



## COMPAÑÍA PESQUERA CAMANCHACA S.A. AND SUBSIDIARIES

### Quarterly Earnings Report on the Consolidated Financial Statements For the period ended September 30, 2019

#### Information on Camanchaca

*The company currently operates three business divisions:*

- 1. Salmon Farming: Its subsidiary Salmones Camanchaca operates in the 8th, 10th and 11th regions. It covers genetics and egg production; a freshwater recirculation hatchery for Atlantic salmon and other fresh water species; 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.*
- 2. Industrial Fishing: Its industrial fishing takes place in Chile's northern and south-central areas. Catches are intended for human consumption such as fish oils high in omega 3, canned and frozen jack mackerel and langoustine lobster; and protein for animal consumption in fishmeal and fish oil from small pelagic fish.*
- 3. Other Seafood: Operations in Chiloé focus on purchasing seeds and cultivating mussels in three dedicated grow-out sites, and a processing and freezing plant located in Rauco, focused on human consumption. In the Atacama region, inland farming produces abalone seeds and grows them for human consumption.*

*Camanchaca is vertically integrated throughout its supply and distribution chain and exports its products to over 50 countries using its 7 offices and commercial agents in its main markets. The company has approximately 3,500 employees.*

## Highlights for the period

- **Revenue year to date (YTD) September 2019 decreased by 13.4%** compared to 2018, totaling US\$ 417 million. This decrease was attributed to lower salmon sales due to lower harvest volumes and build up inventory, and lower catches in the northern area of the Fishing division, which impacted the production and sale of fish meal and oil.
- **EBITDA decreased by 21.5%** compared to YTD September 2018, totaling US\$ 58.5 million in 2019. This represents 14% of revenue, a reduction compared to the 15.5% generated during the previous period. EBITDA before Fair Value Adjustments in the Salmon division decreased by 22.2% to US\$ 42.6 million, while in the Industrial Fishing division it decreased by 30.3% to US\$ 14.8 million. The EBITDA for the Seafood division improved to US\$ 1.1 million, which was US\$ 2.6 million higher than YTD September 2018.
- **Atlantic salmon harvest volumes increased by 16.5% in Q3 2019** compared to Q3 2018, to reach 16,116 WFE tons, which represents 29% of the estimated annual harvest. The Company's harvest volumes were 33,443 WFE tons YTD September 2019.
- **The Company estimates that total harvest volumes for 2019 will be 60,000 tons WFE** based on current information. Its Q4 2019 harvest volumes are forecast to be 22,000 tons of Atlantic salmon and 4,500 tons of Pacific salmon. Thus, the annual harvest volumes of Atlantic salmon would be 55,400 tons. This recovery is explained by the good growth and food conversion for the biomass during winter and spring this year. However, these estimates are subject to changes due to unforeseen events.
- **Atlantic salmon price** was US\$ 6.41/kg WFE YTD September 2019, 0.8% lower than US\$ 6.46/kg WFE in same period 2018.
- **Live fish (ex-cage) costs in Q3 2019 fell to US\$2.87/kg**, which is 4.3% below the long-term target of US\$3/kg. These costs were US\$ 3.19/kg for the 12 months rolling to September 2019, and were US\$ 3.35/Kg YTD September 2019, which was 6.2% higher than 2018, the latest is a result of the environmental events in Q2 2019, when sites with lower densities were harvested.
- **Higher Atlantic salmon processing costs due to smaller production volumes in H1 2019, but with a significant drop in Q3 2019.** These were US\$ 1.02/kg WFE, which were 10.7% higher than YTD September 2018. However, they were US\$ 0.84/kg in Q3 2019, which was 16% lower than the long-term target of US\$ 1/kg, equivalent to Q3 2018 costs. Improvements this quarter were due to larger production volumes versus previous quarters with improved average harvest weights, which reached 5.1 kg WFE at fully harvested sites.
- **EBIT/kg of Atlantic salmon sold YTD September 2019 was lower than in same period for the previous year**, as a result of the events explained above and was US\$ 1.11, which is 8.8% lower than 2018.
- **Jack mackerel catches increased by 22.2%** YTD September 2019 compared to the same period in 2018, reaching 71,000 tons or about 97% of the annual quota, a reflection of the significant recovery in this resource. This resulted in 36,000 tons frozen jack mackerel production, 38% higher than YTD September 2018, and just over 1.1 million cans, broadly the same as in 2018. Consequently, sales of frozen jack mackerel increased by 50.8%, to reach 36,000 tons, although the price of this product fell by 11.5%, to US\$ 854/ton YTD September 2019.

- **Anchovy catches decreased by 22.8%** in northern Chile YTD September 2019, at only 65,000 tons. This was due to catch restrictions based on smaller fish size rather than quantity, in order to carefully manage this biomass.
- **Fishmeal and oil prices fell by 6.8% and 14.3% respectively** YTD September 2019, due to the recovery of catches in Peru and lower consumption in China. The latter was attributable to reductions in the pig population affected by "African swine fever".
- **Industrial Fishing inventories at cost have increased to US\$ 25.6 million**, 84% higher than September 2018, as a result of increased jack mackerel catches.
- **Net financial debt has increased by US\$ 54 million** to finance biomass increases of Atlantic and Pacific salmon, inventories in Salmon Farming and Industrial Fishing, and support investments already planned for 2019 totaling US\$ 119 million YTD September 2019.
- **Administrative expenses decreased by 33% YTD September 2019 compared to 2018.** They represented 4.9% of total revenue YTD September 2018, excluding revenue of US\$ 12.6 million from trading third party Atlantic salmon in 2018, and fell to 3.7% YTD September 2019. Distribution expenses represented 5.2% of total revenue YTD September 2019, an increase over their 4.6% in 2018. This increase was due to the costs of maintaining a higher inventory of frozen products both in Industrial Fishing and Salmon Farming division. Therefore, total administration and distribution expenses represented 8.8% of revenue in YTD September 2019, lower than 9.2% in 2018. This has a favorable theoretical effect on financial performance of US\$ 2.9 million, or 0.7% of US\$ 419 million revenue.
- **Net income after tax decreased by 17% to US\$ 21.9 million**, affected by a US\$ 2 million loss on the sale of Industrial Fishing assets.

## Key Figures

		Q3 2019	Q3 2018	Δ%	YTD Sep 2019	YTD Sep 2018	Δ%
Operating revenue	ThUS\$	147,030	156,712	-6.2%	417,415	482,091	-13.4%
Gross profit before fair value adjustments	ThUS\$	30,196	25,977	16.2%	75,010	100,979	-25.7%
EBITDA before fair value adjustments	ThUS\$	26,622	19,186	38.8%	58,548	74,602	-21.5%
EBIT before fair value adjustments	ThUS\$	18,250	12,871	41.8%	38,144	56,400	-32.4%
EBIT margin %	%	12.4%	8.2%	51.1%	9.1%	11.7%	-21.9%
Fair Value adjustments	ThUS\$	16,071	2,369	578.4%	19,233	1,865	931.2%
Net profit (loss) for the period attributable to controlling party	ThUS\$	13,962	4,522	208.8%	21,944	26,454	-17.0%
Earnings per share	US\$	0.0034	0.0011	208.8%	0.01	0.01	-17.0%
Pelagic catches	tons.	29,549	11,602	154.7%	200,342	198,152	1.1%
Northern Fishing Operations	tons.	19,079	332	5646.8%	68,813	86,542	-20.5%
Southern Fishing Operations	tons.	10,469	11,270	-7.1%	131,529	111,610	17.8%
Fishmeal price	US\$/ton	1,466	1,484	-1.2%	1,479	1,587	-6.8%
Atlantic salmon harvest	Tons WFE	16,116	13,831	16.5%	33,443	34,552	-3.2%
Own farmed Atlantic salmon sales	Tons WFE	11,972	12,744	-6.1%	30,883	35,384	-12.7%
Atlantic salmon ex cage cost	US\$/Kg Live Fish	2.87	3.22	-10.8%	3.35	3.15	6.2%
Processing cost	US\$/Kg WFE	0.84	0.84	0.0%	1.02	0.92	10.7%
Atlantic salmon price*	US\$/Kg WFE	6.29	6.62	-4.9%	6.41	6.46	-0.8%
Atlantic salmon EBIT/Kg WFE**	US\$/Kg WFE	1.40	1.41	-0.8%	1.11	1.22	-8.8%
Financial Debt	ThUS\$				146,975	102,296	43.7%
Net Financial Debt	ThUS\$				119,377	65,636	81.9%
Equity ratio	%				63%	68%	-6.8%

\*Billing in US\$ divided by tons of product sold excluding sales of third-party raw materials

\*\*Excludes net income (loss) from the trout joint venture and excluding transactions involving third-party raw materials

## Summary Net Income Statement by Division

ThUS\$	Industrial Fishing		Salmon Farming		Other Seafood		Total	
	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018
Operating revenue	39,582	36,975	99,219	110,879	8,229	8,858	147,030	156,712
Gross profit before fair value adjustments	7,295	1,219	21,329	23,825	1,571	933	30,196	25,977
EBITDA before fair value adjustments	5,857	(1,198)	20,225	20,838	541	(454)	26,622	19,186
EBITDA margin (%)	14.8%	(3.2%)	20.4%	18.8%	6.6%	(5.1%)	18.1%	12.2%
<b>Net profit (loss) for the period attributable to owners of the parent company</b>	<b>(1,423)</b>	<b>(5,049)</b>	<b>15,367</b>	<b>10,203</b>	<b>18</b>	<b>(631)</b>	<b>13,962</b>	<b>4,522</b>

ThUS\$	Industrial Fishing		Salmon Farming		Other Seafood		Total	
	YTD Sep 2019	YTD Sep 2018	YTD Sep 2019	YTD Sep 2018	YTD Sep 2019	YTD Sep 2018	YTD Sep 2019	YTD Sep 2018
Operating revenue	116,541	130,103	277,728	327,449	23,146	24,539	417,415	482,091
Gross profit before fair value adjustments	21,120	30,487	49,050	66,956	4,841	3,535	75,010	100,979
EBITDA before fair value adjustments	14,840	21,290	42,596	54,779	1,112	(1,467)	58,548	74,602
EBITDA margin (%)	12.7%	16.4%	15.3%	16.7%	4.8%	(6.0%)	14.0%	15.5%
<b>Net profit (loss) for the period attributable to owners of the parent company</b>	<b>(1,939)</b>	<b>5,045</b>	<b>23,781</b>	<b>23,045</b>	<b>102</b>	<b>(1,636)</b>	<b>21,944</b>	<b>26,454</b>

## Financial performance

### Results Year to date September 2019

Net income YTD September 2019 was US\$ 21.9 million, US\$ 4.5 million lower than net income of US\$ 26.5 million in 2018, mainly due to the Industrial Fishing division, which had a net loss of US\$ 1.9 million, a reduction of US\$ 7 million over the same period in 2018. However, the net income for Q3 2019 was US\$ 9.4 million higher than for Q3 2018 in each business division and reached a total of US\$ 14.0 million.

EBITDA before Fair Value Adjustments was US\$ 58.5 million, 21.5% lower than US\$ 74.6 million generated YTD September 2018, but with a positive Q3 2019 result that was higher than Q3 2018 in each business division. The EBITDA reduction of US\$ 16.1 million was explained by a decrease in Gross Margin of US\$ 26 million due to: (i) Lower Industrial Fishing catches in the northern area (smaller sized fish), which led to lower fishmeal production and sales, -22.7% vs YTD September 2018, and fishmeal and oil prices falling by 7% and 14%, respectively; (ii) Salmon Farming with lower sales volumes, higher inventories with lower costs, which should positively affect its fourth quarter results, and the trout joint venture that generated a loss of US\$ 1.7 million YTD September 2019, lower than the US\$ 3.2 million profit in 2018, which has a negative impact of US\$ 4.9 million, or 10% of the Salmon Farming EBITDA.

Total consolidated revenue YTD September 2019 decreased by 13.4%, to US\$ 417 million, lower in all business divisions, but impacted by the decrease in Salmon Farming division, which had lower harvest volumes, lower sales and higher inventories. Salmon Farming also had revenue of US\$12.6 million YTD September 2018 from the purchase and sale of third-party raw material. When this trading is eliminated, revenue fell by 10.1%.

## Salmon Farming Division

EBIT before Fair Value Adjustment (FVA) was US\$ 32.7 million YTD September 2019, 29.5% lower than the US\$ 46.3 million generated in 2018. However, the loss of the trout joint venture that the Company does not operate explained 27% of this decrease. Therefore, EBIT from its own business generated US\$ 34.3 million, 20.4% lower than the US\$ 43.1 million generated in 2018.

