# "Chilean Salmon Industry Outlook"

Fish Pool/DNB Brussels Seminar

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Nourishing the future

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# Multiexport Foods at a glance

One of the Leading Companies in the Chilean Salmon Industry

**MM USD 346**
**Turnover (2015)**

**MULTIFOO:CL**
Listed since 2007
Santiago Stock Exchange
**Market Cap: USD 300 mill**

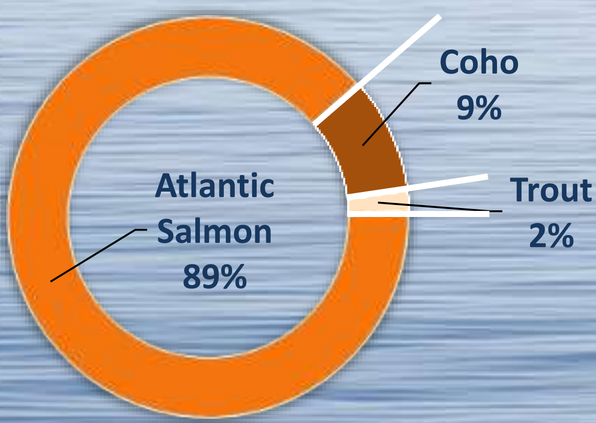
**65,000 Tons**
**2015 (WFE)**

**2,000**
**Employees**

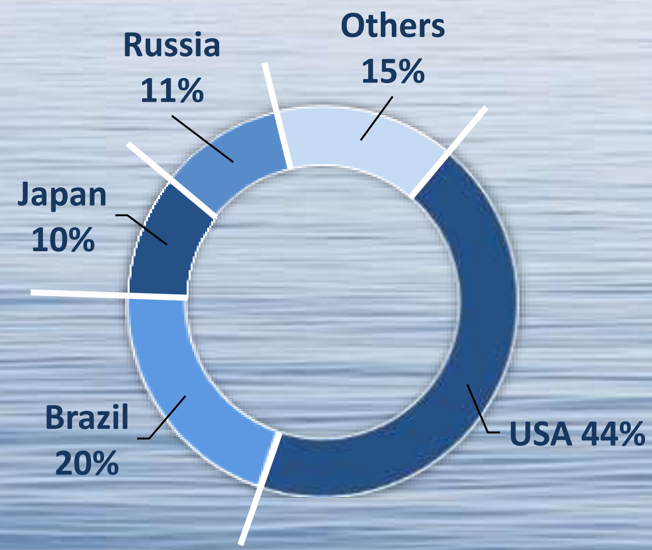
GSI GLOBAL SALMON INITIATIVE

**Active**
**Member**

**Production Mix**
(2015)




**Sales By Country**
(2015)



# Present throughout the value chain

From the genetics to the market

# Multiexport Foods - Assets

## Fresh Water

- 5 HATCHERIES / 7 FW Concessions
  - +30 million own eyed eggs / 15 million smolts

## Sea Water

TON

Total Potential Capacity: 120 Th. ton WFE

- Competitive mix of neighborhoods and concessions
- 108 Concessions (25 neighborhoods)

