2 2017	Q2 2016	Change	Change %
Atlantic Salmon	tons WFE	17,929	24,785	-6,856	-27.7%	7,783	8,971	-1,188	-13.2%

		Production				Production			
		YTD Q2 2017	YTD Q2 2016	Change	Change %	Q2 2017	Q2 2016	Change	Change %
Atlantic Salmon	tons WFE	17,901	24,561	-6,660	-27.1%	7,805	8,996	-1,191	-13.2%

		Sales				Sales			
		YTD Q2 2017	YTD Q2 2016	Change	Change %	Q2 2017	Q2 2016	Change	Change %
Atlantic Salmon	tons WFE	16,894	29,386	-12,491	-42.5%	6,582	9,016	-2,434	-27.0%

		Other Seafood Production				Other Seafood Production			
		YTD Q2 2017	YTD Q2 2016	Change	Change %	Q2 2017	Q2 2016	Change	Change %
Abalone	tons	100	149	-49	-32.9%	8	58	-50	-86.5%
Mussels	tons	7,345	5,976	1,368	22.9%	910	1,689	-778	-46.1%

		Sales				Sales			
		YTD Q2 2017	YTD Q2 2016	Change	Change %	Q2 2017	Q2 2016	Change	Change %
Abalone	tons	143	169	-26	-15.5%	59	40	20	49.4%
Canned Abalone	boxes	19	686	-667	-97.2%	0	0	0	-
Mussels	tons	6,343	5,722	622	10.9%	2,145	2,102	43	2.0%

## Average Sales Prices

		Average Sales Price of Products				Average Sales Price of Products			
		YTD Q2 2017	YTD Q2 2016	Change	Change %	Q2 2017	Q2 2016	Change	Change %
Fishmeal	US\$ x ton	1,404	1,611	-207	-12.8%	1,425	1,676	-251	-15.0%
Fish Oil	US\$ x ton	1,319	1,788	-469	-26.2%	1,277	1,782	-505	-28.3%
Canned Fish	US\$ x box	21.9	24.5	-2.6	-10.5%	22.7	24.3	-1.5	-6.2%
Langostino Lobster	US\$ x kg	23.8	23.0	0.8	3.6%	24.2	22.5	1.6	7.1%
Frozen Jack Mackerel	US\$ x ton	866	951	-84.2	-8.9%	851	1,029	-178.1	-17.3%
Atlantic Salmon	US\$ x kg	7.0	5.3	1.7	32.8%	6.5	6.2	0.3	5.0%
Abalone	US\$ x kg	21.6	18.4	3.2	17.5%	20.7	19.2	1.4	7.4%
Canned Abalone	US\$ x box	414.3	383.4	30.9	8.1%	-	-	-	-
Mussels	US\$ x kg	2.7	2.6	0.08	2.9%	2.6	2.6	0.03	1.3%

## Change in Revenue due to Price Effect\*

		Change in Revenue due to Price Effect				Change in Revenue due to Price Effect			
		YTD Q2 2017	YTD Q2 2016	Change	Change %	Q2 2017	Q2 2016	Change	Change %
Fishmeal	ThUS\$	46,640	53,516	-6,877	-12.8%	10,000	11,763	-1,764	-15.0%
Fish Oil	ThUS\$	8,443	11,441	-2,998	-26.2%	1,306	1,822	-517	-28.3%
Canned Fish	ThUS\$	17,638	19,713	-2,074	-10.5%	4,504	4,803	-299	-6.2%
Langostino Lobster	ThUS\$	11,305	10,909	396	3.6%	5,769	5,386	383	7.1%
Frozen Jack Mackerel	ThUS\$	14,476	15,883	-1,408	-8.9%	9,704	11,735	-2,032	-17.3%
Atlantic Salmon	ThUS\$	118,524	89,228	29,296	32.8%	43,055	41,012	2,042	5.0%
Abalone	ThUS\$	3,087	2,628	459	17.5%	1,227	1,142	85	7.4%
Canned Abalone	ThUS\$	8	7	1	8.1%	0	-	-	-
Mussels	ThUS\$	16,997	16,516	481	2.9%	5,618	5,544	74	1.3%
<b>Total</b>	<b>ThUS\$</b>	<b>237,118</b>	<b>219,842</b>	<b>17,277</b>	<b>7.9%</b>	<b>81,182</b>	<b>83,209</b>	<b>-2,027</b>	<b>-2.4%</b>

\* With constant volume 2017

## Change in Fuel Expenditures due to Price Effect\*

		Change in Fuel Expenditures due to Price Effect				Change in Fuel Expenditures due to Price Effect			
		YTD Q2 2017	YTD Q2 2016	Change	Change %	Q2 2017	Q2 2016	Change	Change %
Diesel Oil	ThUS\$	4,400	3,626	774	21.3%	932	888	44	5.0%
Bunker Oil	ThUS\$	2,389	1,878	511	27.2%	401	321	80	24.9%
<b>Total</b>	<b>ThUS\$</b>	<b>6,789</b>	<b>5,504</b>	<b>1,285</b>	<b>23.3%</b>	<b>1,333</b>	<b>1,209</b>	<b>124</b>	<b>10.3%</b>