The price of own farmed Atlantic salmon YTD September 2019 was slightly lower than in 2018, at US\$ 6.41/kg WFE, which is 5 US cents lower, or -0.8%. Accordingly, EBIT/kg WFE was US\$ 1.11, which was 11 US cents less than in 2018. This decrease was attributable to higher costs in the first half year due to unfavorable environmental conditions in the summer and harvest volumes from low density sites. These conditions reversed in Q3, but not sufficiently to compensate for the weak Q2. Harvest volumes were 16,116 tons in Q3 2019, which was almost the same volume as in H1 2019 and 30% of the estimated annual volume, leaving an estimated 22,000 tons WFE of Atlantic salmon to be harvested in Q4 2019, and an estimated annual volume of 55,400 tons of Atlantic salmon for 2019. Camanchaca also expects to harvest about 4,500 tons WFE of Pacific salmon in Q4. This would bring total harvest volumes for 2019 to 60,000 tons WFE.

The FVA to biological assets (biomass) YTD September 2019 was US\$ 72.4 million, compared to US\$ 70.8 million in 2018, driven by larger biomass to be harvested in successive months. The fair value adjustment for biological assets harvested and sold was negative US\$ 53.2 million YTD September 2019, compared to negative US\$ 68.9 million in same period 2018. The latter adjustment reverses the biomass margins on fish sold during this period that had already been accounted for in previous periods when they were still considered biomass. Consequently, the net FVA YTD September 2019 was positive US\$ 19.2 million, an improvement over the net positive US\$ 1.9 million in 2018. The FVA does not affect EBITDA, taxes, or distributable net income.

## Industrial Fishing Division

There were mandatory spawning closures this quarter for anchovy in the northern fisheries and in the southern fisheries for sardine, as well as lower volumes of jack mackerel along the south Pacific coast. Consequently, there was a significant but seasonal decline in Industrial Fishing. The results of the Industrial Fishing division were as follows:

- The Northern Fisheries division generated a loss of US\$ 4.5 million YTD September 2019, compared to a profit of US\$ 2.9 million in 2018. This reduction was caused by catches decreasing by 21%, in order to carefully manage the biomass. Thus, the costs of non-operational assets were directly expensed, instead of transferring them to production costs, and totaled US\$ 12.3 million YTD September 2019, higher than US\$ 11.5 million in 2018. Furthermore, the biomass conditions continue to produce very low oil yields by September, which fell from 3.4% to 0.4%, and directly impacting the result. Additionally, fish meal prices fell by 7%.
- The Southern fisheries division:
  - Our subsidiary Camanchaca Pesca Sur generated a profit of US\$ 7.1 million, which compares favorably with the profit of US\$ 6.1 million YTD September 2018, as a result of higher catches and lower jack mackerel production costs. This result was affected by a non-recurring loss of US\$ 1.9 million from the sale of a non-operational boat by this subsidiary during the first half of the year. Operating expenses for assets that were non-operational for a few days due to seasonal closures were US\$ 16.1 million YTD September 2019, lower than US\$ 18.9 million in 2018.

- Consequently, the company's 70% share in the Camanchaca Pesca Sur subsidiary had a net income of US\$ 5 million. The Southern Fisheries division also includes a US\$ 2.4 million loss not included in the results for Camanchaca Pesca Sur, mainly financial expenses and unrealized margins on finished products of langoustine lobsters transferred to a subsidiary in the United States that has not yet been delivered to final customers. This leaves the overall result for the southern fisheries division as net income of US\$ 2.6 million YTD September 2019, compared to net income of US\$ 2.2 million in 2018.
- Therefore, the expenses associated to assets that were non-operational for several days due to seasonal closures amounted to US\$ 28.4 million YTD September 2019, US\$ 1.9 million lower than the US\$ 30.4 million expensed in 2018.
- Fishing inventories were US\$ 25.6 million at cost compared to US\$ 13.9 million for the same period last year, which included 10,167 tons of fishmeal that represents close to 4 times the inventories as of September 30, 2018, 1,381 tons of fish oil (+ 28% vs 2018), 4,293 tons of frozen jack mackerel (+44% vs 2018) and 584,000 cans (+9% vs 2018).

### **Corporate Support Departments**

Consolidated administrative expenses for Cía. Pesquera Camanchaca as a percentage of revenue fell from 4.7% YTD September 2018 to 3.7% same period 2019, while distribution expenses increased from 4.5% to 5.2%. Administrative and distribution expenses in aggregate fell from 9.2% of revenue YTD September 2018 to 8.8% in 2019. Administrative expenses decreased from US\$ 22.8 million to US\$ 15.3 million, while distribution expenses decreased from US\$ 21.8 million to US\$ 21.6 million.

Administrative expenses decreased by US\$ 7.5 million, which includes the savings generated from the detailed review of support departments in 2018 covering accounting, technology, human resources, logistics, distribution, and other departments. This review resulted in various efficiency and effectiveness improvement measures, centralizing some functions, transferring some functions to the VIII region, streamlining processes, and decreasing the resources required to perform them.

Net financial expenses totaled US\$ 5.3 million YTD September 2019 compared to US\$ 7 million in 2018. This decrease is due to: i) US\$ 1.2 million loss in the previous year on exchange rate hedging transactions; ii) a reduction in the Libor interest rate; and iii) improvements in the debt spread, linked to compliance with financial commitments regarding the Net Debt over EBITDA ratio.

Other income (expenses) generated a loss of US\$ 4.4 million. Part of this figure was attributable to the Salmon Farming division, which included a provision of US\$ 2.2 million for the net deductible cost of the insurance claim for fish mortalities and uninsured biomass expenditure when the oxygen concentration in the sea water fell, and writing-off US\$ 0.4 million on fixed asset replacement. Part of this figure was also attributable to the Industrial Fishing division, which was mainly a net loss from the sale of non-operational vessels of US\$ 1.9 million.

## Cash flow year to date September 2019

Cash flow from operating activities YTD September 2019 was negative US\$ 1.3 million, compared to positive US\$ 36.0 million in 2018. This was mainly due to lower Atlantic salmon sales this year, working capital increases associated with higher biological assets of Atlantic and Pacific salmon, lower catches in the Northern Fishing division, and income taxes paid.

Cash flow from financing activities was positive US\$ 46.3 million YTD September 2019, compared to US\$ 30.9 million in 2018, explained by short-term bank loans borrowed in Q3 2019 to finance working capital required mainly for biomass and inventories in the Salmon Farming and Industrial Fishing divisions, as well as investments. Financing cash flow YTD September 2019 is explained by using a syndicated revolving credit facility and short-term credit lines for a net amount of US\$ 63.4 million. Dividends paid by Camanchaca and its subsidiaries were US\$ 17.1 million.

Cash flow used in investing activities was negative US\$ 47.4 million YTD September 2019, compared to negative US\$ 40 million in same period 2018. These are investments in plant improvements and automation, fishing fleet improvements and installing new salmon farming sites, which will support the Company's growth plan.

Total net cash flow for the period left a cash balance as of September 30, 2019 of US\$ 27.6 million.

## Statement of Financial Position as of September 30, 2019

### Assets

The Company's total assets increased by US\$ 101.8 million or 14.8% to US\$ 787 million during the period from December 31, 2018 to September 30, 2019. This growth was mainly driven by a strong increase in biological assets and inventories, driven by the 2019-2020 harvest plan, and an increase in fixed assets due to capital investments.

Total current assets were US\$ 373 million, a 22.4% increase from US\$ 305 million balance as of December 31, 2018, attributable to US\$ 53.4 million increase in current biological assets arising from the 2019-2020 harvest plan, an increase in the company's inventories that grew US\$ 32.7 million, partially offset by US\$ 10.8 million decrease in trade receivables due to lower sales in Q3 2019 compared to Q4 2019.

Non-current assets increased by 8.8% or US\$ 33.4 million to US\$ 414 million, mainly due to US\$ 28 million increase in net investments in fixed assets, in line with the company's investment plan.

Inventories valued at cost were US\$ 88 million as of September 30, 2019, US\$ 55.3 million higher than as of December 31, 2018, with increases in both the Salmon Farming and Industrial Fishing divisions. Increases in the Industrial Fishing were mainly volumes of fish meal, frozen fish and cans. The Salmon Farming inventory was higher than at the close of 2018 with a significant mix of value added products.

## Liabilities and Equity

The Company's total liabilities increased by 32.4% or US\$ 70.7 million, from US\$ 218 million at the end of 2018 to US\$ 289 million as of September 30, 2019, financing 70% of the increase in assets.

Current liabilities increased by 13.3% or US\$ 16 million, broken down into increases in current financial liabilities of US\$ 21.7 million, to finance working capital requirements, offset by a reduction in current tax liabilities of US\$ 4.7 million following tax payments in April on the 2018 results.

The Company has syndicated long-term bank facilities for US\$ 140 million at the date of this report, and it had used US\$ 124 million of them as of September 30, 2019. It also has US\$ 55 million of short-term revolving loan, and it had drawn down US\$ 28 million of them.

Since December 31, 2018, Camanchaca's equity has increased by US\$ 31 million or 6.6%, to reach US\$ 498 million, explained by retained earnings for the period.

## Divisions Operating Performance

### Salmon Farming Division

The financial performance of the salmon farming division is closely related to three key drivers:

1. **The price of Atlantic salmon**, which is very sensitive to Norwegian and Chilean supply conditions, and the exchange rates of its main trading partners;
2. **Sanitary conditions for Atlantic salmon**, which affect feed conversion ratios, the use of pharmaceutical and mechanical means to improve fish health and welfare and the final biomass to which costs are allocated.
3. **Feed costs**, which accounts for about half the live fish (ex-cage) unit cost.

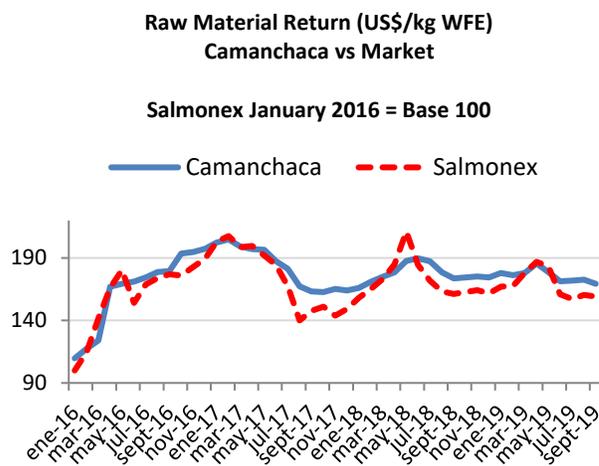
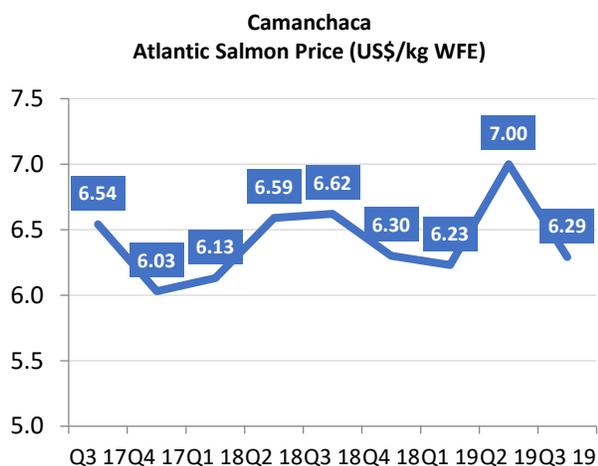
#### I. Product Prices

The average price of Atlantic salmon sold by the Camanchaca division during Q3 2019 was US\$ 6.29 per Kg WFE, which is 4.9% lower than the price for the same period in 2018. Since 2016 there has been an upward trend in the prices of Atlantic salmon with slower supply growth than demand. Contrary to 2015, the strengthening of US dollar during 2018 did not reduce demand for salmon in the Company's target markets and current prices have shown great stability with only minor fluctuations, in line with a stable global and Chilean supply, which encourages increases in consumption.

Prices in Q3 2019 were influenced by a higher proportion of value-added sales, which consequently have higher associated costs, attributable to raw material conditions and market demand, which has resulted in higher sales of fillets and portions in the United States and lower whole fish sales in Russia and Brazil.

The Salmon Farming division achieved during Q3 2019 an average raw material return (RMR) from Atlantic salmon 41 US cents higher than the salmon market reference, Salmonex index. This index had a pronounced increase between April and May 2019, when Camanchaca achieved an RMR lower than this reference, but this was

significantly offset by the favorable difference of 41 cents during Q3 2019, when reference market prices fell by an average of US\$ 4.93. This behavior is due to a portfolio of value-added product contracts that provide greater stability than the spot market.