## Processing Facilities

TON

- Modern Processing Plant for Fresh and Frozen Products

- 80 th ton wfe Capacity

- Largest Smoked Products Facility in Chile

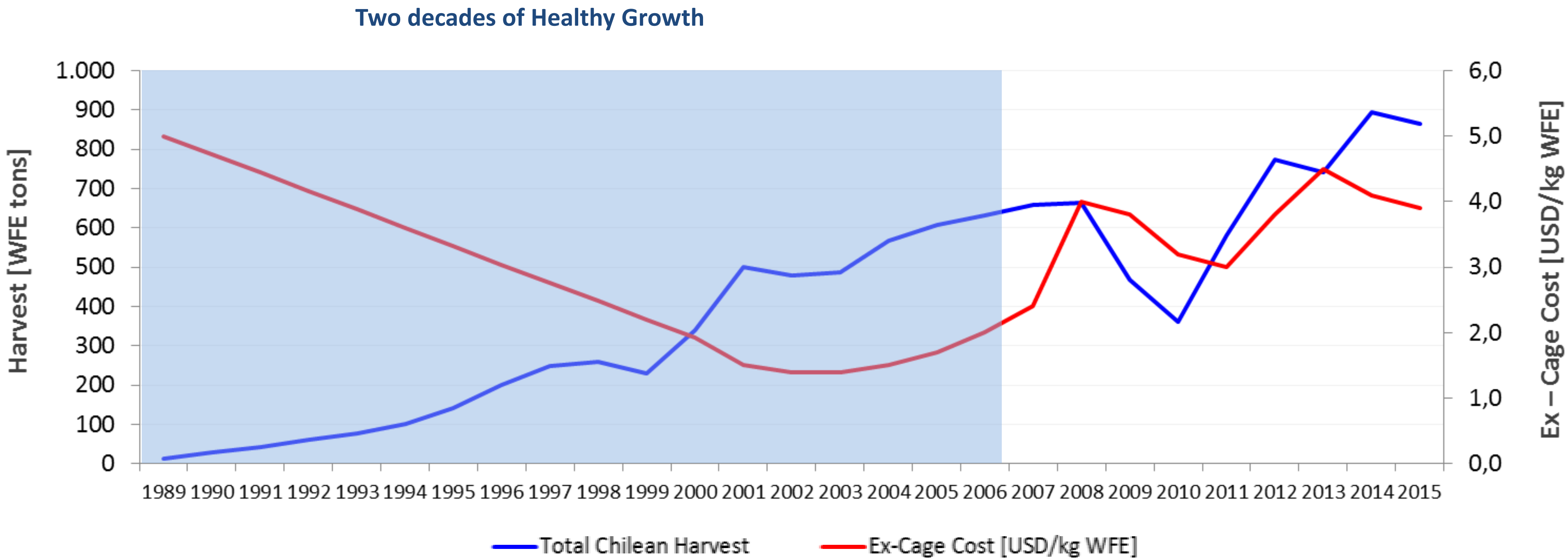
- 7.500 ton wfe

# Chilean Salmon Industry - Outlook

# Chilean Farmed Salmon Industry Evolution

- The Chilean salmon industry had 20 years of healthy growth
- During 1995-2005 Chile was the most competitive country of the world