\* With constant volume 2017

## 2. Statement of Financial Position

	Sep 2017 ThUS\$	Dec 2016 ThUS\$	Difference ThUS\$	Change
<b>ASSETS</b>				
Current assets	245,672	224,496	21,176	9.4%
Property, plant and equipment	223,446	226,460	-3,014	-1.3%
Other non-current assets	137,822	124,214	13,608	11.0%
<b>Total Assets</b>	<b>606,940</b>	<b>575,170</b>	<b>31,770</b>	<b>5.5%</b>
<b>LIABILITIES</b>				
Current liabilities	85,936	73,263	12,673	17.3%
Non-current liabilities	174,773	177,088	-2,315	-1.3%
<b>Total Liabilities</b>	<b>260,709</b>	<b>250,351</b>	<b>10,358</b>	<b>4.1%</b>
Net equity attributable to owners of the parent				
	289,014	268,137	20,877	7.8%
Non-controlling interest	57,217	56,682	535	0.9%
<b>Total Equity</b>	<b>346,231</b>	<b>324,819</b>	<b>21,412</b>	<b>6.6%</b>
<b>Total Liabilities and Equity</b>	<b>606,940</b>	<b>575,170</b>	<b>31,770</b>	<b>5.5%</b>

## 3. FINANCIAL ANALYSIS

### A. Consolidated Analysis:

This section compares the Company's key financial indicators based on its consolidated financial statements as of September 30, 2017 compared to December 31, 2016.

	Period	
	Sep 2017	Dec 2016
<b>Liquidity Indicators</b>		
1) Current Liquidity	2.86	3.06
2) Acid Ratio	0.84	1.47
3) Working Capital (US\$ million)	159.7	151.2
<b>Debt Indicators</b>		
4) Net Debt Ratio	0.74	0.71
5) Current Liabilities / Total Liabilities	0.33	0.29
6) Non-Current Liabilities / Total Liabilities	0.67	0.71
<b>Profitability Indicators</b>		
	(9 months)	(12 months)
7) Return on Equity	6.12%	4.20%
8) Return on Assets	10.19%	9.34%

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:**

	<b>Period</b>	
	<b>Sep-17</b>	<b>Sep-16</b>
a) Atlantic Salmon Harvests / Site	3,856	3,331
b) Atlantic Salmon Farming Density (kg/m <sup>3</sup> )	7.0	7.8
c) Atlantic Salmon Group Survival Rate (sea water)	95.7%	84.7%
d) EBIT Salmon Farming Division (US\$ million)	28.2	4.0
e) EBIT / kg WFE Salmon Farming Division	1.30	0.11

Notes:

- a Harvests for the period, expressed in ex-cage tons / number of sites harvested, 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 harvested fish groups compared to smolt stocking. A harvested fish group represents fish with a similar origin and strain.
- d Gross margin before fair value adjustment - administrative expenses - distribution costs, for the salmon farming division
- e (Gross margin before fair value adjustment - administrative expenses - distribution costs - results from the Partnership Account Participation in the trout business) / Kg WFE sales of company-farmed Atlantic salmon

**Fair Value for the period ended September 30 (ThUS\$):**

	<b>Fair Value Adjustment to Biological Assets</b>		<b>Fair Value Adjustment to Harvest and Sales</b>	
	<b>YTD Q3 2017</b>	<b>YTD Q3 2016</b>	<b>YTD Q3 2017</b>	<b>YTD Q3 2016</b>
Atlantic Salmon	39,953	50,204	(31,953)	(14,575)
<b>TOTAL</b>	<b>39,953</b>	<b>50,204</b>	<b>(31,953)</b>	<b>(14,575)</b>

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\$40 million was recorded for the fair value adjustment of the live and harvested biomass as of September 30, 2017, compared to a gain of US\$50.2 million as of the same date in 2016.
- ii) “Cost of Biological Assets Harvested and Sold” 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 September 2017 was a loss of US\$32 million, which reversed a positive margin estimated in prior periods, in contrast to a loss of US\$14.6 million as of September 2016, which reversed a positive margin estimated in prior periods.

The net effect of the fair value adjustment for the salmon biomass for the period ended September 30, 2017, is a gain of US\$8 million, as opposed to the gain of US\$35.6 million recorded for the same period in 2016.



## Salmon Farming Revenue:

### September 2017

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	45,844	13,031	9,676	10,200	34,344	4,157	1,272	118,524
Trout	0	0	0	0	0	0	0	0
OTHERS	77,058	0	0	3,849	0	7,637	0	88,544
<b>TOTAL</b>	<b>122,902</b>	<b>13,031</b>	<b>9,676</b>	<b>14,049</b>	<b>34,344</b>	<b>11,794</b>	<b>1,272</b>	<b>207,068</b>

### September 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	63,352	30,474	13,871	10,668	33,788	2,921	126	155,201
Trout	0	0	0	0	0	0	0	0
OTHERS	86,244	0	0	5,672	0	10,243	0	102,159
<b>TOTAL</b>	<b>149,597</b>	<b>30,474</b>	<b>13,871</b>	<b>16,340</b>	<b>33,788</b>	<b>13,164</b>	<b>126</b>	<b>257,361</b>

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 81.0% of sales for the period to September 2017 and 83.7% of sales to September 2016. 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 58.1% as of September 2016 to 59.4% as of September 2017. Europe and Eurasia decreased from 11.8% to 6.3%. Asia excluding Japan fell from 5.4% to 4.7% and Japan increased from 6.3% to 6.8%. Latin America excluding Chile grew from 13.1% to 16.6%. The account "Other revenue" includes fish-processing services and sales for third parties, and intercompany salmon sales to our offices in the U.S. and Japan.