The Raw Material Return 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 products.

The market Index or "Salmonex" is based on the price of fresh fillet trim D exported by Chilean companies, 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 Return.

## Volumes

Own farmed Atlantic Salmon		Q3 2019	Q3 2018	Δ	Δ %	YTD Sep 2019	YTD Sep 2018	Δ	Δ %
Harvest volumes	Tons WFE	16,116	13,831	2,285	16.5%	33,443	34,552	-1,109	-3.2%
Production	Tons WFE	15,742	13,612	2,130	15.7%	32,997	34,381	-1,384	-4.0%
Sales	Tons WFE	11,972	12,744	-772	-6.1%	30,883	35,384	-4,501	-12.7%
Average sales price	US\$/Kg WFE	6.29	6.62	-0.33	-4.9%	6.41	6.46	-0.05	-0.8%
Price-related change in revenue*	ThUS\$	75,321	79,241	-3,920	-4.9%	197,860	199,495	-1,635	-0.8%

\* With constant volume in 2019

Camanchaca harvested 16,116 tons WFE in Q3 2019, a 16.5% increase compared to Q3 2018. Sales were 11,972 tons WFE in Q3 2019, which is 6.1% lower than Q3 2018. The Company expects to harvest close to 22,000 tons WFE in the fourth quarter, which will bring the total annual harvest to 54,000 to 55,000 tons WFE, in line with the target communicated at the beginning of the year

The Company harvested 489 tons WFE of Pacific salmon during Q3 2019, and these products are now in inventory or in transit. It expects to harvest 4,000 tons WFE during Q4 2019, to reach total production of 4,500 tons for the year.

## Operating revenue

### Sales by market segment YTD September 2019

Product or Species	USA	Europe + Eurasia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Atlantic salmon	87,724	18,936	15,177	16,294	49,674	9,647	3,182	200,633
Trout (33%)	(118)	0	(76)	(786)	0	(17)	(116)	(1,655)
Others	72,836	0	0	0	0	5,914	0	78,750
<b>TOTAL</b>	<b>160,442</b>	<b>18,936</b>	<b>15,101</b>	<b>15,507</b>	<b>49,674</b>	<b>15,544</b>	<b>3,066</b>	<b>277,728</b>

### Sales by market segment YTD September 2018

Product or Species	USA	Europe + Eurasia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Atlantic salmon	74,938	73,520	19,636	10,014	56,660	4,839	1,537	241,143
Trout (33%)	1,078	13	55	2,063	0	0	0	3,209
Others	73,962	0	0	1,518	0	7,617	0	83,097
<b>TOTAL</b>	<b>149,978</b>	<b>73,533</b>	<b>19,691</b>	<b>13,595</b>	<b>56,660</b>	<b>12,456</b>	<b>1,537</b>	<b>327,449</b>

The Company's marketing and sales strategy is to have the capacity and flexibility to diversify products and target markets, and to focus on the most attractive markets for its raw material, based on medium-term conditions in those markets and favoring stable customer relations.

Camanchaca has had a 25% share in "New World Currents" (NWC) through its subsidiary Salmones Camanchaca since 2013, a joint venture with other Chilean producers to market Atlantic salmon in China. There has been a significant increase in air shipments of fresh products to this important market. During this quarter, one of the NWC partners decided to leave, and the remaining partners are in the process of buying out the leaver's share.

The Company defines its value-added products as those containing some degree of secondary processing, including freezing, which accounted for 86.6% of sales YTD September 2019, an increase over 82.3% in 2018.

The remaining volume is sales of head on gutted whole fresh salmon for the South American and Chinese markets. Fresh Atlantic salmon fillets are preferred in the North American market, while Europe favors frozen Atlantic salmon fillets and portions. Japan receives mainly frozen fillets, while China buys both fresh and frozen fillets. The rest of Latin America is supplied with frozen fillets.

The percentage of total revenue from North American markets rose from 45.8% to 57.8% YTD September 2019, while Europe and Eurasia fell from 22.5% to 6.8%, explained by a large fall in Russia, which had less attractive market conditions compared to the previous year. Asia excluding Japan (mainly China) fell from 6.0% to 5.4%, while Japan rose from 4.2% to 5.6%. Latin America excluding Chile rose from 17.3% to 17.9% due to a decrease in the Brazilian market offset by an increase in the Mexican market. As a result of less attractive conditions in Russia and Brazil, products were transferred to traditional markets in Mexico and the USA.

The Camanchaca proportion of its joint venture trout business is disclosed under “Trout” in the previous table. Other income is mostly smolt sales, processing and services for third parties in our primary processing plant, and farm site leases.

### Other salmon businesses

As of September 30, 2019, Salmenes Camanchaca has seven marine farming concessions leased for trout farming in the Reloncaví Estuary (Tenth Region). These leases are the Company's contribution to the Trout joint venture. The sector where these estuaries concessions are located has a compulsory fallow period during the first quarter of odd years. Harvests are lower in these years. Therefore, when stocking began in Q2 2019, only 1,200 tons were harvested in September. The estimate for the whole of 2019 is 7,000 to 8,000 tons.

The assumptions used to develop the Trout joint venture have not changed and the operator, Caleta Bay, continues to estimate average annual harvests of 12,000 tons through to 2022 when the agreement ends, with more in even years and less in odd years.

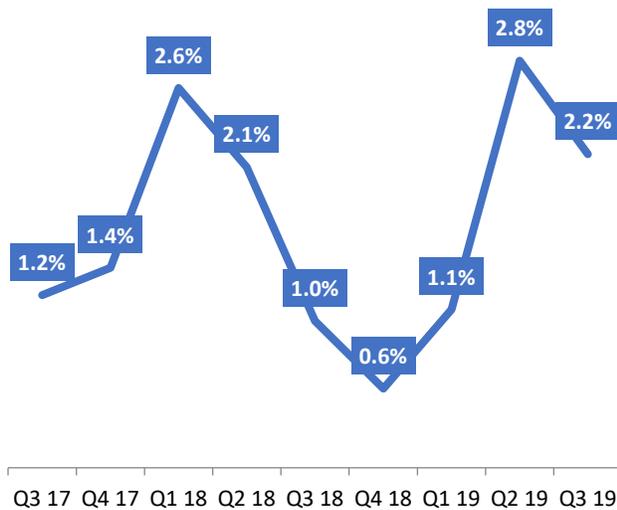
Camanchaca obtained Pacific salmon smolt stocking permits in 2018, in order to take advantage of the estuary farming sites in the Tenth Region and complement the trout joint venture in this neighborhood. The Company stocked 1.4 million smolt of this species, which should produce a harvest volume of 4,500 tons in late Q4 2019, with the majority being sold in H1 2020. This initiative will provide the Company with specific experience in producing and marketing this species, which is considered a beneficial step before the above joint venture comes to an end. The production of Pacific salmon in 2019 represents about 3% of the Chilean supply. The biological performance conditions are better in Chile than for other species. The Company expects negative margins during the first two production cycles in 2019 and 2020, due to smolt stocking densities permitted by the regulations.

## II. Sanitary and Production Conditions

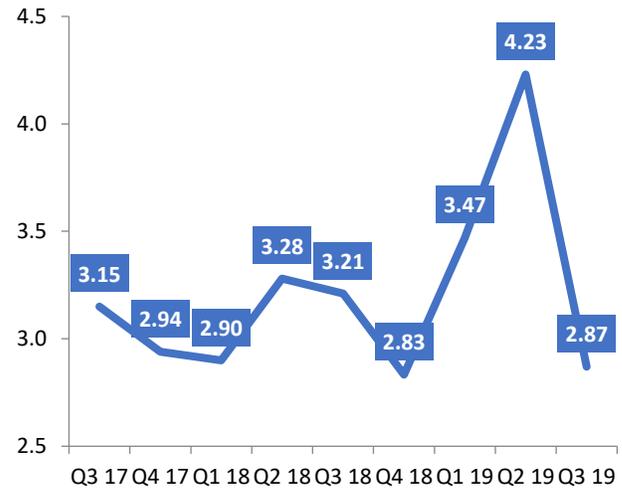
Mortality of the open cycles of Atlantic salmon population during Q3 2019 was 2.2%, higher than the Q3 of the previous cycle (2017) which was 1.2%. This increase was due to isolated oxygen deficiency events at the beginning of the year. The cumulated mortality at sites that completed their cycle in Q3 2019 was 6.1%, negatively affected by algal blooms and a lack of oxygen during the first half of 2019.

Live weight ex-cage costs for harvested fish during Q3 2019 were US\$ 2.87 per Kg, which is 34 US cents lower than in Q3 2018, 28 US cents lower than the previous cycle (Q3 2017) for similar geographical areas, and 13 US cents lower than the Company's long-term target. The reasons for the lower costs are mainly linked to good productive performance at the Pilpilehue site, which enabled it to begin harvesting earlier than planned.

Atlantic salmon mortality\* (%)



Atlantic salmon live weight ex-cage cost (US\$/kg)



\* Total quarterly mortality (number of fish) including both closed and open sites. Closed sites affected by the HAB are included.

The following table shows the trends in the principal closed circuit production and sanitary variables for Q3 2019.

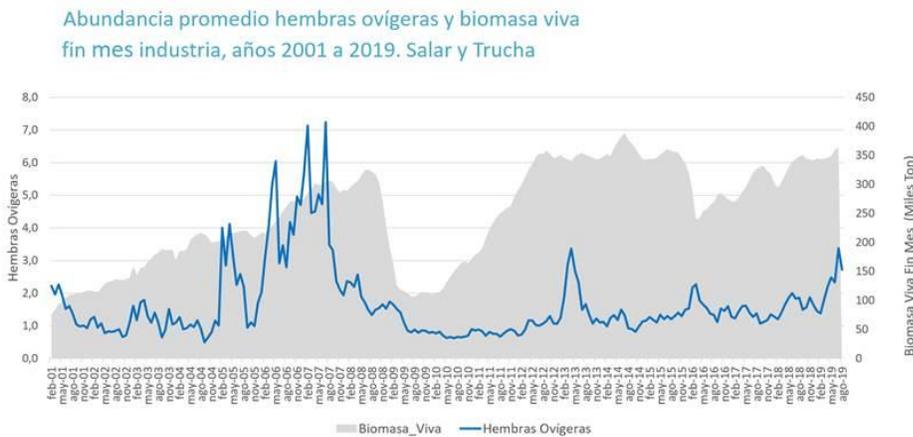
	Biological Indicators					Sustainability Indicators				
	FCRb (Live fish)	Productivity Kg WFE/smolt	Average harvest weight Kg WFE	Antibiotic use Gr/Ton	Antiparasitic drug use Gr/Ton	FIFO Ratio	Cycle duration / Fallow periods	Number of escapes	Medicinal treatments (baths) gr API per ton	Number of antibiotic treatments
2016	1.30	4.72	5.33	345.1	15.9	0.8	18/6	0	15.9	2.0
2017	1.35	4.57	4.69	717.1	10.9	0.7	17/7	0	10.7	3.3
2018	1.18	4.99	5.57	647.7	6.2	0.6	17/7	0	6.1	3.2
2019	1.14	4.80	5.10	948.9	6.4	0.5	17/7	0	6.4	3.0

The biological conversion factor (FCRb = Kg of feed/Kg of live fish) was 1.14 for the sites closed during Q3 2019. This was lower than for the previous quarters of 2019 and the lowest in 4 years, due to normal environmental conditions, frequently using micro rations by remote feeding, and using higher energy diets.

Smolt productivity is defined as harvested biomass in kgs over number of smolts and was 4.80 kg WFE per smolt in Q3 2019, greater than for the previous cycle (2017).

Sea lice concentrations have increased since the second quarter of this year, especially in specific extra saline areas, due to a downward trend in the effectiveness of the most widely used antiparasitic in the industry, Azamethiphos.