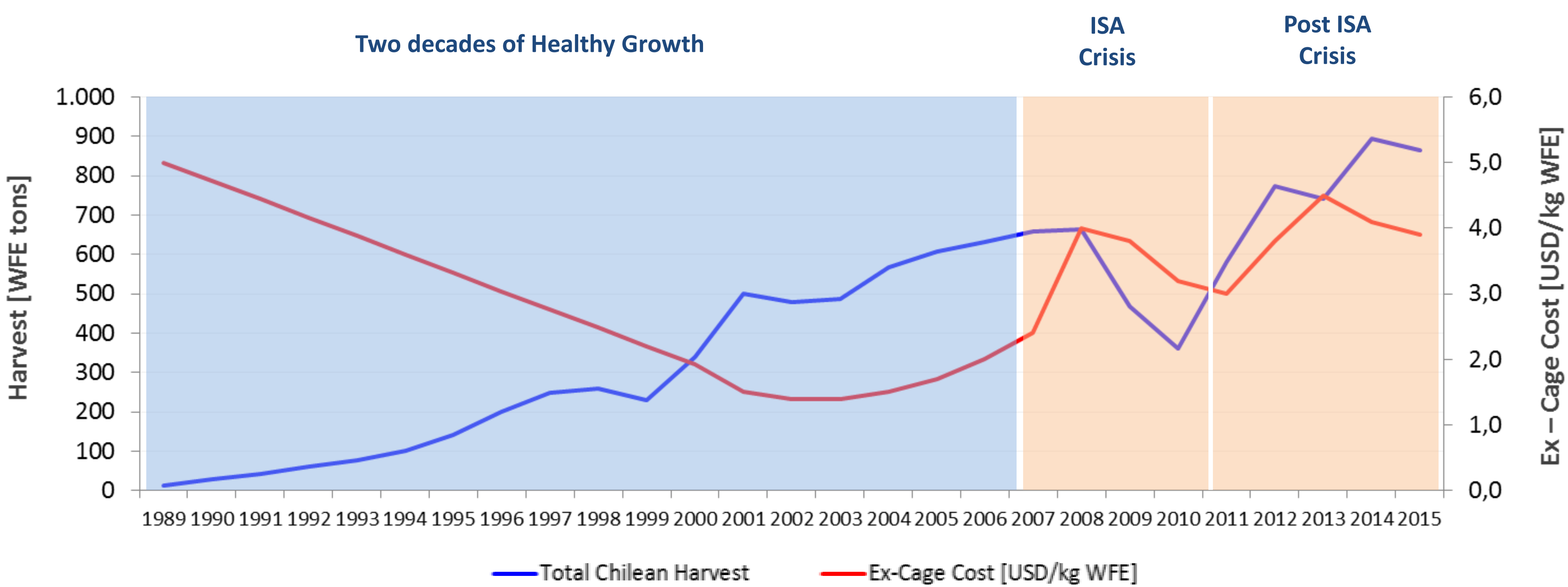
## Chilean Salmon Industry Evolution



# Chilean Farmed Salmon Industry Evolution

- The Chilean salmon industry had 20 years of healthy growth
- During 1995-2005 Chile was the most competitive country of the world
- Since 2007, Chile has been living a long sanitary, commercial & financial crisis

**Chilean Salmon Industry Evolution**

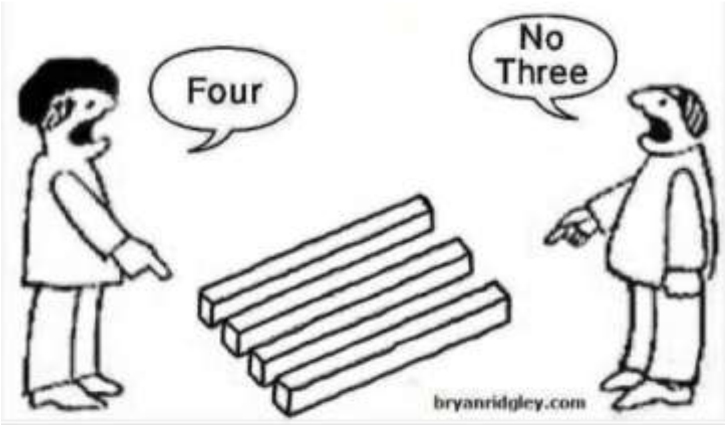


# Very Competitive Productive Indicators
## Atlantic Salmon - Chilean Industry

| | 2 years ago | 2015 | | |
|---|---|---|---|---|
| Smolt Size (g) | 80 | > 130 | ✓ | |
| Harvest Weight (kg wfe) | < 4.3 | > 4.5 (~ 4.8) | ✓ | |
| Cycle Length (months) | 16 – 20 | 14 – 18 | ✓ | |
| Mortality (% - #) | 17% - 20% | 12% - 15% | ✓ | |
| Yield (kg/smolt wfe) | < 4.0 | > 4.2 | ✓ | |
| Mortality (% - kg) | ~ 10% | ~ 8% | ✗ | (SRS) |
| Ex Cage Cost (USD/kg wfe) | > 4.0 | ~ 4.0 | ✗ | |

