



Camanchaca achieved profits of US\$ 1.4 million for the first half of the year.

- o **These results were supported by favorable salmon prices, which compensated for a loss of nearly US\$ 8 million caused by algal blooms last summer. The industrial fishing division suffered from problems associated with the El Niño phenomenon, which reduced the catch of anchovy and sardine. However, jack mackerel performed well, which is used for human consumption.**

Santiago, August 24, 2016. Camanchaca reported its financial statements for the first half of 2016 to the SVS, registering a profit of US\$ 1.4 million, which was supported by a profit of US\$ 4.4 million from the salmon farming division with prices rising in the second quarter. The fair value of this biological asset contributed US\$ 20.9 million, though partially offset by an expense of US\$ 7.8 million, due to the biomass lost from algal blooms.

Consolidated revenue increased by 14.6%, reaching US\$ 239 million, with reductions of 8% in industrial fishing and 6% in other seafood, but with a strong increase of 27% in salmon farming. The latter is due to higher third-party sales achieved by our commercial office in the U.S..

Ricardo García, Camanchaca's CEO, commented on the salmon prices by saying that *"During the first half of the year we had a modest increase in prices of 3.4% with respect to the previous year, but almost 30% when comparing the second quarters. This reflects a shortage in the market caused by a 4% global decrease in supply, while demand is very dynamic especially in China, Brazil and Russia. We expect these conditions to continue for the rest of the year."*

The Company advised that salmon sanitary conditions and costs were adversely impacted by the SRS disease and by low oxygen levels in the ocean around the 10th Region from October 2015 onwards. These resulted in increased mortality rates and ex-cage costs per kilo, which rose 76 cents to reach US\$ 3.7 per kilo in the first half year.

García remarked on the insurance claim associated with the algal bloom, *"We submitted our claim to the insurance company last month. We are confident that our information is strong and we expect that it will be settled and paid within 2016."*

The industrial fishing division recorded a loss of US\$ 2.6 million compared to a profit of US\$ 1.9 million in the previous year. This loss can be entirely attributed to consequences of the El Niño phenomenon, which caused a sharp decline in small pelagic fish catches (anchovy and sardine), similar to 2008. García also commented,



"We observed the impact of this oceanographic phenomenon in northern and central-southern Chile between late 2015 and early 2016, with warmer seas and a shortage of sardine and anchovy suitable for catching. However, we are now recovering from these conditions and estimate that fishing in the north will be back to normal for the last quarter of 2016."

The fishing conditions for jack mackerel in the south were much better, where Camanchaca captured almost its entire annual quota. It produced canned jack mackerel for human consumption and achieved a record of over 1.3 million boxes, of which a large proportion are still in inventory so they have not yet been reflected in results.

EBITDA before the fair value adjustment for the first half of the year was US\$ 4.3 million, which is US\$ 12.9 million less than the same period in 2015, when it was US\$ 17.2 million. This reduction was explained by (i) the increase in salmon costs due to poor sanitary conditions between September and March this year; (ii) the impact of El Niño on anchovy catches in the north; and (iii) a fall in fishmeal prices.

Petrohué hatchery inauguration

The Calbuco volcano erupted in April 2015 and in less than 48 hours it had destroyed almost all of Camanchaca's hatchery at Petrohue. The dedication shown by all the Company's staff and the resilience of the organization enabled us to overcome these difficulties, and a little more than a year after the tragedy the Company has managed to complete reconstruction. It has invested over US\$ 10 million and will inaugurate this state-of-the-art new hatchery on September 7, with brand new smolts already transferred to the sea, at an event that will bring together officials and leaders from across the Los Lagos Region.

The CEO remarked, *"After an epic fish rescue in April and May 2015 and enormous dedication to rebuilding, which adopted the latest technology and global best practice for sustainable fish farming, Camanchaca will inaugurate its new hatchery in record time and despite the adversities of the past 18 months, thus testifying to the strength of our business."*