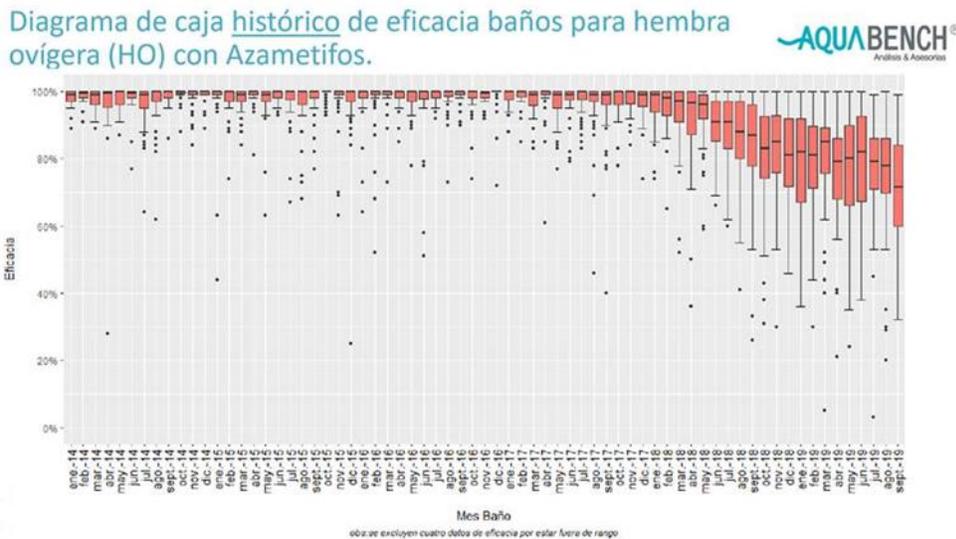
Sea lice concentrations on incubating females during 2014-2019 for the industry.  
 Average volume of incubating Atlantic salmon and trout females and live sea lice biomass at each month end for the industry from 2001 to 2019



Fuente datos: Sernapesca y Aquabench  
 Nota: La abundancia hembras ovigeras (HO) entre 2001 y mayo 2013 corresponde a una estimación de su proporción sobre Cáligus Totales. Desde Mayo 2013 las HO corresponden a los datos reportados en el Proyecto Control Coordinado Cáligus.

Source: Aquabench

Azamethiphos efficiency during 2014-2019 for the industry.  
 Box chart of the historical effectiveness of washing incubating females with Azamethiphos.



Source: Aquabench

The increasing pressure of parasites on the industry has resulted in Camanchaca increasing its antiparasitic use as an initially reactive measure due to their reduced effectiveness, with an increase in treatments. A total of 97 antiparasitic treatments have been carried out by September 2019, costing US\$ 3.3 million, compared to 39 treatments during the same period in 2018 at a cost of US\$ 1.4 million. However, by September 2019 it has still

not been necessary to harvest earlier than planned as of September 30, 2019. The currently observed sea lice concentrations have not decreased appetite on the fish or increased mortality.

At the date of this report, Camanchaca has five farming sites classified as High Propagation Sites (HPS), where more than 3 incubating females on average have been counted at these sites over the last 5 weeks. These sites are located in 3 neighborhoods and currently represent 32% of the company's total live fish.

In these conditions new pharmacological measures have been introduced. Since 4Q 2019 they have included pharmacological treatments with peroxide and a new antiparasitic developed by Pharmaq, called Alfaflux. Furthermore, it will also introduce mechanical or non-pharmacological treatments, such as "Optilizer" developed by the Norwegian company Optimar, and the "FLS Delousing System" from Flattestund Engineering, which use temperature and water pressure variation systems, to loosen the sea lice.

Sernapesca issued an amendment to the sea lice control regulations in October 2019, which included voluntary harvests for 25% of an HPS site without these being treated as mortality when it is close to an HPS 3 (HPS three times in a row), thus effectively controlling their propagation. Furthermore, it created the obligation to reduce the number of incubating females when treatments have not used the antiparasitic Azamethiphos. Thus providing incentives to use new control methods. The Company believes that these are positive changes that control the propagation of sea lice.

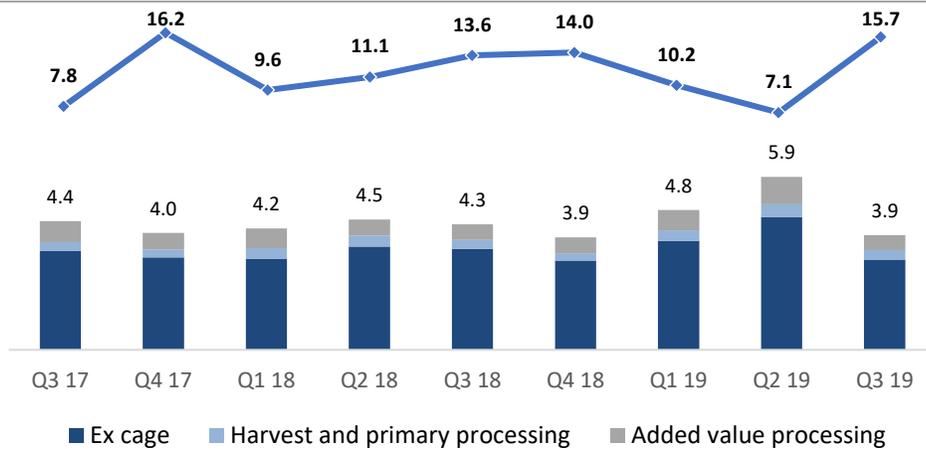
The increase in antibiotic consumption in Q3 2019 was 46% compared to Q3 2018, This was due to a specific situation at the SW Filomena farming site that was fully harvested in Q3 2019, the site was affected by an outbreak of SRS. This involved prescribing more antibiotic treatments than the average for other farming sites, to protect the health and welfare of these fish.

Primary and secondary processing costs were US\$ 0.84/kg WFE, similar to costs in Q3 2018 and 18 US cents lower than Q3 2017 (-17.6%). They benefited from higher processing volumes, despite a production mix with a higher proportion of added value products.

The total cost of the finished product per kg WFE was 37 US cents lower than 3Q 2018. The cost for the same geographical areas covering the sites harvested was 47 US cents lower than for the previous cycle in 2017.

Costs (US\$/Kg WFE)	Q3 17	Q3 18	Q3 19
Ex cage	3.38	3.46	3.09
Harvest and primary processing	0.31	0.30	0.32
Added value processing	0.71	0.54	0.52
<b>Finished product total cost</b>	<b>4.40</b>	<b>4.30</b>	<b>3.93</b>

**Total cost of finished product (US\$/Kg WFE) and volume processed (M Ton WFE)**

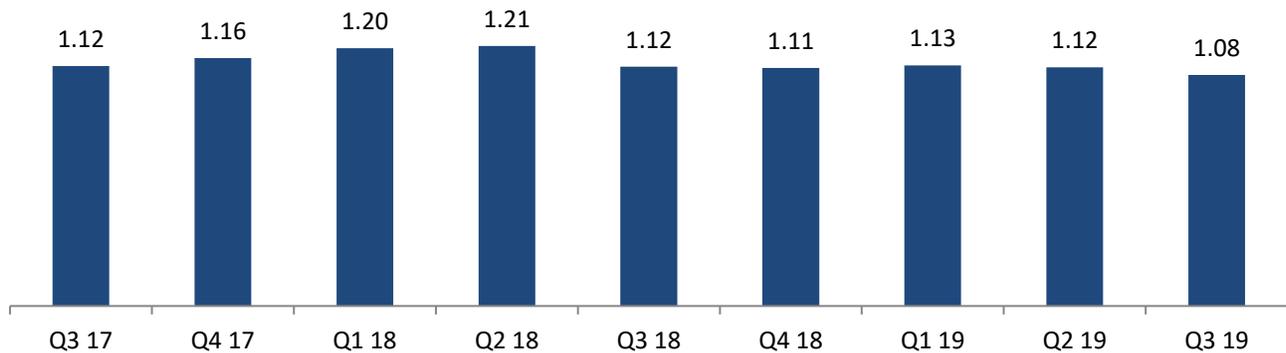


### III. Feed Cost

Feed costs have remained stable in recent years, as the prices of its main ingredients, such as fishmeal, fish oil and soybeans, have remained relatively stable, although their prices began to fall during the first nine months of 2019. Soybean prices fell slightly in Q3 2019 compared to the previous quarter, but have been offset by a small rise in fishmeal and fish oil prices.

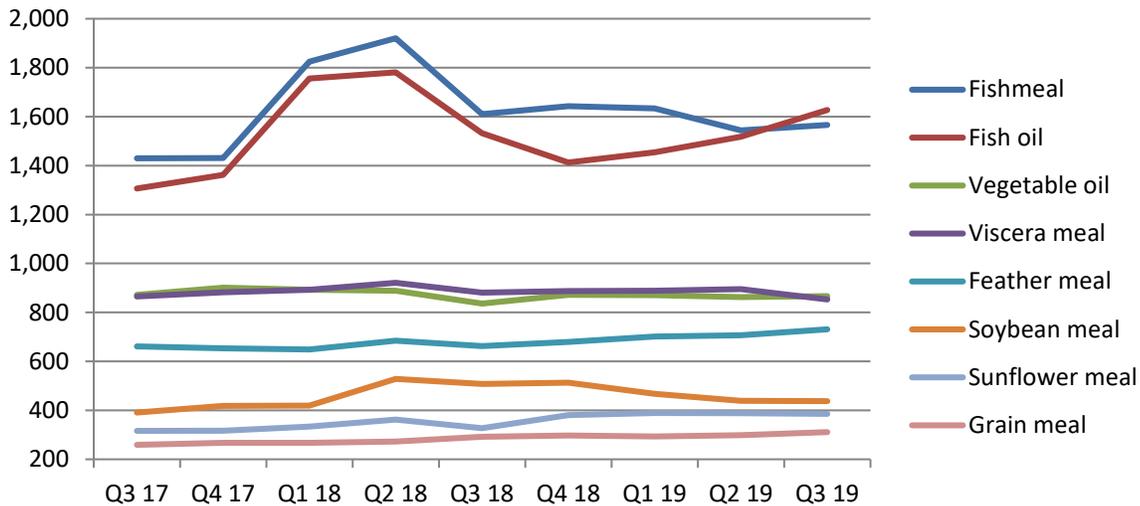
The price of feed for fish weighing more than 2.5 kg, which represents close to 40% of the Company's total feed cost, remained stable in Q3 2019, at US\$ 1.08 per kg, only 4 US cent less than in the previous quarter or 3.6% less, due to the fall in fishmeal and soybean prices.

**Price for 2500 caliber (Camanchaca) US\$/Kg**



Price includes pigment. Does not include medicated foods, food additives or supplements

### Price of main ingredients US\$/ton



### Industrial Fishing Division

The performance of the Industrial Fishing division is closely related to three factors:

1. The **volume of industrial fishing catches**, which impacts the scale of production and, therefore, unit costs.
2. The **price of fishmeal**, which is strongly correlated with Peru's catches.
3. **Fuel prices**, which impact Industrial Fishing costs as well as raw material processing costs.

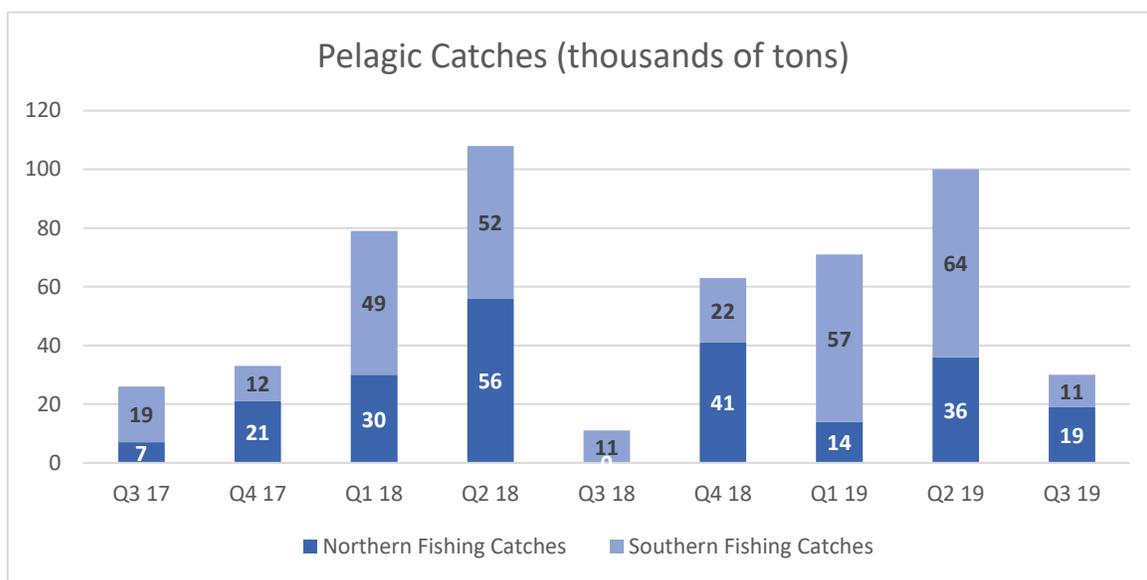
#### I. Catches and production

Anchovy catches in the northern area were 65,000 tons YTD September 2019, 23% lower than in 2018, mainly due to seasonal closures for small juveniles, where fishing is restricted by keeping juveniles out of catches and preserving the biomass. Accordingly, fish meal production fell by 23.6% to 16,011 tons. Fish oil yield decreased from 3.4% YTD September 2018 to 0.4% in 2019. Together with smaller catches, fish oil production decreased by 90% from 2,925 to 296 tons. Lower oil yields are also attributed to smaller fish size and directly affected the division's performance.