# Main reasons why Chile still not solve its long Crisis

① Industry without consensus about crisis solutions




② Many owners far from the reality of the salmon business

# Main reasons why Chile still not solve its long Crisis

③ Entrepreneurial Ego


④ Government focused in satisfying social demands

# Main reasons why Chile still not solve its long Crisis

## ⑤ Politicians with negative perception about salmon industry

# Main Consequence of the long Crisis

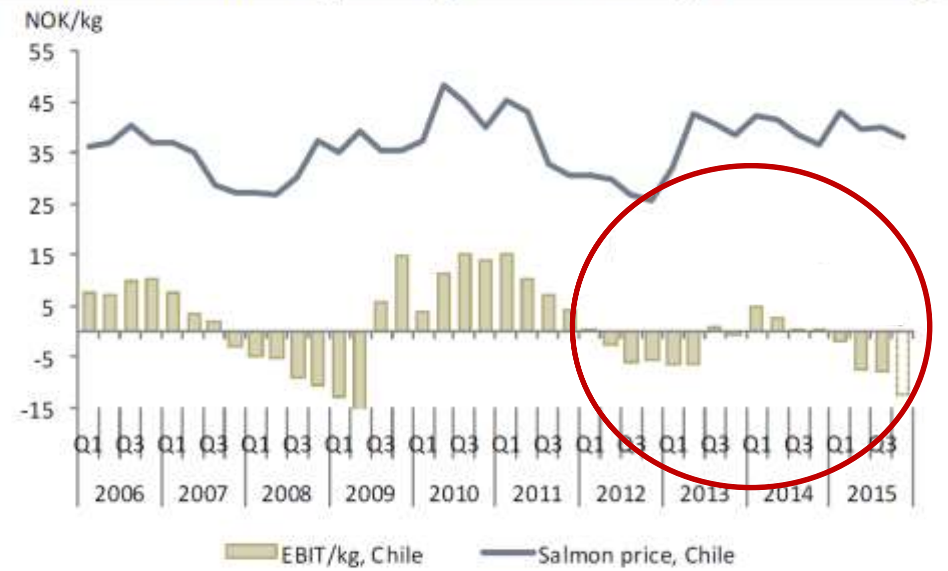
## …. A severe Competitivenes loss

**Aggravated in 2015 by**

- Russian commercial ban
- Very Fast Recovery of Canadian Production
- World's currencies devaluation against US$ (RUB, BRL, JPY, NOK)
- Antibiotic Free campaign in USA market

**Norwegian salmon price and EBIT/kg**


**Chilean salmon price (D-trim fillet*) and EBIT/kg**




*Source: ABG Sundal Collier, Sjømat Norge, Urner Barry, Company data. *Urner Barry D-trim fillet price converted to gutted weight, FOB Miami*

But finally, Industry and Government agreed that a change is requiered....

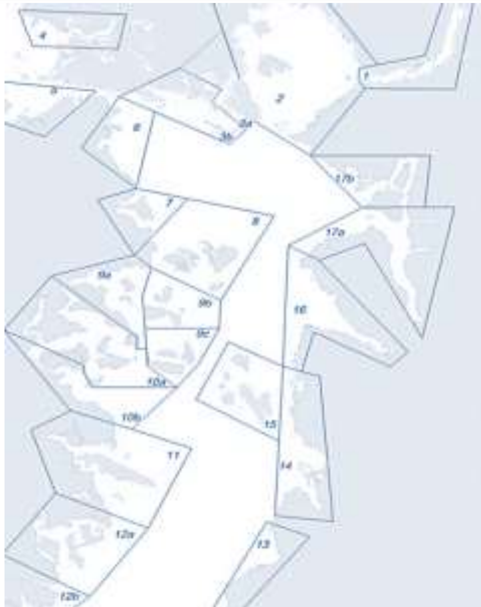
# What really happened ?

- In 2015, industry arrived to a consensus that a major regulation change is urgently required.

- Industry's workers unions, trade associations of industry's suppliers, academic world and local community, are also pushing government for a deep regulation change


- Since mid 2015, government and industry have been working in a plan to recover industry competitiveness, based on a deep regulation change

# How salmon production is currently organized in Chile?



**# Concessions**

| | |
|---|---|
| X Region : | 505 |
| XI Region : | 716 |
| XII Region : | 99 |
| **Total :** | **1,320** |

**# Neighborhoods**

| | |
|---|---|
| X Region : | 25 |
| XI Region : | 37 |
| XII Region : | 28 |
| **Total :** | **90** |

Average Authorized Production per Concession

**3,000 ton**

Theoretical Maximum Authorized Production

3,960,000 ton/cycle

**2.0 Mill ton/year**

Estimated Real Maximum Authorized Production

**1.3 – 1.5 Mill ton/year**

(considering current operational & regulatory restrictions)