



## **Camanchaca posts profits of US\$ 15.8 million for the first nine months of the year.**

### **Returns significantly higher than 2015**

**Santiago, November 23, 2016.** Camanchaca reported its financial statements for the third quarter of 2016 to the SVS, registering a profit of US\$ 14.5 million for the quarter and US\$ 15.8 million for the first nine months of the year. These figures reverse the losses posted by the Company until March of this year and US\$ 12.7 million in losses recorded as of September 2015. This positive performance can be explained by improved commercial conditions for salmon and a good fishing season in southern Chile.

Improved prices and new opportunities to sell salmon in non-traditional markets set the stage for high prices as compared to the last two years. The Company's commercial efforts in the United States, where Camanchaca also markets and sells third-party products, accounted for close to 22% of total sales, up from 7% last year. These efforts also helped boost consolidated revenue by 14% to US\$ 363 million for the period ended September 2016.

The extreme oceanographic conditions caused by the El Niño phenomenon affecting Chilean coasts in 2015 and 2016 led to a sharp drop in catches in the northern part of the country and a 19% reduction in revenue for the industrial fishing division. This was offset by a more than 33% rise in revenue from the salmon farming division.

This division reported a profit of US\$ 23.8 million for the nine months ended September 30, 2016, after absorbing a net loss of US\$ 7.8 million on the insurance claim for damage caused by harmful algae blooms over the summer. This represented an improvement of US\$ 37 million compared to the first nine months of 2015.

Regarding the commercial conditions for the salmon farming division, Camanchaca's CEO Ricardo García confirmed, *"So far this year, prices have risen 15% (42% in the third quarter alone); as of September, we estimate the impact of this increase will be approximately US\$ 20 million. This variation is attributable not only to the reduction of nearly 15-20% in Chilean harvests this year, but also to very restricted Norwegian supply, all in a context of strong demand in new markets such as China, Russia and Brazil boosted by exchange rates returning to normal levels in 2016. We believe that the price levels observed in late September 2016 should at least hold steady during the fourth quarter."*

The Company reported that salmon sanitary conditions and costs were negatively impacted by the SRS disease and by low oxygen levels in farm sites in the 10th Region that were harvested and sold during the first half of 2016. These conditions were exacerbated by the El Niño phenomenon affecting southern Chile, raising mortality and ex-cage costs per kilo. The latter reached US\$ 3.48 per kilo, 50 cents above the figure for the third quarter of 2015. However, this cost is less than the US\$ 3.6 per kilo recorded for the same period in 2014, which provides a more suitable comparison given the Atlantic salmon's two-year cycle and the timetables of the particular neighborhoods. Sanitary conditions resumed fairly normal levels during the second and



third quarter, which has already resulted in a drop in costs of close to 16% during the third quarter as compared to the first quarter.

The industrial fishing division recorded a loss of US\$ 7.2 million compared to a profit of US\$ 2.1 million for the same period the previous year. This loss can be entirely attributed to reduced catches in northern Chile caused by the El Niño phenomenon. On the matter, García remarked that *"this phenomenon in 2015-2016 was the most intense in the last 60 years, comparable only to 1998, and explains the 55% fall in anchovy catches in the north. In the south central zone, Camanchaca caught between 90% and 95% of its annual pelagic quotas. Combining the positive and negative factors, the south central zone has had a good year, but that does not manage to reverse the very poor fishing year in the north; this is not only a problem for us or for Chile, but for the entire South American Pacific Coast."*

Favorable fishing conditions for jack mackerel resulted in the Company catching practically all its annual quota during the first nine months of the year, bringing in 48 thousand tons, which is 4 thousand tons more than the same period in 2015. This 11% rise in catches and improved fuel efficiency (falling 43% per ton caught) is still not fully reflected in the results since an important portion of the jack mackerel catches have been canned and remain in inventory. In effect, as of September 2016 Camanchaca has 736 thousand boxes of canned product in inventory that should impact the margin in the next 5 to 6 months.

Under such conditions, EBITDA before the fair value adjustment of the salmon biomass was US\$ 16.5 million as of September 2016, down US\$ 7.1 million from 2015. Of this decrease, US\$ 8.4 million can be attributed to the reduced gross margin from the industrial fishing division as a result of the El Niño phenomenon.