Catches for Jack mackerel in the Southern totaled 71,000 tons, 22.2% higher than 58,000 tons caught in 2018. These catches were complemented by Atlantic mackerel catches of 4,979 tons YTD September 2019 compared to 7,926 tons in 2018. The large pelagic fish catches of Jack mackerel and Atlantic mackerel are preferably for human consumption (80%) and totaled 76,000 tons. These fish produced 36,000 tons of frozen Jack mackerel (vs 26,000 tons YTD September 2018) and 1.2 million cans (similar to same period 2018).

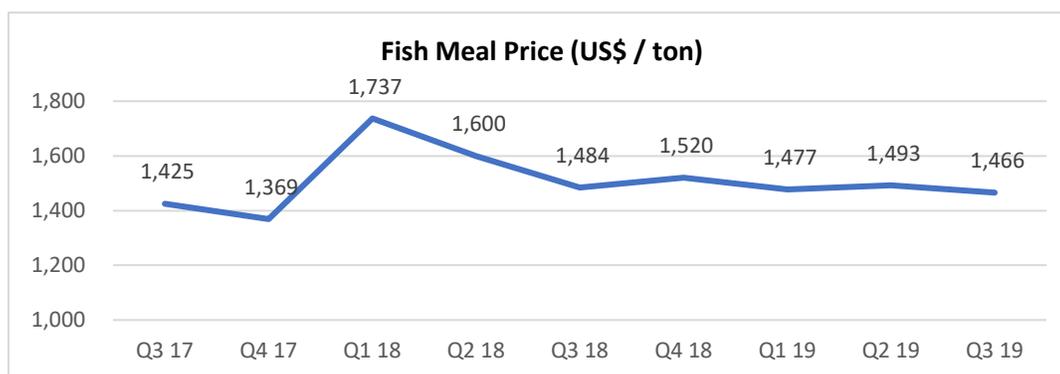
The industrial and local independent catches of sardines in the southern area were 31% higher and reached 55,000 tons YTD September 2019, which positively increased the production of southern fish meal and oil by 7.4% and 12.5%, respectively.

Langoustine lobster catches were 4,061 tons YTD September 2019 (-0.6% vs 2018) and produced 523 tons (506 tons in 2018) with a yield of 12.9%, slightly higher than 12.3% achieved YTD September 2018.



## II. Prices and sales

The entire quota of Peruvian anchovy of 3.3 million tons has been captured in the last 3 seasons. First season 2018, 2.1 million tons, second season 2018, and 2.1 million tons, first season 2019. This has maintained prices stable at US\$ 1,466 per ton in Q3 2019. However, the second quota of Peruvian anchovy established at 2.8 million is considered to be high, as it is 33% higher than the previous year and 108% higher than the average for the second seasons of the last 5 years. Together with the decrease in Chinese demand, due to mortality among pigs affected by African swine fever, the result has been a fall in prices to US\$ 1,300 per ton for prime Chilean fish meal at the date of this analysis.



Consolidated fish meal sales decreased by 23% YTD September 2019, to 27,000 tons, and fish oil sales decreased by 27%, to 5,795 tons in 2019. Although the inventory of fish meal and oil fell in Q3 2019, they were still around 10,000 tons, which represents about 3 month's sales.

Frozen Jack mackerel is mainly sent to Africa. Sales increased by 12,000 tons YTD September 2019 at 36,000 tons, which was 51% higher than sales volumes in 2018, and at a price of US\$ 854, which was 11.5% lower. The inventories of frozen Jack mackerel were 4,263 tons YTD September 2018, which is 44% higher than same period 2018, due to higher catches of Jack mackerel YTD September 2019 (+22% vs 2018).

The average price for canned fish YTD September 2019 was US\$ 21.8 per box, similar to 2018. Sales were 868,000 boxes YTD September 2019, an increase of 3.7% compared to 2018. The canned fish inventory at Camanchaca was 584,000 boxes as of September 30, 2019, at a cost close to US\$ 11.6 per box, with inventories slightly higher than expected due to higher catches of Jack mackerel and Atlantic mackerel YTD September 2019 (+9% vs. 2018) and lower sales at the beginning of the year due to restrictions in Asian markets.

Langoustine lobster sales decreased by 7.1% YTD September 2019, to 420 tons, at an average price of US\$ 25.7/kg (+1.2% vs. 2018).

#### Sales by market segment YTD September 2019

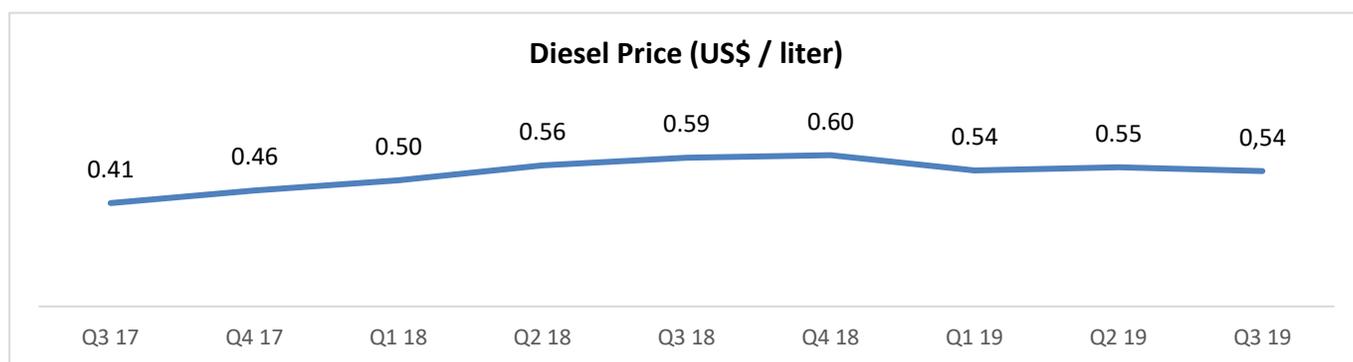
Product	USA ThUS\$	Europe + Eurasia ThUS\$	Asia, except Japan ThUS\$	Japan ThUS\$	LATAM, except Chile ThUS\$	Chile ThUS\$	Others ThUS\$	TOTAL ThUS\$
<b>North</b>								
Fishmeal	0	0	15,690	5,681	0	0	0	21,371
Fish oil	0	158	105	0	0	225	0	488
<b>South</b>								
Fishmeal	0	0	5,398	1,905	45	10,960	0	18,308
Fish oil	0	2,233	672	0	0	5,540	0	8,445
Canned fish	731	243	2,832	0	5,433	7,283	2,427	18,950
Frozen fish	0	473	24	0	1,017	438	28,477	30,429
Langoustine lobster	10,679	0	24	53	0	31	0	10,788
<b>Others</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,762</b>	<b>0</b>	<b>7,762</b>
<b>TOTAL</b>	<b>11,410</b>	<b>3,107</b>	<b>24,745</b>	<b>7,639</b>	<b>6,495</b>	<b>32,239</b>	<b>30,905</b>	<b>116,541</b>

### Sales by market segment as of December 31, 2018

Product	USA ThUS\$	Europe + Eurasia ThUS\$	Asia, except Japan ThUS\$	Japan ThUS\$	LATAM, except Chile ThUS\$	Chile ThUS\$	Others ThUS\$	TOTAL ThUS\$
<b>North</b>								
Fishmeal	0	0	30,186	2,596	0	0	0	32,782
Fish oil	0	4,603	312	0	771	133	0	5,819
<b>South</b>								
Fishmeal	0	0	8,645	1,880	0	11,398	373	22,297
Fish oil	0	0	783	0	0	7,600	0	8,383
Canned fish	580	330	1,156	0	4,781	6,042	5,538	18,427
Frozen fish	0	121	0	0	1,991	246	20,433	22,791
Langoustine lobster	11,048	0	0	243	0	184	0	11,476
<b>Others</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,128</b>	<b>0</b>	<b>8,128</b>
<b>TOTAL</b>	<b>11,628</b>	<b>5,054</b>	<b>41,082</b>	<b>4,719</b>	<b>7,543</b>	<b>33,731</b>	<b>26,344</b>	<b>130,101</b>

### III. Fuel costs

The cost of diesel oil acquired by Camanchaca was 54 US cents per liter in Q3 2019, 8% lower than Q3 2018.



## Volumes

		Q3 2019	Q3 2018	Δ	Δ %	Sep 30 2019	Sep 30 2018	Δ	Δ %
<b>CATCHES</b>									
<b>North</b>	<b>tons.</b>	<b>19,079</b>	<b>332</b>	<b>18,747</b>	<b>5646.8%</b>	<b>68,813</b>	<b>86,542</b>	<b>-17,728</b>	<b>-20.5%</b>
Owned	tons.	18,041	332	17,709	5334.0%	65,642	85,554	-19,912	-23.3%
Third parties	tons.	1,038	0	1,038	-	3,172	988	2,184	221.1%
<b>South</b>	<b>tons.</b>	<b>10,469</b>	<b>11,270</b>	<b>-801</b>	<b>-7.1%</b>	<b>131,529</b>	<b>111,610</b>	<b>19,919</b>	<b>17.8%</b>
Owned	tons.	7,730	11,270	-3,540	-31.4%	75,821	69,693	6,128	8.8%
Third parties	tons.	2,739	0	2,739	-	55,708	41,917	13,791	32.9%
<b>Total</b>	<b>tons.</b>	<b>29,549</b>	<b>11,602</b>	<b>17,947</b>	<b>154.7%</b>	<b>200,342</b>	<b>198,152</b>	<b>2,190</b>	<b>1.1%</b>
<b>PRODUCTION</b>									
Fishmeal	tons.	6,064	861	5,203	604.6%	31,840	35,695	-3,855	-10.8%
Fish oil	tons.	337	281	56	19.9%	6,969	8,857	-1,887	-21.3%
Canned fish	Boxes	158,463	18,086	140,377	776.2%	1,168,740	1,082,699	86,041	7.9%
Langoustine lobster	Kg.	165,400	172,280	-6,880	-4.0%	523,000	505,773	17,227	3.4%
Frozen jack mackerel	tons.	3,003	7,188	-4,185	-58.2%	36,360	26,362	9,998	37.9%
<b>VENTAS</b>									
Fishmeal	tons.	10,872	6,653	4,219	63.4%	26,820	34,702	-7,883	-22.7%
Fish oil	tons.	1,492	487	1,005	206.5%	5,795	7,895	-2,100	-26.6%
Canned fish	Boxes	354,714	300,684	54,030	18.0%	867,833	836,719	31,114	3.7%
Langoustine lobster	Kg.	180,391	192,114	-11,723	-6.1%	420,429	452,462	-32,033	-7.1%
Frozen jack mackerel	tons.	11,784	9,787	1,997	20.4%	35,614	23,618	11,995	50.8%
<b>PRICES</b>									
Fishmeal	US\$/ton	1,466	1,484	-18	-1.2%	1,479	1,587	-108	-6.8%
Fish oil	US\$/ton	1,538	1,814	-276	-15.2%	1,542	1,799	-257	-14.3%
Canned fish	US\$/box	21.9	21.9	0.0	-0.2%	21.8	22.0	-0.2	-0.9%
Langoustine lobster	US\$/Kg	25.8	25.6	0.2	0.6%	25.7	25.4	0.3	1.2%
Frozen jack mackerel	US\$/ton	782	1,013	-231	-22.8%	854	965	-111	-11.5%
<b>Price-related change in revenue*</b>									
Fishmeal	ThUS\$	15,933	16,130	-197	-1.2%	39,679	42,568	-2,889	-6.8%
Fish oil	ThUS\$	2,295	2,706	-411	-15.2%	8,933	10,424	-1,491	-14.3%
Canned fish	ThUS\$	7,768	7,783	-15	-0.2%	18,950	19,112	-163	-0.9%
Langoustine lobster	ThUS\$	4,647	4,618	29	0.6%	10,788	10,663	125	1.2%
Frozen jack mackerel	ThUS\$	9,215	11,941	-2,726	-22.8%	30,429	34,366	-3,937	-11.5%
<b>Total</b>	<b>ThUS\$</b>	<b>39,858</b>	<b>43,178</b>	<b>-3,320</b>	<b>-7.7%</b>	<b>108,779</b>	<b>117,134</b>	<b>-8,355</b>	<b>-7.1%</b>
<b>Change in fuel costs due to price effect*</b>									
Diesel oil	ThUS\$	1,122	1,225	-103	-8.4%	4,415	4,428	-13	-0.3%
Bunker fuel	ThUS\$	390	410	-20	-4.9%	2,051	1,941	110	5.7%
<b>Total</b>	<b>ThUS\$</b>	<b>1,512</b>	<b>1,635</b>	<b>-123</b>	<b>-7.5%</b>	<b>6,466</b>	<b>6,369</b>	<b>97</b>	<b>1.5%</b>

\* With constant volume in 2019

## Other Seafood Division

Revenue for this division decreased by 5.7% to US\$ 23.1 million YTD September 2019. Administrative and distribution expenses decreased by 27.5% and 16.5%, respectively, which is reflected in savings of US\$ 1.3 million in administrative and selling expenses, mainly due to lower refrigeration costs associated with more efficient sales and higher inventory turnover. Thus, EBITDA was US\$ 1.1 million YTD September 2019, which is US\$ 2.6 million higher than 2018, generating net income of US\$ 0.1 million, which compares with a net loss of US\$ 1.7 million in same period 2018.

Mussel production by the subsidiary Camanchaca Cultivos Sur was 3.5% higher YTD September 2019, at 7,623 tons of finished products from 24,700 tons of processed raw material, 35% of which was purchased from third party producers (36% in 2018). Revenue fell by 9.2% to US\$ 20.8 million, due to a 15% decrease in sales volumes associated with lower raw material yields in spite of better inventory management, which fell 38% with respect to 30 September 2018, to 1,266 tons of finished product. These factors generated a positive EBITDA of US\$ 1 million compared to negative US\$ 0.8 million YTD September 2018, and net income of US\$ 0.1 million compared to a net loss of US\$ 1.2 million YTD September 2018. Despite this improvement, the business continues to be affected by lower yields of the Company's farming sites, due to lower nutrients or higher biomasses at the Company's concessions. This requires the purchase of greater volumes of raw material from local independent fisherman at a higher cost, in order to efficiently use the plant's processing capacity.

The abalone business had a small net loss of US\$ 21,400 YTD September 2019, compared to a net loss of US\$ 469,000 same period 2018, and positive EBITDA of US\$ 143,000, compared to negative US\$ 635,000 YTD September 2018.

## Volumes

		Q3 2019	Q3 2018	Δ	Δ %	YTD Sep 2019	YTD Sep 2018	Δ	Δ %
<b>PRODUCTION</b>									
Abalone	tons.	58	34	24	71.6%	163	88	75	85.2%
Mussels	tons.	1,573	1,121	452	40.3%	7,623	7,364	260	3.5%
<b>VENTAS</b>									
Abalone	tons.	39	31	9	28.5%	124	76	48	64.0%
Canned abalone	Boxes	0	0	0	-	0	0	0	-
Mussels	tons.	2,247	2,816	-569	-20.2%	7,254	8,509	-1,255	-14.7%
<b>PRICES</b>									
Abalone	US\$/Kg	20.3	18.8	1.5	7.9%	20.9	19.6	1.3	6.7%
Canned abalone	US\$/box	-	-	-	-	-	-	-	-
Mussels	US\$/Kg	2.83	2.59	0.25	9.5%	2.78	2.57	0.21	8.3%
<b>Price-related change in revenue*</b>									
Abalone	ThUS\$	799	740	58	7.9%	2,598	2,434	164	6.7%
Mussels	ThUS\$	6,370	5,819	551	9.5%	20,189	18,651	1,539	8.3%
<b>Total</b>	<b>ThUS\$</b>	<b>7,168</b>	<b>6,559</b>	<b>609</b>	<b>9.3%</b>	<b>22,788</b>	<b>21,085</b>	<b>1,703</b>	<b>8.1%</b>

\* With constant volume in 2019

## Subsequent Events

On November 5, 2019, Compañía Pesquera Camanchaca S.A. and Empresa Portuaria Iquique signed an extension to their contract for the use of the port area. The contract has been extended to April 30, 2025, which allows the plant to continue operating until 31 December 2024.

The Company was affected by social disturbances covering the whole of Chile at the end of October and in early November. Consequently, the primary plant operated by the Salmon Farming division near Puerto Montt suffered from interruptions that forced reductions in harvesting and processing volumes, resulting in a reduction of approximately 1,000 tons in November, which will be harvested and processed in 2020. Nevertheless, this social disruption did not cause any injuries to employees, nor damage the Company's assets or its farming, harvesting or processing capacities.

The exchange rate during late October and early November increased for the same reasons, although this has not adversely affected the Company, as approximately 35% to 40% of its expenses are in local currency.

## Main Risks and Uncertainties

External variables might materially impact the Company's annual performance. The principal variables affecting revenue are pelagic fishing catches and the biological condition of Atlantic salmon harvests, as well as market conditions and prices of its main products, fishmeal and Atlantic salmon. The most critical cost factors are the environmental conditions at farming sites, the health status of the salmon biomass, biological feed conversion, pelagic catches that defines the scale of production, and the costs of diesel, energy and salmon feed.

Consequently, fishing and aquaculture companies are exposed to various risks, which require Camanchaca to use a risk matrix that directs and prioritizes the Company to i) review and update the critical risk inventory and generate a map that helps manage risks; ii) assess these risks on the basis of impact and probability parameters that helps with prioritizing; iii) implement an internal audit and control plan based on the risk map that focuses resources on the most vulnerable areas; iv) generate strategies to mitigate their probability and impact, including insurance wherever this is financially feasible and attractive. These risk matrix guides management to continuously manage and mitigate each risk and establish the corresponding responsibilities, as well as the frequency and depth of internal controls to validate the effectiveness of mitigating measures.

The factors used to detect and manage not only critical risks when events occur, but also operational management are: the Company's mission, vision and values; short and long-term strategic planning; known risks inherent to the business; the knowledge and experience of key personnel; and other factors.

### a) Phytosanitary risks

The Company is exposed to risk of disease or parasites that can affect the biomass, increasing mortality or reducing growth of specific species, and thereby, production and sales volumes. Furthermore, salmon farming faces risks associated with harmful algae blooms and low levels of oxygen at farm sites, especially in summer when greater sun-light and higher temperatures encourage these situations.

Camanchaca has adopted strict standard controls to minimize these risks, and comply with the Authority's requirements with respect to coordinated fallow periods for the concessions in each neighborhood, maximum fish density in cages, constant monitoring and reporting of the biomass and its biological status and health, the

production of smolt in closed recirculation systems with under-ground water, transport of smolts for stocking and wellboats for harvesting fish, coordinated antiparasitic washing by neighborhoods, regular net cleaning, oxygen plants to supplement pronounced oxygen deficits in the water, vaccinations at the freshwater stage, among other standards. The risks associated with increased concentrations of parasites can result in early harvests under certain circumstances, with the consequent lower harvest weights. In extreme cases, they can result in unusable products. The Company is mitigating these risks by not only rigorously applying current treatments, but also diversifying the anti-parasitic treatments applied to sites affected by higher concentrations. Despite these mitigating measures, sea lice cannot be eradicated as a source of phytosanitary risks in the foreseeable future.

Oceanographic and climatic conditions are among the variables that affect the condition and location of suitable shoals of pelagic fish.

#### **b) Natural Risks**

The Company is exposed to natural risks that may affect normal operations, such as volcanic eruptions, tidal waves and tsunamis, earthquakes, harmful algae blooms, natural predators, pollution and other factors that may threaten the biomasses, fish catches and production infrastructure. The Company is constantly monitoring these variables using the latest technologies available in Chile, in addition to having appropriate insurance coverage for these risks, where available.

#### **c) Sales Price Risks**

The Company exports its products mainly to numerous markets and evaluates the prices it obtains, for which it has a wide commercial network. The Company adjusts the speed of its sales in accordance with production and market conditions, which are constantly changing. However, it does not operate a policy of accumulating inventory in order to speculate on a better sale price in the future.

- Industrial Fishing Division: Despite short-term price volatility, global supply restrictions and sustained growth in demand for protein, driven primarily by developments in aquaculture and increased availability of products for human consumption, have kept a positive trend in prices in recent years.
- Salmon Farming Division: Prices are highly dependent on supplies from Norway and Chile and on fluctuations in exchange rates used by the Company's major trading partners, which affects demand conditions in these markets. Camanchaca has sought to safeguard against this risk through diversifying its commercial network and wide and flexible range of its products to enable its raw material to be sent to any market.
- Other Seafood Division: Mussel prices have experienced a stable trend on international markets in recent years, without large inter-annual fluctuations. Abalone prices have begun to recover after the greater controls imposed by Chinese authorities in 2014 on luxury expenses for civil servants, once supply is matched to demand. The Company has mitigated these risks by optimizing costs, strengthening commercial ties with offices in various parts of the world, creating high-quality products and launching products in other formats.

#### **d) Purchase Price Risks**

The Company is exposed to changes in the price of commodities such as diesel and bunker oil. The Company does not use financial derivatives to mitigate this risk, as the size of future catches is uncertain. However, historically there has been some correlation between the price of fishmeal and other commodities, which reflects the state of the global economy.

The Company is exposed to changes in the price of salmon feed, which represents about half the production cost. Camanchaca ensures its diets achieve a balance between feed cost and nutritional quality at each fish development stage. The Company aims to produce a final product that contains the same amount of Omega 3 as wild salmon, as well as keeping the ratio of marine sourced feed to farmed fish (the fish in-fish out ratio), to no more than 1.0. The Company has feed contracts with prices adjusted quarterly, on a cost-plus basis.

On average, 30% of total fishing catches come from local independent fishermen. The Company has long-term agreements with them in relation to volumes, pricing systems and additional guarantees. Therefore, Camanchaca is protected as purchase prices are indexed to fishmeal sales prices. The Company provides boat construction financing to local independent fisherman with whom it holds fish purchasing agreements, allowing boat owners to pay off the loan as the Company purchases fish.

#### **e) Regulatory Risks**

Our business relies on laws, standards and regulations issued by fishing authorities, and significant changes could have an impact on our performance. Such as the Fisheries Act published on February 9, 2013 that replaced individual fishing quotas with transferable fishing licenses. The regulations governing seafood farming are mainly established by the General Law on Fisheries and Aquaculture, and its associated regulations, which assign concessions, manage the biomass, establish preventive sanitary regulations, and other regulations. The Company is constantly monitoring changes in regulations in order to anticipate and mitigate any potential impact.

A draft fishing bill, called the Short Law, is being processed by Congress, which aims to change the Fisheries Act of 2013 by eliminating renewability for type B fishing licenses, whose status is enshrined in the 2013 law. The 2013 law granted holders of indefinite fishing permits that were valid till 2012, to choose a new LTP-A fishing license based on their maximum catch licenses valid through to 2012 but waiving their indefinite fishing licenses. On that occasion Camanchaca choose this waiver in exchange for an LTP-A license, in the belief that its divisibility, transferability and renewability was attractive to the Company. Approval of the Short Law would be a serious violation of its rights exchanged in 2013, and the Company would exercise all the legal measures to which it is entitled to defend its legitimate interests.

The regulations governing salmon farming densities were changed with effect from Q3 2016, and a smolt stocking reduction program was introduced (SRP) as an alternative to the general density regime. This program requires stocking and farming densities to be reduced when sanitary performance has fallen, or when smolt stockings are expected to increase in the area. The SRP mechanism gives producers the option to replace a reduction in density, when appropriate, with a smolt stocking plan that considers growth containment with respect to the previous cycle, so maintaining densities at maximum permitted levels.

The Company's policy has been to use its assets to provide services to third parties/producers, therefore it has routinely leased out several farm sites. Regulations attribute the history of concession use to the concession owner, allowing the Company to use the history of smolt stocking at farm sites leased to third parties in its smolt stocking plans, without affecting the growth of smolt stocking in the areas involved. Therefore, as lease contracts expire

beyond 2020, the Company estimates Atlantic salmon harvests of 60,000 tons WFE at its own farm sites, plus another 15,000 to 16,000 tons WFE of other species.

Most of the concessions held by Camanchaca for farming fish are of indefinite duration. However, in order to retain the concession, the current regulation requires a minimum amount of use. If minimum use is not achieved, the concession may be revoked. This has led the Company to operate some of its farm sites at minimum capacity for a minimum period where they are at risk of revocation, which results in additional expense. This situation generates a regulatory contradiction between an obligation to use the concession, and legislation that prefers smolt stocking growth containment, in order to preserve a healthy sanitary situation, reflected in the SRP mechanism.

The financial statements could be affected by changes in economic policies, specific regulations and other standards introduced by authorities.

#### **f) Liquidity Risks**

Liquidity risk is the risk of potential mismatches between the funds needed for investments in assets, operating expenses, finance costs, repayment of debt as it matures and dividend payments, and funding sources such as product sales revenue, collections from customers, disposal of financial investments and access to financing.

Camanchaca conservatively and prudently manages this risk by maintaining sufficient liquidity and access to third-party financing facilities, while carefully ensuring that it complies with all its financial obligations.

#### **g) Interest Rate Risks**

The Company is exposed to interest rate risk since its long-term financing includes a variable interest rate component, which is adjusted every six months. The Company evaluates its hedging options, depending on market conditions, but has not used them during the last five years.

#### **h) Exchange Rate Risks**

A substantial proportion of Camanchaca's revenue arises from contracts and commercial agreements set in US dollars. However, given the diversity and importance of markets other than the North American market, which have historically represented more than 30% of total exports, any devaluation of the US dollar against these markets' currencies and/or the Chilean Peso, could have an impact on market demand and consequently on prices, which would affect the financial performance of the Company.

Corporate policy is to agree income, cost and expenses in US dollars whenever possible. When that is not possible, expenses in Chilean pesos are converted to US dollars, which may appear higher if the Chilean peso appreciates. The Company occasionally evaluates exchange rate hedging instruments for its Chilean peso-denominated expenses, based on market conditions, which results in non-operating income or loss, respectively, for any operational loss or income produced.

The Company borrows from financial institutions in U.S. dollars.

#### **i) Credit risk**

##### **i.1) Surplus Cash Investment Risks**

The Company has a highly conservative policy for investing its cash surpluses. This policy covers the quality of both financial institutions and their financial products.

#### i.2) Sales Operations Risks

Camanchaca has credit insurance policies covering most sales that do not require immediate payment. The remaining sales are backed by letters of credit, advance payments, or are sales to customers with good payment performance.

#### j) Social and Political Risks

Specific social conditions and/or political situations, such as riots, violence or protests, can generate temporary operational interruptions that affect the continuity of processing plants, primary and/or secondary logistics at export ports, access to specific public services, such as customs or health authorities, availability of labor or security of onshore facilities when faced with strikes, protests, etc. These situations can affect and delay catches, harvests, production or shipments of products to target markets. The Company continuously monitors these situations to preserve the safety of everyone, its facilities and its products. The Company regularly evaluates mitigating factors, including appropriate insurance policies.

## Financial Statements

### Consolidation

The consolidated financial statements as of September 30, 2019 and December 31, 2018 include Camanchaca S.A., Salmones Camanchaca S.A., Camanchaca Pesca Sur S.A., Camanchaca Cultivos Sur S. A., Camanchaca SpA, Transportes Interpolar Limitada and Aéreo Interpolar Limitada.

Cía. Pesquera Camanchaca S.A. operates fishmeal and fish oil processing plants in the northern Chile. Abalone farming and processing takes place in Caldera, in the third region.

The subsidiary Camanchaca Cultivos S.A. has marine farming concessions located at Chiloé Island in southern Chile, and a processing plant that produces mussels with shell/whole and unshelled.

Salmones Camanchaca S.A. produces, farms and processes salmon and includes Fiordo Blanco S.A. and Fiordo Azul S.A., who own salmon farming concessions.

Camanchaca Pesca Sur S.A. catches, produces and markets pelagic fish in central southern Chile. It includes Cannex S.A., which markets canned food.

Camanchaca SpA owns the foreign companies Camanchaca Inc., (USA), Camanchaca Ltd. (Japan), and Inmobiliaria Camanchaca S.A. (Chile).

The statements of financial position are presented as of September 30, 2019. They are compared with these statements as of December 31, 2018. The statements of net income and cash flow are presented for the period ended September 30, 2019 and compared to the period ended September 30, 2018.

## Consolidated Statement of Net Income (ThUS\$)

Consolidated (ThUS\$)	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Operating revenue	147,030	156,712	417,415	482,091
Cost of sales	(116,834)	(130,736)	(342,405)	(381,112)
<b>Gross profit before fair value adjustments</b>	<b>30,196</b>	<b>25,977</b>	<b>75,010</b>	<b>100,979</b>
Administrative expenses	(4,545)	(6,128)	(15,255)	(22,790)
Distribution expenses	(7,400)	(6,978)	(21,611)	(21,789)
<b>EBIT before fair value adjustments</b>	<b>18,250</b>	<b>12,871</b>	<b>38,144</b>	<b>56,400</b>
<b>EBITDA before fair value adjustments</b>	<b>26,622</b>	<b>19,186</b>	<b>58,548</b>	<b>74,602</b>
Gain (loss) on fair value adjustment of biological assets	43,739	24,409	72,396	70,769
Fair value adjustment to biological assets harvested and sold	(27,667)	(22,040)	(53,163)	(68,904)
<b>EBIT after fair value adjustments</b>	<b>34,322</b>	<b>15,239</b>	<b>57,378</b>	<b>58,265</b>
<b>EBITDA after fair value adjustments</b>	<b>42,694</b>	<b>21,555</b>	<b>77,781</b>	<b>76,466</b>
Financial costs	(2,082)	(3,386)	(5,298)	(6,968)
Share of net income (losses) of equity method associates	277	468	1,294	1,294
Exchange differences	(3,535)	(208)	(2,269)	(1,606)
Other income (losses)	(80)	(122)	(4,416)	(188)
Financial income	(0)	(30)	24	53
<b>Net income before tax</b>	<b>28,900</b>	<b>11,961</b>	<b>46,712</b>	<b>50,848</b>
Income tax expense	(8,302)	(2,316)	(12,681)	(12,484)
<b>Net income for the period</b>	<b>20,598</b>	<b>9,644</b>	<b>34,031</b>	<b>38,364</b>
Non-controlling interest	(6,636)	(5,123)	(12,087)	(11,911)
<b>Net profit (loss) for the period attributable to owners of the parent company</b>	<b>13,962</b>	<b>4,522</b>	<b>21,944</b>	<b>26,454</b>

EBITDA: Gross profit before fair value adjustments + depreciation - administrative expenses - distribution costs

EBITDA after fair value adjustment: EBITDA + Gain (loss) on fair value of biological assets - Fair value adjustment to biological assets harvested and sold

Statement of Net Income - Salmon Farming Division (ThUS\$)

Salmon Farming (ThUS\$)	Q3 2019	Q3 2018	YTD Sep 2019	YTD Sep 2018
Operating revenue	99,219	110,879	277,728	327,449
Cost of sales	(77,890)	(87,054)	(228,679)	(260,493)
<b>Gross profit before fair value adjustments</b>	<b>21,329</b>	<b>23,825</b>	<b>49,050</b>	<b>66,956</b>
Administrative expenses	(2,125)	(2,799)	(7,172)	(10,390)
Distribution expenses	(3,027)	(3,106)	(9,196)	(10,222)
<b>EBIT before fair value adjustments</b>	<b>16,177</b>	<b>17,920</b>	<b>32,682</b>	<b>46,344</b>
<b>EBITDA before fair value adjustments</b>	<b>20,225</b>	<b>20,838</b>	<b>42,596</b>	<b>54,779</b>
Gain (loss) on fair value adjustment of biological assets	43,739	24,409	72,396	70,769
Fair value adjustment to biological assets harvested and sold	(27,668)	(22,040)	(53,163)	(68,904)
<b>EBIT after fair value adjustments</b>	<b>32,248</b>	<b>20,289</b>	<b>51,914</b>	<b>48,209</b>
<b>EBITDA after fair value adjustments</b>	<b>36,297</b>	<b>23,207</b>	<b>61,829</b>	<b>56,643</b>
Financial costs	(1,315)	(1,955)	(3,452)	(4,388)
Share of net income (losses) of equity method associates	277	467	1,289	1,293
Exchange differences	(576)	183	(1,042)	(1,125)
Other income (losses)	(485)	(0)	(2,980)	75
Financial income	0	4	24	48
<b>Net income before tax</b>	<b>30,150</b>	<b>18,988</b>	<b>45,753</b>	<b>44,113</b>
Income tax expense	(8,194)	(4,351)	(12,025)	(10,982)
<b>Net income for the period</b>	<b>21,956</b>	<b>14,637</b>	<b>33,728</b>	<b>33,130</b>
Non-controlling interest	(6,588)	(4,434)	(9,947)	(10,086)
<b>Net profit (loss) for the period attributable to owners of the parent company</b>	<b>15,367</b>	<b>10,203</b>	<b>23,781</b>	<b>23,044</b>

EBITDA: Gross profit before fair value adjustments + depreciation - administrative expenses - distribution costs

EBITDA after fair value adjustment: EBITDA + Gain (loss) on fair value of biological assets - Fair value adjustment to biological assets harvested and sold

## Net Income Statement- Industrial Fishing Division (ThUS\$)

Industrial Fishing (ThUS\$)	Q3 2019	Q3 2018	YTD Sep 2019	YTD Sep 2018
Operating revenue	39,582	36,975	116,541	130,103
Cost of sales	(32,287)	(35,757)	(95,421)	(99,616)
<b>Gross margin</b>	<b>7,295</b>	<b>1,219</b>	<b>21,120</b>	<b>30,487</b>
Administrative expenses	(1,832)	(2,607)	(6,140)	(9,720)
Distribution expenses	(3,575)	(2,947)	(9,810)	(8,446)
<b>EBIT</b>	<b>1,888</b>	<b>(4,335)</b>	<b>5,170</b>	<b>12,322</b>
<b>EBITDA</b>	<b>5,857</b>	<b>(1,198)</b>	<b>14,840</b>	<b>21,290</b>
Financial costs	(699)	(1,393)	(1,693)	(2,435)
Share of net income (losses) of equity method associates	0	0	5	0
Exchange differences	(2,853)	(381)	(1,371)	(836)
Other income (losses)	400	(128)	(1,429)	(268)
Financial income	0	(31)	0	5
<b>Net income before tax</b>	<b>(1,264)</b>	<b>(6,268)</b>	<b>682</b>	<b>8,787</b>
Income tax expense	(112)	1,908	(481)	(1,917)
<b>Net income for the period</b>	<b>(1,376)</b>	<b>(4,360)</b>	<b>201</b>	<b>6,870</b>
Non-controlling interest	(47)	(689)	(2,140)	(1,825)
<b>Net income (loss) for the period attributable to owners of the parent company</b>	<b>(1,423)</b>	<b>(5,049)</b>	<b>(1,939)</b>	<b>5,045</b>

EBITDA: Gross profit before fair value adjustments + depreciation - administrative expenses - distribution costs

Statement of Net Income - Other Seafood Division (ThUS\$)

Other Seafood (ThUS\$)	Q3 2019	Q3 2018	YTD Sep 2019	YTD Sep 2018
Operating revenue	8,229	8,858	23,146	24,539
Cost of sales	(6,658)	(7,925)	(18,305)	(21,003)
<b>Gross margin</b>	<b>1,571</b>	<b>933</b>	<b>4,841</b>	<b>3,535</b>
Administrative expenses	(589)	(722)	(1,943)	(2,680)
Distribution expenses	(798)	(926)	(2,605)	(3,121)
<b>EBIT</b>	<b>184</b>	<b>(715)</b>	<b>293</b>	<b>(2,266)</b>
<b>EBITDA</b>	<b>541</b>	<b>(454)</b>	<b>1,112</b>	<b>(1,467)</b>
Financial costs	(68)	(38)	(153)	(144)
Exchange differences	(105)	(10)	144	354
Other income (losses)	3	6	(7)	4
Financial income	-	(2)	-	-
<b>Net income (loss) before tax</b>	<b>14</b>	<b>(759)</b>	<b>277</b>	<b>(2,051)</b>
Income tax expense	4	128	(176)	416
<b>Net income for the period</b>	<b>18</b>	<b>(631)</b>	<b>102</b>	<b>(1,635)</b>
Non-controlling interest	-	-	-	-
<b>Net income (loss) for the period attributable to owners of the parent company</b>	<b>18</b>	<b>(631)</b>	<b>102</b>	<b>(1,635)</b>

EBITDA: Gross profit before fair value adjustments + depreciation - administrative expenses - distribution costs

## Statement of Financial Position (ThUS\$)

	30/09/2019	31/12/2018	30/09/2018
Cash and cash equivalents	27,598	30,748	36,660
Other financial assets, current	840	327	323
Other non-financial assets, current	16,173	9,860	13,661
Trade and other receivables, current	66,472	88,046	65,057
Related party receivables, current	659	92	124
Inventories	87,975	55,297	66,761
Biological assets, current	171,404	117,990	112,301
Tax assets, current	2,296	2,672	4,393
<b>Total current assets</b>	<b>373,417</b>	<b>305,032</b>	<b>299,280</b>
Other financial assets, non-current	701	701	762
Other non-financial assets, non-current	18,038	18,869	20,338
Rights receivable, non-current	1,287	1,349	5,414
Related party receivables, non-current	2,240	2,314	2,404
Equity method investments	5,242	4,699	5,110
Intangible assets other than goodwill	50,313	50,313	50,448
Intangible assets	1,214	1,214	1,014
Property, plant and equipment	283,487	255,462	253,866
Biological assets, non-current	24,339	20,582	22,776
Long-term deferred taxes	26,647	24,645	27,176
<b>Total non-current assets</b>	<b>413,508</b>	<b>380,148</b>	<b>389,307</b>
<b>Total assets</b>	<b>786,926</b>	<b>685,180</b>	<b>688,587</b>
Other financial liabilities, current	22,975	1,306	1,666
Operating lease liabilities, current	1,603	0	0
Trade and other payables, current	106,275	108,548	81,573
Related party payables, current	782	784	1,389
Current tax liabilities	2,157	6,874	13,412
Employee benefit provisions, current	2,272	2,556	2,568
<b>Total current liabilities</b>	<b>136,065</b>	<b>120,068</b>	<b>100,607</b>
Other financial liabilities, non-current	124,000	80,406	100,630
Operating lease liabilities, non-current	2,900	0	0
Trade and other payables, non-current	721	302	332
Deferred tax liabilities	23,972	16,168	18,099
Employee benefit provisions, non-current	1,297	1,261	1,303
<b>Total non-current liabilities</b>	<b>152,890</b>	<b>98,137</b>	<b>120,363</b>
<b>Total liabilities</b>	<b>288,954</b>	<b>218,205</b>	<b>220,970</b>
Share capital	284,134	284,134	284,134
Retained earnings	42,752	20,808	18,926
Other reserves	50,645	50,784	53,410
Non-controlling interests	120,440	111,249	111,146
<b>Total equity</b>	<b>497,971</b>	<b>466,975</b>	<b>467,616</b>
<b>Total equity and liabilities</b>	<b>786,925</b>	<b>685,180</b>	<b>688,586</b>

## Statement of Cash Flow (ThUS\$)

	Q3 2019	Q3 2018	30/09/2019	30/09/2018
<b>CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Receipts from selling goods and providing services	150,169	188,993	465,296	538,255
Other receipts from operating activities				
<b>Payments</b>				
Payments to suppliers for goods and services	(117,827)	(137,617)	(403,223)	(434,167)
Payments to and on behalf of employees	(16,365)	(16,518)	(56,059)	(63,054)
Dividends received	-	-	574	1,500
Interest paid	(539)	(3,031)	(2,982)	(6,378)
Interest received	-	(30)	24	52
Income taxes refunded (paid)	(172)	13	(5,605)	(221)
Other receipts (payments)	683	1	683	26
<b>Net cash flows from (used by) operating activities</b>	<b>15,949</b>	<b>31,811</b>	<b>(1,292)</b>	<b>36,013</b>
<b>CASH FLOWS FROM (USED BY) FINANCING ACTIVITIES</b>				
Receipts from issuing shares	-	-	-	100,975
Proceeds from short-term loans	10,000	2,000	74,230	6,000
Loan repayments	(6,758)	(16,000)	(10,786)	(75,040)
Dividends paid	(9)	-	(17,114)	(1,006)
<b>Net cash flows from (used by) financing activities</b>	<b>3,233</b>	<b>(14,000)</b>	<b>46,330</b>	<b>30,929</b>
<b>CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES</b>				
Receipts from sales of property, plant and equipment	410	179	1,505	249
Purchases of property, plant and equipment	(14,151)	(14,894)	(48,913)	(40,049)
Other receipts (payments)	-	-	-	(200)
<b>Net cash flows from (used by) investing activities</b>	<b>(13,741)</b>	<b>(14,715)</b>	<b>(47,408)</b>	<b>(40,000)</b>
Effects of changes in exchange rates on cash and cash equivalents	(775)	(152)	(780)	(487)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,666</b>	<b>2,944</b>	<b>(3,150)</b>	<b>26,455</b>
<b>CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>30,748</b>	<b>10,205</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4,666</b>	<b>2,944</b>	<b>27,598</b>	<b>36,660</b>

## Statement of Changes in Equity (ThUS\$)

	Share capital	Share premium	Foreign currency conversion reserve	Cash flow hedge reserve	Other reserves	Total other reserves	Retained earnings (losses)	Equity attributable to the parent company	Non-controlling interests	Total equity
Opening balance as of January 1, 2018	217,742	155,006	(1)	8		7	(88,614)	284,141	55,821	339,962
Earnings Capitalization	66,392	(155,006)					88,614			
<b>Changes in equity</b>										
<b>Accrued Dividends</b>							(7,528)	(7,528)		(7,528)
Comprehensive income										
Net income for the period							26,454	26,454	11,911	38,365
Other comprehensive income			(236)	45	53,594	53,403		53,403	43,414	96,817
<b>Closing balance as of September 30, 2018</b>	<b>284,134</b>		<b>(237)</b>	<b>53</b>	<b>53,594</b>	<b>53,410</b>	<b>18,926</b>	<b>356,470</b>	<b>111,146</b>	<b>467,616</b>
Opening balance as of January 1, 2018	217,742	155,006	(1)	8		7	(88,614)	284,141	55,821	339,962
Earnings Capitalization	66,392	(155,006)					88,614			
<b>Changes in equity</b>										
Accrued Dividends							(9,974)	(9,974)	(4,279)	(14,253)
Comprehensive income										
Net income for the period							30,782	30,782	13,432	44,214
Other comprehensive income			(419)	(40)	51,236	50,777		50,777	(100)	50,677
Increase (decrease) for changes in interests in subsidiaries that do not involve loss of control									46,375	46,375
<b>Closing balance as of December 31, 2018</b>	<b>284,134</b>		<b>(420)</b>	<b>(32)</b>	<b>51,236</b>	<b>50,784</b>	<b>20,808</b>	<b>355,726</b>	<b>111,249</b>	<b>466,975</b>
Opening balance as of January 1, 2019	284,134		(420)	(32)	51,236	50,784	20,808	355,726	111,249	466,975
<b>Changes in equity</b>										
Accrued Dividends								0	(2,853)	(2,853)
Comprehensive income										
Net income for the period							21,944	21,944	12,087	34,031
Other comprehensive income			(190)	51		(139)		(139)	(43)	(182)
<b>Closing balance as of September 30, 2019</b>	<b>284,134</b>		<b>(610)</b>	<b>19</b>	<b>51,236</b>	<b>50,645</b>	<b>42,752</b>	<b>377,531</b>	<b>120,440</b>	<b>497,971</b>

## Additional Information

### Key Financial Indicators

This section compares the Company's key financial indicators based on its consolidated financial statements as of September 30, 2019, compared to December 31, 2018.

	30/09/2019	31/12/2018
<b>Liquidity Indicators</b>		
1) Current Liquidity	2.74	2.54
2) Acid Ratio	0.84	1.10
3) Working Capital (US\$ million)	237	185
<b>Debt Indicators</b>		
4) Net Debt Ratio	0.52	0.40
5) Current Liabilities / Total Liabilities	0.47	0.55
6) Non-Current Liabilities / Total Liabilities	0.53	0.45
<b>Profitability Indicators</b>	(9 months)	(12 months)
7) Return on Equity	4.41%	6.59%
8) Return on Assets	9.53%	20.08%

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: Net income (loss) attributable to owners of the parent company / Total equity

8) Return on Assets: Gross margin before fair value adjustment / Total assets.

The increase of 0.20 in current liquidity is mainly caused by an increase of US\$ 16.0 million in current liabilities and an increase of US\$ 68.4 million in current assets, as explained in the statement of financial position analysis. Consequently, working capital increased by US\$ 52.4 million.

The decrease of 0.26 in the acid ratio is mainly due to the aforementioned movements, and to increases in inventories and current biological assets of US\$ 86.1 million. These changes have already been explained in the financial position analysis.

The net debt ratio increased from 0.40 to 0.52 mainly due to total liabilities increasing by US\$ 70.7 million, while equity increased by US\$ 31 million. These changes have already been explained in the statement of financial position analysis.

The proportion of long-term liabilities increased from 0.45 to 0.53 as of September 30, 2019 due to an increase in non-current liabilities of US\$ 54.8 million. These changes have already been explained in the statement of financial position analysis.

Return on equity and return on assets can be explained mainly by the Company's margins and the financial performance for the respective periods.

## Cumulative Indicators for the Salmon Farming Division

	YTD Sep 2019	YTD Sep 2018
a. Atlantic Salmon harvested in the period (tons WFE) / site	3,269	3,715
b. Atlantic Salmon farming density (kg/m3)	9.4	7.2
c. Atlantic Salmon group survival rate in sea water by harvest	91.8%	92.3%
d. Pacific Salmon farming density (kg/m3)	8.1	n/a
e. Pacific Salmon group survival rate in sea water by harvest	91.9%	n/a
f. EBIT before fair value adjustments (US\$ million)	32.7	46.3
g. EBIT/Kg WFE before fair value adjustments	1.11	1.22

### Notes:

a. Harvests for the period, expressed in ex-cage tons / number of sites harvested, expressed in ex-cage tons per site.

b and d. Average farming density, expressed in kg per cubic meter for sites harvested during the corresponding period.

c and e. Survival rate, expressed as harvested fish groups compared to smolt stocking. A harvest group is fish of a similar origin and strain.

f. Gross margin before fair value adjustment - administrative expenses - distribution costs for the Salmon Farming division

g. Gross margin before fair value adjustment - administrative expenses - distribution costs – net income from interest in trout business / kg WFE of own Atlantic salmon sold

## Biomass Fair Value

### Fair Value as of 30 September 2019 (ThUS\$)

	Gain (loss) on fair value adjustment of biological assets		Fair value adjustment to biological assets harvested and sold	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Atlantic salmon	73,650	70,769	(53,295)	(68,904)
Pacific salmon	(1,254)	0	132	0
<b>TOTAL</b>	<b>72,396</b>	<b>70,769</b>	<b>(53,163)</b>	<b>(68,904)</b>

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

- “Gain (loss) on fair value of biological assets” records the estimated gain or loss for the period from valuing the biomass of live and harvested fish that will be sold in future periods. It can be positive or negative based on changes in the biomass and its market price. A gain of US\$ 72.4 million was recorded as the fair value adjustment of the live and harvested biomass as of September 30, 2019, compared to a gain of US\$ 70.8 million as of the same date for the previous year.
- “Fair value adjustment to 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 operating revenue and cost of sales. The net effect of the biomass sold as of September 30, 2019 was a loss of US\$ 53.2 million, which reversed a positive margin estimated in prior periods, in contrast to a loss of US\$ 68.9 million as of September 30, 2018.

The net effect of the fair value adjustment of the salmon biomass for the period ended September 30, 2019, is a positive US\$ 19.2 million, compared to a positive US\$ 1.9 million for the same period ended September 30, 2018.

### Differences between the market and book values of principal assets

Biological assets include groups or families of breeders, such as eggs, smolts, fish being fattened at sea. They are valued at initial recognition and subsequently at their fair value less estimated selling costs, except where their fair value cannot be reliably measured, in accordance with IAS 41. Therefore, an active market for these assets is sought in the first instance.

As there is no active market for live fish at all their stages, they are valued as freshwater fish, such as breeders, eggs, fry and smolts, using their cumulative costs at the reporting date.

The valuation criteria for farmed fish that are being fattened is fair value. This is understood to be their market price less their estimated processing and selling costs. There is a representative market for fish being fattened that are over a certain size, which is 4.0 kg for Atlantic salmon and 2.5 kg for Pacific salmon. The market price is used in both cases, adjusted appropriately for each group in the sea, from which the harvesting, processing, packaging, distributing and selling costs are deducted. The volume is adjusted for processing yield.

Smaller fish are valued at cost, though are subject to net realizable value testing.

Changes in the fair value of biological assets are recorded in the statement of net income for the year.

Biological assets that will be harvested in the next 12 months are classified as current biological assets.

The gain or loss on the sale of these assets may vary in comparison to their calculated fair value at the reporting date.

The Company uses the following method.

Stage	Asset	Assessment
Fresh water	Eggs, fry, smolts and breeders	Direct and indirect cumulative costs at their various stages.
Sea water	Atlantic salmon and Pacific salmon	Fair Value, based on a market with reference prices and companies that buy and sell these assets. Historically we have considered that this occurs for fish of 4 kg or more for Atlantic salmon and 2.5 kg for Pacific salmon. If no market can be identified, then cumulative cost is used.